VIDACAIXA, S.A.U. DE SEGUROS Y REASEGUROS

SOLVENCY AND FINANCIAL CONDITION REPORT 2022

VidaCaixa

SUMMARY

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1. ACTIVITY AND RESULTS

VidaCaixa, S.A.U., de Seguros y Reaseguros, hereinafter VidaCaixa or the Entity, is an insurance company authorised to carry out life insurance activities and management entity of pension funds and entered in the Administrative Register of Insurance Entities of the Directorate-General of Insurance and Pension Funds.

The external auditor of VidaCaixa is PricewaterhouseCoopers Auditores, SL.

VidaCaixa is a fully-owned company (100%) by its sole shareholder CaixaBank, S.A.

On 31 December 2022, VidaCaixa exercises as parent company of CaixaBank's insurer group, made up of VidaCaixa itself and 100% of BPI Vida e Pensões - Companhia de Seguros, S.A., 100% of Sa Nostra Compañía de Seguros de Vida, S.A.U. and 100% VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculados, S.A.U. Likewise, VidaCaixa holds a 49.92% participation in SegurCaixa Adeslas, S.A., de Seguros y Reaseguros, an entity that operates with Non-Life insurances.

(*) There is a 0.08% of minority shareholders

The corporate purpose of VidaCaixa is the brokerage of life insurances and reinsurances, as well as other operations under the private insurance regulation, in particular those of insurance or capitalisation, collective pension funds management, pensions and any other authorised by the Regulation, Supervision and Solvency of Insurance and Reinsurance Entities Act, its Regulations and supplementary provisions to which the entity is subject, with prior compliance of the requirements established therein.

VidaCaixa mainly focuses on life insurance transactions, reaching in 2022 a total of 7,504,064 thousand euros in allocated premiums. Likewise, it markets at a secondary level non-life accident and sickness insurances, which represented in 2022 a total of 19,909 thousand euros in allocated premiums.

The company's asset portfolio is made up mainly by Fixed Income. Therefore, most of the income from the investments come from this type of assets.

The company has a very small direct investment in securitisation.

In 2022 the company obtained a profit of 126,905 thousand euros from its pension fund management activity.

It is worth mentioning that VidaCaixa, in agreement with regulations, does not have in its capital the business value of the Pension Funds management it carries out and which is part of the company's activity. This business is very important to the company, reaching a market share of 33.8% in Spain as of December 2022.

On September 17, 2020, the Boards of Directors of CaixaBank and Bankia entered into a Joint Plan of Merger by way of merger by absorption of Bankia, S.A. (the absorbed company) by CaixaBank, S.A. (the acquiring company). The effective takeover date was March 23, 2021, once all the conditions precedent had been fulfilled.

On December 29, 2021, after obtaining the relevant regulatory authorizations, CaixaBank formalized the purchase from the Mapfre Group of 51% of the share capital of

SUMMARY

Bankia Vida, SA de Seguros y Reaseguros (BV), thereby reaching all its share capital and the CaixaBank Group acquiring control over said company.

On March 21, 2022, VidaCaixa acquired 100% of Bankia Vida, Sociedad Anónima de Seguros y Reaseguros, Single entity company (hereinafter Bankia Vida) from Caixa-Bank (the Company's Sole Shareholder) for an amount of 578,000 thousand euros.

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

On May 11, 2022, the Sole Shareholder of the Company and of Bankia Vida, unanimously agreed the merger by absorption of Bankia Vida (absorbed company) by VidaCaixa (absorbing company) within the framework of the reorganisation and integration process of the insurance business from Bankia, S.A., after completion of the aforementioned merger by absorption of Bankia by CaixaBank.

On May 11, 2022, the Sole Shareholder of both companies agreed, among others, to approve as merger balance sheets those closed by the companies as at December 31, 2021 and to approve the Merger by absorption of Bankia Vida by the acquiring company, in strict compliance with the Merger Plan.

Once all the pertinent authorisations were obtained, on November 11, 2022, the merger was registered in the Mercantile Registry of Madrid, and the entire assets and liabilities of the acquiring company were dissolved without liquidation and transferred as a whole to the absorbing company by way of universal succession of the absorbed company. The acquiring company was subrogated in all the rights and obligations of the absorbed company in general and without any reservation or limitation whatsoever.

On November 24, 2022, VidaCaixa acquired Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER) 81.31% of Sa Nostra, Compañía de Seguros de Vida, S.A. for an amount of 250,343 thousand euros.

On the same date, VidaCaixa acquired 18.69% of the shares of Sa Nostra, Compañía de Seguros de Vida, S.A., from CaixaBank, for the amount of 21,544 thousand euros.

Therefore, since November 24, 2022, VidaCaixa is the owner of 100% of the aforementioned company. The total amount of the operation, which amounts to 272,887 thousand euros, is recorded under the heading "Investments in group entities and associates - Interests in group companies" at December 31, 2022.

It is unknown what the impact of extreme events, such as future pandemics or environmental events, could be for each of the risks of the Catalogue, as this will depend on future events and developments that are uncertain, and would include actions to contain or treat the event and mitigate its impact on the economies of the affected countries.

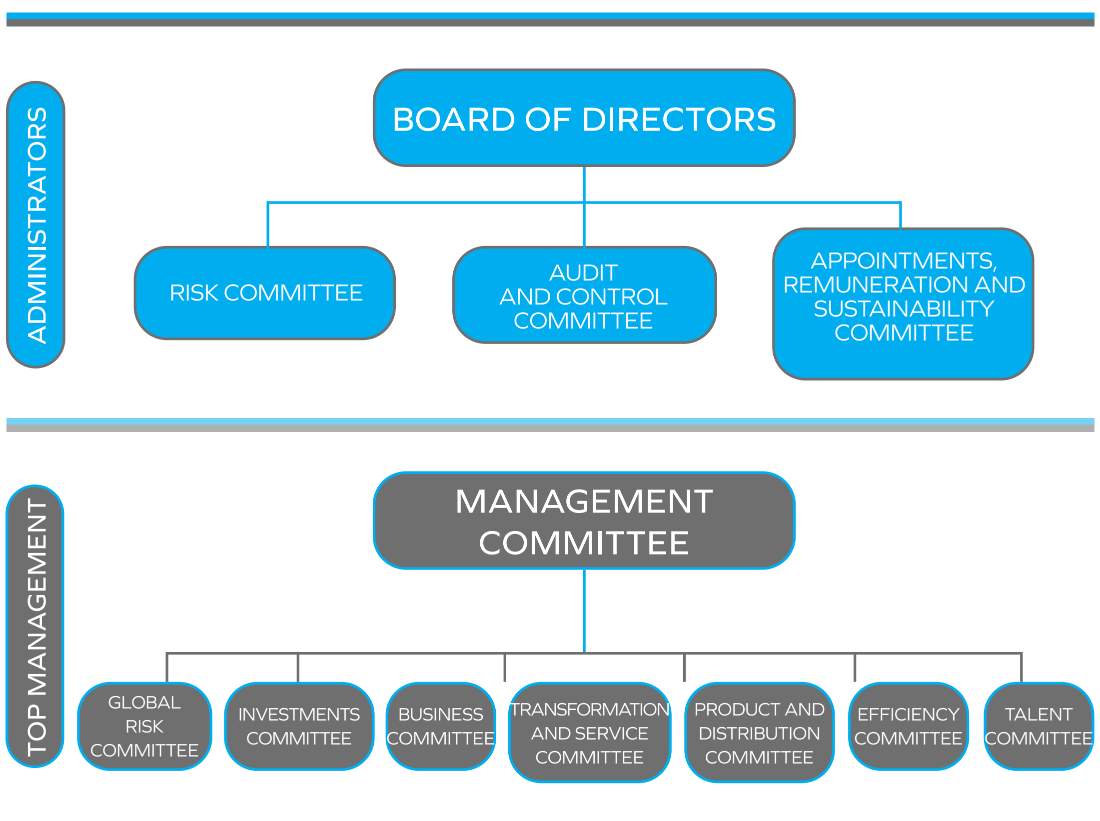
Mitigators: capacity to effectively implement management initiatives to mitigate the impact on the risk profile due to the deterioration of the economic environment, and monitoring mechanisms to constantly monitor actuarial risk in the event of an extreme operational event, as in the specific case of COVID-19.

2. GOVERNANCE SYSTEM

VidaCaixa has a robust governance and internal control system that includes the best practices in the market on risk management and internal control.

To this end, VidaCaixa sets an organisational and functional structure and provides the necessary resources to ensure that its governance system is the most suitable for the nature, volume and complexity of the risks inherent to its activity, and it is continually working towards improvement.

Below is the organisational chart at VidaCaixa:



The main elements of VidaCaixa's governance system are:

- Risk management system based on mediation, management and control of the risks inherent to the insurance activity carried out by VidaCaixa and included in the organisational structure and in the decision-making processes. It is shaped by risk management policies, a risk culture and the effective implementation of the risk management framework, through the following strategic processes:
    - o Risk assessment - Identification and evaluation of risks: semi-annual exercise of self-assessment of the risk profile which additionally incorporates an exercise to identify emerging risks.
    - o Catalogue of Risks - Taxonomy and definition of risks: List and description of the material risks identified by the Risk Assessment process, reviewed annually. It facilitates both the internal and external monitoring and reporting of risks.
    - o RAF - Risk Appetite Framework: Comprehensive and prospective tool, with which the Board of Directors determines the typology and risk thresholds that it is willing to accept to achieve the strategic objectives related to the risks in the catalogue.
- Own Risk and Solvency Assessment (ORSA) as a core element of the risk management system. Through this process a prospective assessment of its global solvency needs is carried out. The Board of Directors reviews and approves the ORSA at least once a year.
- Rigorous internal control system, based on the current regulation, and developed under the following three-level control model, in which:
    - o The first level of control is formed by the Entity's business areas (risk-taking areas) and its support areas, that is, by the business units and support areas that give rise to exposure to the Entity's risks in the exercise of its activity.

- o The second level of control acts independently of the business units, with the function of ensuring the existence of policies and procedures for managing and controlling risks, monitoring their application, assessing the control environment and reporting all the material risks of the VidaCaixa Group. It includes the fundamental functions of Solvency II: risk, actuarial and regulatory compliance management.
- o The third level of control is made up of the Internal Audit function that performs independent supervision of the two previous levels of control.

- Remuneration policy approved by the Board of Directors and the General Meeting, which covers aspects such as the remuneration of the members of the Board of Directors and the social welfare system of the employees.
- Policy on the selection, diversity and evaluation of the suitability of VidaCaixa's Directors, Senior Management members and other key managers.

During the year no significant transactions have taken place with shareholders, with people that exercise significant influence over the company and with members of the administrative, management or supervisory body that can create a conflict of interest or, where appropriate, the corresponding dispensation has been granted.

VidaCaixa has an outsourcing policy according to Solvency II approved by the Board of Directors.

3. RISK PROFILES

The quantification of the risks under Solvency II, by calculating the Solvency Capital Requirement or SCR, allows significant risks to which VidaCaixa is exposed to be observed.

The risk modules taken into account in the SCR applicable to VidaCaixa are:

- ***market risk:*** this is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.
- ***counterparty risk:*** this is the risk of losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the Entity.
- ***life and health underwriting risk:*** this is the risk of loss or of adverse change in the value of insurance liabilities, attending to the covered events, due to inadequate pricing and provisioning assumptions.
- ***operational risk:*** this is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, including legal risks.
- ***intangible risk:*** this is the risk inherent in the nature of the intangible assets, which makes the expected future profits of the intangible asset smaller than those expected under normal circumstances.

Below is the risk profile of VidaCaixa according to the SCR of each risk as at December 31, 2022 and December 31, 2021:

In thousands of euros	December 2022	December 2021
Market SCR	977,964	933,071
Counterparty SCR	56,562	107,349
Life SCR	2,218,717	2,082,957
Health SCR	16,969	13,347
Diversification effect	(608,117)	(596,819)
Basic SCR (BSCR)	**2,662,095**	**2,539,905**
Operational SCR	**281,063**	**322,968**
Fiscal effect	**(882,948)**	**(858,862)**
Solvency Capital Requirement (SCR)	**2,060,210**	**2,004,011**

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

3.1. UNDERWRITING RISK

VidaCaixa, based on the products it markets, is mainly exposed very naturally to life underwriting risks, with the risk arising from non-life insurances being intangible.

The life products marketed by VidaCaixa can be grouped into savings products, risk products and unit linked products, both individual and collective.

Non-life products marketed secondarily correspond to accident and sickness insurances.

The underwriting risk modules taken into account in the calculation of the SCR cover the risks applied to VidaCaixa in the underwriting of life contracts; these are, mortality, longevity and disability risks, portfolio fall risk, expenses risk and catastrophe risk.

In the calculation of the SCR, VidaCaixa applies the standard formula established by the regulation in all the risk modules, except for the modules of longevity and mortality risk for which it applies a partial internal model approved by the DGSFP in December 2015.

VidaCaixa uses the reinsurance to mitigate the underwriting risk, thus reducing its exposure to possible liquidity problems or losses arising from accidents and providing stability to its portfolios.

3.2. MARKET RISK

VidaCaixa, by virtue of the assets in which it intervenes to cover the commitments insured, is mainly and inherently exposed to market risks. These assets can be grouped into public debt, fixed corporate income, properties, variable income and deposits.

The modules taken into account in calculating the SCR cover all the market risks that can be applied to VidaCaixa: interest rate risk, differential or spread risk, concentration risk, variable income risk, currency risk and property risk.

Regarding the interest rate risk, VidaCaixa is mainly exposed in savings insurance in which it guarantees an interest rate to the policy holder. The savings insurances marketed by VidaCaixa can be divided into two clearly different groups based on their guarantees:

- Immunised portfolio: this is managed based on the use principles and requirements of the adjustment by union, therefore, the interest rate is mitigated.
- Non-immunised portfolio: this is assessed in Solvency II using volatility adjustment.

VidaCaixa limits the exposure to interest rate risk by continuously managing and monitoring the union of asset and liabilities flows using, among other investments, the investment in swaps as a hedge financial instrument.

Regarding the concentration risk, in terms of SCR, VidaCaixa is exposed to the concentration risk from the exposure excess on a threshold, established based on the counterparty credit standing. In order to manage and mitigate the concentration risk, keeping the asset portfolio properly diversified, VidaCaixa exercises ongoing control over the exposures that exceed or nearly exceed said threshold.

Vida Caixa quantifies the market risk in terms of SCR in accordance with the standard formula established by the regulation of Solvency II.

VidaCaixa has established the principle of prudence in the management of investments by using a management policy on investment and concentration risks approved by the Board of Directors, which establishes the universe of authorised securities and the limits and restrictions for each type of investment, as well as the measurement mechanisms and indicators and information on the risks undertaken.

3.3. COUNTERPARTY RISK

VidaCaixa is exposed to the risk of unexpected default or deterioration in the credit standing of its counterparties and debtors.

VidaCaixa quantifies the counterparty risk in accordance with the standard formula established by the regulation of Solvency II.

In terms of the calculation of the SCR, the exposure to the counterparty risk is divided into these two groups:

- ***type 1 exposure:*** mainly reinsurance agreements, certifications, derivatives and treasury in banks.
- ***type 2 exposure:*** mainly credits with intermediaries, holders' debt and mortgages.

VidaCaixa uses the reinsurance to mitigate the underwriting risk. To improve the solvency of the total coverage of reinsurance and mitigate the counterparty risk, the Entity diversifies the risk between different reinsurers. If that were not possible, the lower the number of reinsurers, the greater the importance given to their solvency.

Likewise, VidaCaixa has signed with CaixaBank a Credit Support Asset (CSA) agreement as a coverage of the undertaken risk for the financial transactions closed under the Framework Financial Transactions Contract (FFTC). By means of this financial collateral arrangement the parties commit to carry out cash and public debt transfers as collateral of the net risk resulting at any time from the transactions closed under the FFTC.

VidaCaixa has constituted a securities lending agreement with CaixaBank. Under said contract, VidaCaixa (lender) provides securities to CaixaBank (borrower) and receives a commission. Said securities lending has been formalised with an agreement governed by the European Framework Contract. This contract contains the definition of the real collaterals by the borrower in favour of the lender, which are securitisations discountable in the European Central Bank. Therefore, the characteristics of overcollateralisation, together with the control and governance mechanisms established, allow for the mitigation of the counterparty risk of this transaction.

3.4. LIQUIDITY RISK

VidaCaixa's exposure to liquidity risks is not very significant because the aim of the insuring activity lies in keeping the long-term investments in the portfolio, or while the commitment acquired derived from the insurance contracts exists. Also, notwithstanding the foregoing, the financial investments are listed, in general, in liquid markets.

In order to ensure the liquidity and be able to meet all the payment obligations deriving from its activity, VidaCaixa keeps ongoing control on the adequacy between the cash flows of the investments and obligations of the insurance contracts.

The expected benefit included in the future premiums is calculated pursuant article 260.2 of the Delegated Regulation 2015/35 on Solvency II, as the difference between the technical provisions without risk margin and the calculation of the technical bases without risk margin based in the hypothesis that the premiums of the existing insurance and reinsurance contracts that are expected in the future are not collected due to any reason other than the materialisation of the event insured, regardless of the legal or contractual right of the policy holder to cancel the policy. This amount is recognised in the best estimation of the technical provisions.

3.5. OPERATIONAL RISK

The calculation of the SCR for operational risk takes into account the volume of life (except Unit Linked) and non-life transactions, determined from the earned premiums and the technical provisions constituted. Regarding the Unit Linked insurances, only the amount of the annual expenses incurred for this obligation is taken into account.

In any case, the SCR for operational risk is limited to a maximum of 30% of the basic solvency capital requirement.

VidaCaixa quantifies the operational risk in terms of SCR in accordance with the standard formula established by the Solvency II regulation.

In the area of strategic risk processes, the 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, VidaCaixa does not include operational risk as a single element of the Risk Catalogue, but has included the following operational risks: conduct, legal and regulatory, technological, information reliability and other operational risks.

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

3.6. OTHER SIGNIFICANT RISKS

As mentioned above, VidaCaixa has a Risk Catalog, within the strategic risk processes, which facilitates the monitoring and reporting of risks with a material impact. In this, the following risks not mentioned above are additionally included:

- **Business Profitability:** Obtaining results below the expectations or the Entity's objectives that ultimately prevent reaching a sustainable level of profitability higher than the cost of capital.
- **Reputational:** Risk of undermining competitive capacity due to a deterioration in the confidence of any of its stakeholders.

Integration of sustainability risks

VidaCaixa integrates, within the various risks (credit and reputational risk, mainly) of the Risk Catalogue, the risks related to the environmental, social and governance (ESG) criteria that result in any ESG event or state which, if it occurs, could have an actual or potential material adverse effect on the value of the investment or on reputation.

In line with the mission and corporate values (quality, trust and social commitment), VidaCaixa manages investments taking into consideration as the main reference the Principles of Responsible Investment, supported by the United Nations and to which VidaCaixa has adhered since 2009, receiving the maximum rating of A+ in the Category Strategy and Governance for the fourth consecutive year.

3.7. OTHER RELEVANT INFORMATION

Additionally, within the strategic risk management processes, the strategic events that are considered to be the most relevant events that can result in a significant impact in the medium-long term are analysed. The most relevant strategic events which have already been identified for the purposes of anticipating and managing their effects are listed below:

- Shocks arising from the geopolitical and macroeconomic environment
- New competitors and application of new technologies
- Cybercrime and data protection
- Developments in the legal, regulatory and supervisory framework
- Pandemics and other extreme events
- Operational and technological integration of the business from Bankia

4. VALUATION FOR SOLVENCY PURPOSES

VidaCaixa values its assets and liabilities following the economic value criterion, pursuant to Article 75 of the Directive 2009/138/EC. Likewise, pursuant to article 15 of the Delegated Regulation 2015/35 the deferred tax of the assets and liabilities included in the technical provisions are recognised.

Below is the economic value of VidaCaixa's assets and liabilities as at December 31, 2022 and December 31, 2021 (in thousands of euros):

Assets	Solvency II Value December 2022	Solvency II Value December 2021
Deferred Tax Assets	4,917,175	4,864,918
Property, plant and equipment for own use	23,519	22,896
Investments (other than index-linked and unit-linked)	58,150,920	67,660,146
Assets held for index-linked and unit-linked contracts	14,847,985	15,541,784
Recoverable amounts of the reinsurance	(13,838)	30,993
Cash and other equivalent liquid assets	281,678	328,632
Remaining assets	427,488	151,571
Total Assets	**78,634,927**	**88,600,940**

Liabilities	Solvency II Value December 2022	Solvency II Value December 2021
Technical Provisions	59,289,748	68,439,097
Risk margin	892,944	1,049,384
Other non-technical provisions	1,030	-
Deferred tax liabilities	5,644,799	5,698,343
Derivatives	8,062,860	8,629,261
Remaining liabilities	672,955	523,068
Total Liabilities	**74,564,336**	**84,339,153**
Excess of assets over liabilities	**4,070,591**	**4,261,787**

VidaCaixa does not use transition measures, this means that it has sufficient financial capacity to fully comply from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measures.

The Entity has not used alternative valuation methods to those recognised by the Solvency II Regulation to assess its assets and liabilities in the balance sheet.

Valuation of assets

The bases, methods and main hypotheses used in the valuation of significant assets of VidaCaixa's balance sheet as at December 31, 2022 are consistent with those of the Solvency II regulation.

There are differences between the valuation for the purposes of Solvency II and the valuation in the financial statements. It is worth mentioning the valuation at zero of the goodwill, the advanced commissions and the intangible fixed assets in Solvency II; the deferred tax assets due to the consideration of the fiscal effect of the valuation adjustments made to value the balance in accordance with Solvency II, and the shares valued by the adjusted equity method.

Valuation of the technical Provisions

The valuation of technical provisions for Solvency II purposes corresponds to the current amount that the Entity would have to pay if it immediately transferred its insurance and reinsurance obligations to another insurance company. This is made up of the sum of the best estimate of the liabilities the Entity has with the policy holders together with a risk margin.

The value of the best estimate of the obligations (hereinafter "best estimate liabilities" or "BEL") tries to reflect the average of the probable future cash flows taking into account the time value of money. Its calculation is based on the calculation of the actuarial present value of the cash flows linked to liabilities (benefit payments, bailouts, expenses and profit participation) and to the rights (collection of premiums) associated to each of the policies.

The projection of likely flows used to calculate the best estimate takes into account the uncertainties regarding future cash flows weighted by their probability, considering the different aspects that intervene in their generation and by using realistic hypothesis. All of this is used to calculate the technical provisions in a prudent, reliable and objective way.

Moreover, the risk margin (hereinafter "risk margin" or "RM") is added to the financing cost that the hypothetical buyer of the portfolio sold by VidaCaixa would have to bear to cover the implicit risks of the policies purchased.

In the Financial Statement the technical provisions are calculated based on the fifth additional provision "Calculation system of technical provisions for accounting purposes" of Royal Decree 1060/2015 of November 20, on governance, supervision and solvency of insuring entities (ROSSEAR, by its Spanish acronym) which references the content of the Regulations on Administration and Supervision of Private Insurance, approved by Royal Decree 2486/1998 of November 20 (ROSSP by its Spanish acronym). While in Solvency II, the calculation of the technical provisions is based on Section 1 "Rules on technical provisions" of the ROSSEAR.

For information purposes, the Company maintains a mathematical provision by interest rate and tables of 1,740 million as at December 31, 2022. Said provision includes the complementary provision for adaptation to real profitability and the internal longevity model for the commitments assumed prior to the Regulation for the Administration and Supervision of Private Insurance approved by RD 2486/1998 and takes into account the Resolution published by the Regulatory

Body dated December 17, 2020 concerning the mortality and survival tables to be used by insurance and reinsurance entities, and which approves the technical guide regarding the supervision criteria with respect to biometric tables (see Section 4.2.c).

The reinsurance ceded is not significant enough in relation to the provisions in total. The amount of the best estimate of the recoverable of the reinsurance ceded is valued by means of the updating of future cash flows weighted by probability and generated based on realist hypothesis, and taking into account an adjustment to consider the losses expected should the counterparty fail to comply based on its credit standing.

Valuation of other liabilities

The valuation grounds and methods of liabilities other than the Technical Provisions are not significantly different to those used in the Financial Statements. The most significant are those related to deferred tax liabilities due to the consideration of the fiscal effect of the valuation adjustments made to value the balance in accordance with Solvency II and the accounting asymmetry liabilities under Solvency II and they are implicitly found in the calculation of the best estimate of the technical provisions.

Application of the matching adjustment

The matching adjustment of the risk-free curve is a permanent measure established in the Solvency II regulation that includes the best and most common practices applied in the Spanish market since 1999 to manage long-term savings insurances, based on the matching of assets and liabilities flows established in article 33.2 of the RASPI currently developed in the Ministerial Order EHA/339/2007, of February 16, that modifies the Order of December 23, 1998.

These practices not only have proven to be effective at keeping the solvency and stability of the insurance sector but have also allowed us to offer the insured parties long-term savings insurance products.

In a simplified manner, the matching adjustment allows us to value liabilities taking into account the profitability of the assets assigned to their coverage until maturity, for which the valuation curve of the free-risk liabilities is adjusted to the difference in relation to the valuation curve of the assets at market value minus the fundamental credit risk of the assets.

The use of the matching adjustment is subject to prior approval by the supervisory authorities. VidaCaixa received the authorisation of the DGSFP in December 2015.

The principles and requirements of the use of the matching adjustment are found in Article 77 ter of Directive 2009/138/EC.

Complying with these requirements implies the financial immunisation of the portfolios before the interest rate risk.

Likewise, credit risk is contemplated through the use of a lower discount rate in the valuation of the best estimate of the liabilities in relation to the profitability rate of the assets, as the norm establishes, when considering their fundamental credit risk.

The application and compliance with these principles at all times lies in a better risk management and a more robust control of the risks of these portfolios and, therefore, a greater protection for the insured party.

Application of the volatility adjustment
The volatility adjustment of the risk-free curve is a permanent measure, established in the Solvency II regulation, in order to prevent the interest rate structure that will be used in the calculation of the technical provisions from showing the current volatility in the market in its entirety.

Thus, in general, the insurance entities can adjust the risk-free interest rates by using a volatility adjustment calculated regularly by EIOPA.

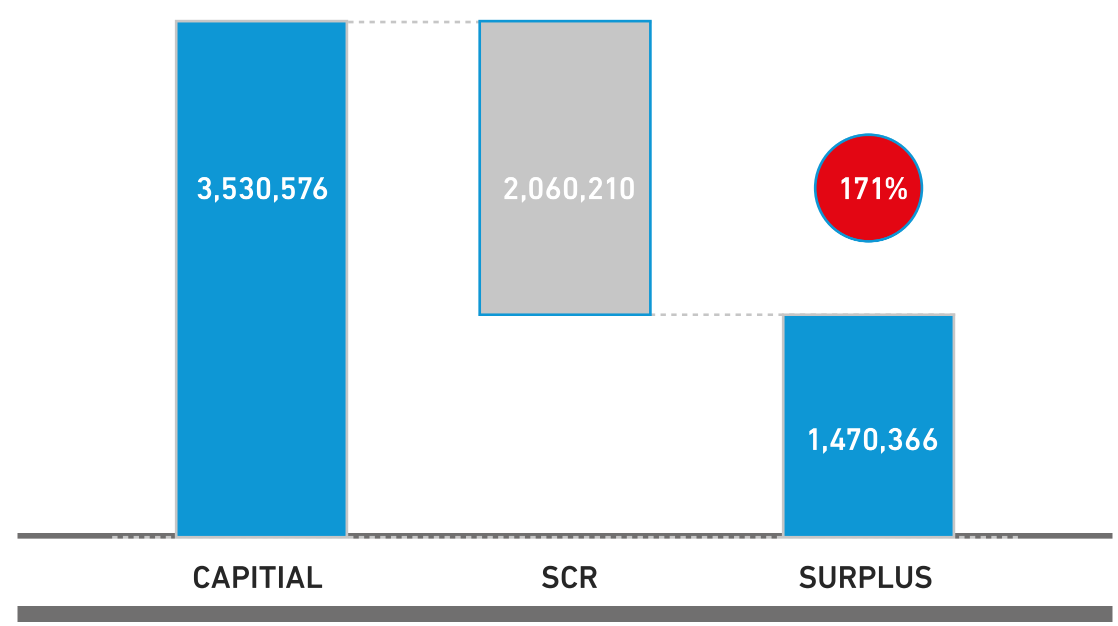
VidaCaixa applies this adjustment in the calculation of the BEL of all the policies grouped in portfolios not valued with the matching adjustment.

5. CAPITAL MANAGEMENT

VidaCaixa has established as one of its fundamental strategic objectives a sound capital and solvency management. Therefore, it regularly monitors the compliance with the regulatory requirements and limits and the tolerance limits and risk appetite established by the Board of Directors.

VidaCaixa establishes its capital goal in the compliance at all times with the regulatory capital requirements, keeping an adequate solvency margin.

VidaCaixa, as at December 31, 2022, has a coverage ratio for the Solvency Capital Requirements (SCR) of 171% (data in thousand euros):



During 2022 VidaCaixa has complied with the SCR and MCR (Minimum Capital Requirement) at all times.

SUMMARY

The entirety of VidaCaixa's Own Funds as at 31 December of 2022 have the maximum quality (Tier 1 unrestricted). VidaCaixa does not have additional Own Funds.

The amount of admissible Own Funds to cover the SCR and the MCR amounts to 3,530,576 thousand euros.

Below are details of the reconciliation between the net equity of the financial statements, the excess of assets over liabilities and the admissible Capital:

In thousands of euros	December 2022	December 2021
Net Book Equity	**2,946,192**	**5,295,330**
Variation Assets Valuation	378,406	2,712,647
Variation Liabilities Valuation	745,993	(3,746,190)
Total Valuation Variation	**1,124,399**	**(1,033,543)**
Excess of Assets over Liabilities	**4,070,591**	**4,261,787**
Adjustment Expected Dividends	(333,593)	(168,298)
Adjustment Tier 3 Not Computable	-	-
Capital Adjustment Funds Manager	(26,854)	(29,019)
Restricted Pension Funds	(179,568)	-
Admissible CAPITAL SOLVENCY II	**3,530,576**	**4,064,470**

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measures.

As a Pension Funds manager, VidaCaixa has reserved a part of its Own Funds to said activity, pursuant to the provisions set forth by Article 20 of the Legislative Royal Decree 1/2002, of November 29, approving the consolidated text of the Regulating Law of Pension Plans and Funds, modified by Law 2/2011, of March 4. These Own Funds are not available to cover the SCR, and therefore VidaCaixa deducts a total of 26,854 thousand euros from its available Own Funds to cover the SCR.

The Entity must deduct 179,568 thousand euros from its available own funds as they are restricted own funds associated with the Ring Fence Fund from the acquired Bankia Vida business.

The amounts of the SCR and the MCR as at December 31, 2022 and December 31, 2021 are as follows:

In thousands of euros	December 2022	December 2021
Solvency Capital Requirement (SCR)	**2,060,210**	**2,004,011**
Minimum Capital Requirement (MCR)	**927,095**	**901,805**

VidaCaixa does not use simplified calculations, nor specific parameters to calculate the SCR.

VidaCaixa does not use the equity risk sub-module based on the duration in the calculation of the solvency capital requirement.

Internal Longevity and Mortality Model

VidaCaixa uses a partial internal model for the calculation of the longevity and mortality sub-model of the SCR of Life underwriting. The use of the partial internal model was approved by the DGSFP in December 2015.

Given the turnover and the intrinsic characteristics of VidaCaixa's business, the internal model allows us to have a more realistic vision of the Company's risk profile that the one the standard formula provides.

SUMMARY

The purpose of the internal model is obtaining the following results:

- The mortality table corresponding to the experience of the population insured in the company (generational table for longevity risks, with calculation of the improvement factors to be applied and static table for mortality risks).
- The shock percentages for both longevity and mortality (calibrated value in the percentile 99.5% or 0.5% respectively).

The Mortality table is used to calculate the Entity's Best Estimate.

The shock percentages of longevity and mortality are used in the calculation of the SCR with internal model.

Likewise, the internal mode is used extensively and plays a relevant role in evaluating the effect of the possible decisions, when they impact the entity's risk profile, including the effect on the expected losses and profits and their volatility as a result of said decisions.

The scope of application of the internal model includes all the population insured in the company for mortality or longevity risks, both for individual insurances and collective ones.

To integrate the Solvency Capital Requirement of Mortality and Longevity with the other risks, the technique 4 described in annex XVIII, Integration techniques of the partial internal models, of the Commission Delegated Regulation (EU) 2015/35 of October 10, 2014 is used. This technique uses the same correlation coefficients as those used for the standard formula, both before the Mortality risk and the Longevity risk, and between these and the other risks.

The following process summarises the performance of the internal model to calculate the probability distribution forecast and the solvency capital requirement:

1) Gathering gross data on the population insured in the company
2) Adjustment of mortality percentages
3) Base table
4) Mortality evolution factors
5) Mortality projection
6) Determining Best Estimate mortality table
7) Longevity shock assessment
8) Mortality shock assessment

A level of trust of 99.5% is used for a time horizon of 1 year, the same as the standard formula.

Given the dimension of the population insured by the entity and its time extension, there is a large enough statistics base for the statistical inference.

The independent Validation Team at CaixaBank verifies in the Validation Report submitted in December 2022 that the filters applied are suitable for cleaning the data used in the calibration of the Internal Model since the filters are aimed at obtaining reliable biometric data of the insured group of VidaCaixa as a whole. Therefore, no relevant data is ever discarded without a good cause.

Therefore, the data used in the Internal Model is considered adequate and complete, allowing an accurate measure of the exposed and the collection of the necessary biometric data.

1. ACTIVITY AND RESULTS

1.1. ACTIVITY

1.1.A. CORPORATE PURPOSE AND LEGAL FORM OF THE COMPANY

VidaCaixa, S.A.U. de Seguros y Reaseguros, hereinafter "VidaCaixa" or "the Entity", with registered offices in Paseo de la Castellana 189, Madrid. The Company is registered in the Trade Register of Madrid, tome 36790, sheet 50, page M-658924.

Authorised entity to carry out life insurance activities and management entity of pension funds. Entered in the Administrative Register of Insurance Entities of the Directorate-General of Insurance and Pension Funds under number C-611 and as management entity of pension funds under number G-0021.

1.1.B. NAME AND CONTACT DETAILS OF THE SUPERVISORY AUTHORITY IN CHARGE OF FINANCIAL SUPERVISION OF THE COMPANY

Directorate-General of Insurance and Pension Funds, hereinafter "DGSFP", with registered office at Avenida del General Perón num. 38, 28020 Madrid.

1.1.C. NAME AND CONTACT DETAILS OF THE EXTERNAL AUDITOR OF THE COMPANY

PricewaterhouseCoopers Auditores, SL, registered office in Madrid, Torre PwC, Paseo de la Castellana 259 B.

1.1.D. DESCRIPTION OF THE QUALIFIED SHARES HOLDERS IN THE COMPANY

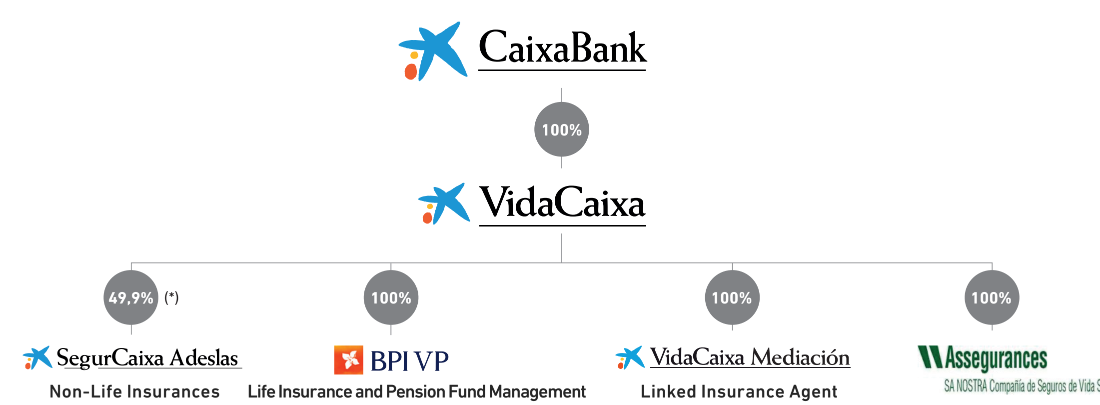
VidaCaixa is a fully-owned company (100%) by its sole shareholder CaixaBank, S.A.

1.1.E. POSITION OF THE COMPANY INSIDE THE LEGAL STRUCTURE OF THE GROUP

As at December 31, 2022, VidaCaixa acts as the parent company of the CaixaBank's insurer group, made up by VidaCaixa itself, 100% of BPI Vida e Pensões - Companhia de Seguros, S.A., (hereinafter, BPI VP), 100% of Sa Nostra Compañía de Seguros de Vida, S.A.U. and 100% of VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculados, S.A.U.

Likewise, VidaCaixa holds a 49.92% participation in SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, entity that operates with non-life insurances.

At December 31, 2022, the group has the following corporate structure:



(*) There is a 0.08% of minority shareholders

As shown, VidaCaixa has four related companies:

- SegurCaixa Adeslas, S.A., de Seguros y Reaseguros, located in Spain, 49.92% owned by VidaCaixa.
- VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculada, S.A.U., located in Spain, 100% owned by VidaCaixa.

1. ACTIVITY AND RESULTS

- BPI Vida e Pensões - Companhia de Seguros, SA, located in Portugal, invested 100% by VidaCaixa.
- Sa Nostra Compañía de Seguros de Vida S.A.U.

1.1.F. LINES OF BUSINESS AND SIGNIFICANT GEOGRAPHICAL AREAS

The corporate purpose of VidaCaixa is the brokerage of life insurances and reinsurances, as well as other operations under the private insurance regulation, in particular those of insurance or capitalisation, collective pension funds management, pensions and any other authorised by the Regulation, Supervision and Solvency of Insurance and Reinsurance Entities Act, its Regulations and supplementary provisions to which the entity is subject, with prior compliance of the requirements established therein.

VidaCaixa mainly markets life insurance products classified in the following lines of business pursuant to the Solvency II regulation:

- Insurance with profit participation (Insurance with PP)
- Unit Linked and Index Linked Insurance
- Other life insurance
- Life reinsurance

Likewise, it markets at a secondary level non-life accident and sickness insurances, classified in the following line of business pursuant to the Solvency II regulation:

- Income protection

VidaCaixa's main marketing channel is the distribution network of CaixaBank, S.A., considered its own exclusive banking-insurance broker. Moreover, it also operates through the insurance mediation activity carried out by insurance brokers and other related insurance agents and its own network.

The transactions of the Company are mainly distributed throughout the Spanish territory.

1.1.G. SIGNIFICANT ACTIVITIES OR EVENTS DURING THE REFERENCE PERIOD

In 2022, VidaCaixa began marketing a new product "Mybox Jubilación Seguro Vida", a solution that offers target capital for retirement and a savings plan to achieve it, combining a pension plan, Unit Linked savings insurance and the protection of life insurance.

Additionally, VidaCaixa also began to market the "CaixaBank Assured Pension Plan", a savings insurance that makes it easier to accumulate savings to complement the public pension at the time of retirement. It offers a guaranteed minimum return.

1. ACTIVITY AND RESULTS

1.2. RESULTS ON UNDERWRITING

VidaCaixa mainly focuses on life insurance transactions.

Find below the results of the underwriting of the life and non-life insurances based on the main business technical parameters, by line of business, as at December 31, 2022.

LIFE INSURANCES Thousands of euros	Insurance with PP	Other life insurances	Unit Linked	Life reinsurance	Total Life
Gross Premiums	87,130	2,400,480	5,175,064	-	7,662,674
Ceded reinsurance premiums	-	(26,407)	(135,371)	-	(161,778)
Total earned premiums	**87,130**	**2,374,073**	**5,039,693**	**-**	**7,500,896**
Gross Premiums	87,130	2,400,480	5,178,232	-	7,665,842
Ceded reinsurance premiums	-	(26,407)	(135,371)	-	(161,778)
Total allocated premiums	**87,130**	**2,374,073**	**5,042,861**	**-**	**7,504,064**
Gross claims	124,697	1,245,365	5,669,449	-	7,039,511
Ceded reinsurance claims	-	2,082	(79,264)	-	(77,182)
Total claims	**124,697**	**1,247,447**	**5,590,185**	**-**	**6,962,329**
Variation of other technical provisions	(21,329)	607,726	574,313	-	1,160,710
Gross variation ceded reinsurance	-	-	(19,832)	-	(19,832)
Total variation of other technical provisions	**(21,329)**	**607,726**	**554,481**	**-**	**1,140,878**
Technical expenses	**10,263**	**105,654**	**395,742**	**-**	**511,659**

1. ACTIVITY AND RESULTS

NON-LIFE INSURANCES Thousands of euros	**Income protection**
Gross Premiums	31,765
Ceded reinsurance premiums	(11,944)
Total earned premiums	**19,821**
Gross Premiums	32,269
Ceded reinsurance premiums	(12,360)
Total allocated premiums	**19,909**
Gross claims	13,508
Ceded reinsurance claims	(9,981)
Total claims	**3,527**
Variation of other technical provisions	-
Gross variation ceded reinsurance	-
Total variation of other technical provisions	**-**
Technical expenses	**6,535**

1. ACTIVITY AND RESULTS

Find below the results of the underwriting of the life and non-life insurances based on the main business technical parameters, by line of business, as at December 31, 2021.

LIFE INSURANCES Thousands of euros	Insurance with PP	Other life insurances	Unit Linked de vida	Life reinsurance de vida	Total Life
Gross Premiums	92,545	2,925,818	5,488,222	-	8,506,584
Ceded reinsurance premiums	-	(15,231)	(142,490)	-	(157,721)
Total earned premiums	**92,545**	**2,910,587**	**5,345,732**	**-**	**8,348,864**
Gross Premiums	92,545	2,925,818	5,493,497	-	8,511,860
Ceded reinsurance premiums	-	(15,231)	(142,490)	-	(157,721)
Total allocated premiums	**92,545**	**2,910,587**	**5,351,007**	**-**	**8,354,139**
Gross claims	127,740	871,108	5,507,801	503	6,507,152
Ceded reinsurance claims	-	(36)	(86,892)	-	(86,928)
Total claims	**127,740**	**871,072**	**5,420,909**	**503**	**6,420,224**
Variation of other technical provisions	8,381	(3,854,437)	(861,737)	503	(4,707,291)
Gross variation ceded reinsurance	-	36,142	(51,044)	-	(14,902)
Total variation of other technical provisions	**8,381**	**(3,818,295)**	**(912,782)**	**503**	**(4,722,193)**
Technical expenses	**1,750**	**101,876**	**269,091**	**-**	**372,717**

1. ACTIVITY AND RESULTS

NON-LIFE INSURANCES Thousands of euros	Income protection
Gross Premiums	16,116
Ceded reinsurance premiums	(13,234)
Total earned premiums	**2,882**
Gross Premiums	16,288
Ceded reinsurance premiums	(13,765)
Total allocated premiums	**2,523**
Gross claims	9,777
Ceded reinsurance claims	(10,174)
Total claims	**(396)**
Variation of other technical provisions	-
Gross variation ceded reinsurance	-
Total variation of other technical provisions	**-**
Technical expenses	**402**

1. ACTIVITY AND RESULTS

1.3. RETURN ON INVESTMENTS

1.3.A. INCOME AND EXPENSES DERIVING FROM INVESTMENTS

Below are the income and expenses deriving from the investments, disaggregated by the main financial assets categories, as at December 31, in financial year 2022:

In thousands of euros	Income from investments	Gains on disposal	Expenses from investments	Losses on disposal
Fixed Income	2,765,713	438,329	1,357,999	417,382
Variable Income	415,119	799,562	73,982	1,885,680
Properties	112	-	-	-
Deposits	1,213	-	-	-
Loans	2,420	-	-	294
Liquid assets	1,656	-	1,268	-
Other	580,223	56,326	610,271	47,459
Total	**3,766,456**	**1,294,217**	**2,043,520**	**2,350,815**

Below are the income and expenses deriving from the investments, disaggregated by main financial assets categories, as at December 31, 2021:

In thousands of euros	Income from investments	Gains on disposal	Expenses from investments	Losses on disposal
Fixed Income	1,412,315	1,243,577	35,042	702,624
Variable Income	152,358	1,533,788	(63,432)	496,657
Properties	-	-	-	212
Deposits	1,292	-	28	-
Loans	1,227	-	-	-
Liquid assets	(134)	-	1,260	-
Other	(11)	-	134	1
Total	**1,567,047**	**2,777,365**	**(26,968)**	**1,199,494**

1. ACTIVITY AND RESULTS

1.3.B. LOSSES AND GAINS DIRECTLY RECOGNISED IN THE NET EQUITY

Pursuant to the local accounting regulations, the heading of Net Equity of "Adjustments for change in value" registers, without previously being recognised in the income statement, the unrealised capital gains and losses of the financial investments that are accounted for in the heading Assets of "Available-for-sale financial Assets". As at December 31, 2022, this amount totalled -1,968,068 thousand euros, net of taxes (7,935,177 thousand euros, net of taxes as at December 31, 2021).

The part of the capital gains and losses of the investments not carried out correspond to insurance transactions financial immunised, which reference its redemption value to the value of the assets assigned, or foresee a participation in the profits of an associated assets portfolio are reclassified from the heading "Adjustments for change in value" to the liabilities heading "Remaining liabilities-Accounting asymmetry liabilities" for their gross amount of the tax effect. As at December 31, 2022, the correction for accounting asymmetries in the net equity amounted to -2,333,695 thousand euros, net of taxes (4,878,549 thousand euros, net of taxes as at December 31, 2021).

1.3.C. INVESTMENT IN SECURITISATIONS

The company has a small direct investment in securitisations. As at December 31, 2022, the value of the securitisations on the balance sheet was 3,881 thousand euros (0 thousand euros as at December 31, 2021).

1.4. ESULTS OF OTHER ACTIVITIES

From the result of other activities, it is worth mentioning the result obtained by the entity for its management of the Pension Funds. Below is the detailed information on the income and expenses registered in the profit and loss account as at December 31, 2022 and December 31, 2021 from this activity:

In thousands of euros	December 2022	December 2021
Income from the management of pension funds	337,848	331,904
Expenses from the management of pension funds	(210,943)	(226,609)
Results of the management of pension funds	**126,905**	**105,295**

It is worth mentioning that VidaCaixa does not have in its capital the business value of the Pension Funds management it carries out and is part of the company's activity. This business is of great importance to the company, having a market share of 33.8% in Spain in December 2022 (33.9% in 2021).

Furthermore, it is important to point out that all the leases are considered operating leases. At the end of 2022 the main lease contract that VidaCaixa had entered into as lessor is for the lease of the property located in Pº del Mar 8 - Av. Blasco Ibañez, No. 8 in Valencia as a result of its merger with Bankia Vida. The amount from rents collected during 2022 amounted to 78 thousand euros (0 thousand euros in 2021).

1.5. OTHER RELEVANT INFORMATION

On September 17, 2020, the Boards of Directors of CaixaBank and Bankia entered into a Joint Plan of Merger by way of merger by absorption of Bankia, S.A. (the absorbed company) by CaixaBank, S.A. (the acquiring company). The effective takeover date was March 23, 2021, once all the conditions precedent had been fulfilled.

On December 29, 2021, after obtaining the relevant regulatory authorizations, CaixaBank formalized the purchase from the Mapfre Group of 51% of the share capital of Bankia Vida, SA de Seguros y Reaseguros (BV), thereby reaching all its share capital and the CaixaBank Group acquiring control over said company.

On March 21, 2022, VidaCaixa acquired 100% of Bankia Vida, Sociedad Anónima de Seguros y Reaseguros, Single entity company (hereinafter Bankia Vida) from CaixaBank (the Company's Sole Shareholder) for an amount of 578,000 thousand euros.

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

On May 11, 2022, the Sole Shareholder of the Company and of Bankia Vida, unanimously agreed the merger by absorption of Bankia Vida (absorbed company) by VidaCaixa (absorbing company) within the framework of the reorganisation and integration process of the insurance business from Bankia, S.A., after completion of the aforementioned merger by absorption of Bankia by CaixaBank.

On May 11, 2022, the Sole Shareholder of both companies agreed, among others, to approve as merger balance sheets those closed by the companies as at December 31, 2021 and to approve the Merger by absorption of Bankia Vida by the acquiring company, in strict compliance with the Merger Plan.

Once all the pertinent authorisations were obtained, on November 11, 2022, the merger was registered in the Mercantile Registry of Madrid, and the entire assets and liabilities of the acquiring company were dissolved without liquidation and transferred as a whole to the absorbing company by way of universal succession of the absorbed company. The acquiring company was subrogated in all the rights and obligations of the absorbed company in general and without any reservation or limitation whatsoever.

On November 24, 2022, VidaCaixa acquired Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER) 81.31% of Sa Nostra, Compañía de Seguros de Vida, S.A. for an amount of 250,343 thousand euros.

On the same date, VidaCaixa acquired 18.69% of the shares of Sa Nostra, Compañía de Seguros de Vida, S.A., from CaixaBank, for the amount of 21,544 thousand euros.

Therefore, since November 24, 2022, VidaCaixa is the owner of 100% of the aforementioned company. The total amount of the operation, which amounts to 171,887 thousand euros, is recorded under the heading "Investments in group entities and associates - Interests in group companies" at December 31, 2022.

It is unknown what the impact of extreme events, such as future pandemics or environmental events, could be for each of the risks of the Catalogue, as this will depend on future events and developments that are uncertain, and would include actions to contain or treat the event and mitigate its impact on the economies of the affected countries.

Mitigators: capacity to effectively implement management initiatives to mitigate the impact on the risk profile due to the deterioration of the economic environment, and monitoring mechanisms to constantly monitor actuarial risk in

1. ACTIVITY AND RESULTS

the event of an extreme operational event, as in the specific case of COVID-19. In terms of non-financial information and diversity, Law 11/2018, of December 28, which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, on non-financial information and diversity, have been taken into account. In accordance with the waiver contained in the regulations mentioned above, the Company presents the non-financial information corresponding in the CaixaBank Group's Consolidated Management Report, which is available in the CaixaBank Group's Consolidated Annual Accounts for the year ended December 31, 2022 and that will be filed with the Mercantile Registry of Valencia.

The conflict between Russia and Ukraine is causing, among other effects, an increase in the price of certain commodities and the cost of energy, as well as the activation of sanctions, embargoes and restrictions against Russia that affect the economy in general and companies with operations with and in Russia specifically. The extent to which this war will have an impact on the Company's business will depend on the evolution of future events that cannot be reliably forecast at the date of preparation of this report. The Company does not have relevant direct exposures in companies located in these countries, and despite the existing uncertainty, the Company's Directors do not expect that this situation will have a significant impact on its financial position.

2. GOVERNANCE SYSTEM

2.1. GENERAL INFORMATION ON THE GOVERNANCE SYSTEM

2.1.A. STRUCTURE OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY

The organisational chart in relation to governance in risk management at VidaCaixa, and details of the main functions and responsibilities of each Committee are detailed below:

Pursuant to the provisions set forth by Articles 268, 269, 270, 271 and 272 of the Commission Delegated Regulation (EU) 2015/35, of October 10, 2014, VidaCaixa has adapted its organisational and functional structure, by developing and providing resources to the organisational units in charge of carrying out the various key functions established by Solvency II (risk management function, actuarial function, compliance function and internal audit function).

ADMINISTRATORS

BOARD OF DIRECTORS (BOD)

Top decision body. It determines and monitors the business model and it is responsible for implementing a risk governance framework according to the level of risk appetite. It includes disseminating a solid and diligent risk culture, setting the appetite for risk linked to a framework of risk appetite and risk catalogue. It monitors the result of the risk assessment process, establishes and is responsible for the internal governance policies for managing and controlling risks, supervising the organisation for implementing and monitoring them.

RISK COMMITTEE

It advises the BoD on the overall risk strategy and appetite, informs about the RAF and proposes the risk policies to the Board.

AUDIT AND CONTROL COMMITTEE (ACC)

It supervises internal control, the internal audit and the risk management, systems. It supervises the process of compiling and submitting financial information.

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

It informs the BoD of the selection and assessment of skills, knowledge and experience of the BoD members and the key personnel. It supervises Sustainability action.

TOP MANAGEMENT

MANAGEMENT COMMITTEE (MC)

It is chaired by the Director General of VidaCaixa who is in turn Director of CaixaBank Insurances, and sits on various bank committees within the CaixaBank Group, such as the Management Committee and Global Risks Committee. The Director of the Actuarial Function and Risks is a member of the Management Committee with full access to the governance bodies.

GLOBAL RISKS COMMITTEE (GRC)

Under the chairmanship of the Director of the Actuarial Function and Risks, the GRC manages, controls and monitors overall the risks included in the Risk Catalogue, as well as the implications in the management of liquid solvency and capital

INVESTMENTS COMMITTEE

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

BUSINESS COMMITTEE

Take the pulse of the business by monitoring aspects and the customer/ channel experience. Make value proposals on new products and commercial aspects.

TRANSFORMATION AND SERVICE COMMITTEE

It guarantees control and proper allocation of resources, controlling quality levels and promoting the efficiency of operations.

PRODUCT AND DISTRIBUTION COMMITTEE

New products, ensuring that they are marketed correctly.

EFFICIENCY COMMITTEE

Controlling and monitoring budget planning, promoting and monitoring the improvement in efficiency.

TALENT COMMITTEE

Talent management and development in order to guarantee meritocracy, transparency and diversity.

2. GOVERNANCE SYSTEM

2.1.B. SIGNIFICANT CHANGES IN THE GOVERNANCE SYSTEM DURING THE REFERENCE PERIOD

There have been no significant changes in the reference period.

2.1.C. REMUNERATION POLICY AND PRACTICES

2.1.C.i. Principles of the remuneration policy

VidaCaixa has a Remuneration Policy approved by its Board of Directors, and its General Meeting, according to Article 249 bis of the Corporation Law.

Pursuant to Article 275 of the Commission Delegated Regulation (EU) 2015/35, the Remuneration Policy must be applied to the company as a whole, and must contain specific mechanisms that take into account the duties and the performance of the administrative, management or supervisory body, of the persons who effectively run the company or are responsible for other key functions and of other categories of personnel whose professional activities have a significant impact on the company's risk profile (Identified Group).

The persons subject to the Remuneration Policy are the members of the Board of Directors and all the persons currently employed by VidaCaixa who, as such, have a remunerated labour relationship, including those of the Identified Group.

The remuneration of the employees, established within the general framework defined in the Remuneration Policy, is approved by the relevant governing bodies of VidaCaixa. The general remuneration principles of VidaCaixa are:

- The total compensation policy focuses on promoting behaviours that ensure the long-term generation of value and the sustainability of the future results.
- The Remuneration Policy bases its talent attraction and retention strategy on providing professionals the opportunity to participate in a different social and business project, the possibility of growing professionally and total compensation competitive conditions.
- The fixed and social benefit components constitute the predominant part of the remuneration conditions as a whole where, in general, the variable remuneration concept tends to be conservative because it is a potential risk generator.
- The general remuneration principles of VidaCaixa are aligned with the commercial and risk management strategy. The remuneration practices shall promote prudent risk taking and shall not threaten the company's ability to keep an adequate capital base.
- The principles established in section 2 of article 275 of the Commission Delegated Regulation (EU) 2015/35 will apply to the remuneration of the members of the Identified Collective of VidaCaixa.
- In accordance with the principles of article 275 of the Commission Delegated Regulation (EU) 2015/35, if so, the variable components of the remuneration of the Identified Collective must be balanced in a way that the fixed or guaranteed component represents a sufficiently high proportion of the total remuneration, in order not to have employees that excessively depend on the variable components and allow VidaCaixa use a fully flexible incentive policy, that includes the possibility of not paying any variable component.

2. GOVERNANCE SYSTEM

2.1.C.ii. Performance criteria on the entitlement to share options, shares or variable components of remuneration

The remuneration of the members of the Board of Directors of VidaCaixa in their capacity as such, only consists in fixed components, with the exclusion of any variable components (for their part the Senior Management, do have a variable part of remuneration). Notwithstanding the foregoing, any possible future proposal on the remuneration based on shares should be approved, following the provisions of the Spanish Corporation Law and the Articles of Association, by VidaCaixa's General Meeting.

2.1.C.iii. Supplementary pension plans or early retirement plans aimed at members of the administration, management or supervisory body and persons who perform a key function

VidaCaixa's social welfare system is a combined system of defined contributions for retirement and the benefit defined for disability and death and it is implemented through an employment pension plan and collective life insurance policies.

The contributions of the employees to savings and retirements plans are determined as a predetermined percentage of the fixed retribution; the employee can also decide which part of the bonus payment is allocated as a contribution to said savings and retirement plans.

VidaCaixa's social welfare scheme is not set as a discretional benefit, and it is applied objectively based on the professional access to a certain professional level or in similar circumstances that determine a redefinition of the remuneration conditions. The amounts contributed or the coverage degree of the benefits cannot be determined as part of the variable remunerations pack, since it is not related to the achievement of benchmarks or granted as a prize or similar.

2.1.D. SIGNIFICANT TRANSACTIONS WITH SHAREHOLDERS, WITH PERSONS THAT EXERCISES SIGNIFICANT INFLUENCE OVER THE COMPANY AND WITH MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY

During the year no significant transactions have taken place with shareholders, with people that exercise significant influence over the company and with members of the administrative, management or supervisory body that can create a conflict of interest or, where appropriate, the corresponding dispensation has been granted.

The dividends distributed during the year were as follows:

	Euros per Share	Effective Amount Paid	Announcement date	Payment date
Final dividend for the year 2021	0.75	168,298	29/03/2022	31/03/2022
1st interim dividend for the year 2022	0.65	145,000	18/05/2022	25/05/2022
2nd interim dividend for the year 2022	0.60	135,000	26/07/2022	28/07/2022
3rd interim dividend for the year 2022	0.65	145,000	28/10/2022	02/11/2022
TOTAL	**2.65**	**593,298**		

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

2. GOVERNANCE SYSTEM

2.2. FIT AND PROPER REQUIREMENTS

2.2.A. REQUIREMENTS ON APPLICABLE QUALIFICATIONS, KNOWLEDGE AND EXPERIENCE

As established in VidaCaixa's Policy for the selection, diversity, and suitability assessment of directors, members of senior management, and other holders of key functions, the latest revision of which was approved by the Board of Directors on 26/07/2022, the positions of the Board of Directors, the Senior Management and the key functions that make up the governance system of VidaCaixa (hereinafter, the Subject Positions and Functions) must be exercised by people who comply at all times with the following suitability and honorability requirements:

a) That their professional qualifications, competence and experience are adequate to enable sound and prudent management (aptitude).

b) That they are people of good reputation and integrity (honorability).

The selection, diversity, and suitability assessment Policy has been prepared following the provisions of Article 273 of Delegated Regulation (EU) No. 2015/35 of October 10, 2014 of the Commission which completes Directive 2009/138/EC of the European Parliament and the Council, on access to the insurance and reinsurance activity and its exercise ("Delegated Regulation"), in Article 38 of Law 20/2015, of July 14, on management, supervision and solvency of insurance and reinsurance entities ("Law 20/2015"), in Article 18 of Royal Decree 1060/2015, of November 20, on management, supervision and solvency of insurance and reinsurance entities and, where appropriate, by Order ECC/664/2016, of April 27, which approves the list of information to be sent in cases of acquisition or increase of significant share holdings in insurance and reinsurance companies and by those who intend to carry out positions of effective management or functions that make up the governance system in insurance and reinsurance entities and in groups of insurance and reinsurance entities. Similarly, it has been prepared according to the provisions set forth by Article 28 of the Legislative Royal Decree 1/2002, of November 29, approving the consolidated text of the Regulating Law of Pension Plans and Funds that specifically refers to Article 38 of Law 20/2015. Likewise, the EIOPA Guidelines on the System of Governance (2014) have been taken into account.

In the case of directors that are legal entities the suitability requirements will be applied to both the individual representing the legal entity and, where applicable, the legal entity itself.

2.2.B. PROCESS TO ASSESS THE FIT AND PROPER REQUIREMENTS

The Protocol for assessment procedures for the suitability and appointment of directors, members of senior management and other holders of key functions in VidaCaixa, approved by its Board of Directors on 26/7/2022, establishes the selection and evaluation procedures for the suitability of those who are to exercise the Subject Positions and Functions.

The main aspects are as follows:

1) Bodies responsible for assessment

The bodies responsible for evaluating the suitability of the candidates, as well as the directors and the rest of the positions and functions included in this Protocol are the Board of Directors together with the Appointments, Remuneration and Sustainability Committee, which prepares the proposal for the suitability assessment report for each of the candidates for directorship and other positions and duties and submits it to the Board.

If the assessment refers to their own person, the persons subjected to assessment will have to refrain from participating in the creation of the Assessment File as defined below and in the proposal, drafting and approval of the Suitability Assessment Report.

2. GOVERNANCE SYSTEM

2) Assessment File

The Assessment File constitutes the base document for the assessment, and will contain all the statements, information and documents needed for the Assessment Body to examine and issue a reasoned judgment regarding the suitability of the persons assessed.

The content of the File will be determined, developed and adjusted from time to time by the VidaCaixa's Appointments, Remuneration and Sustainability Committee with the assistance of the General Secretary and the Board.

3) Suitability Assessment Report

The Suitability Assessment Report will contain the conclusion on the result of the assessment process of the assessed person, and it will be issued based on the Assessment File.

4) Assessment procedure

To assess the persons that have to occupy the Subjected Positions and Functions the following procedure is followed:

4.1) Procedure in the case of appointment and re-election:

a. The body or person(s) promoting the appointment will inform the Chairman of the Appointments, Remuneration and Sustainability Committee of the candidate's identity sufficiently in advance.

b. The Appointments, Remuneration and Sustainability Committee, assisted by the General Secretariat and the Board as well as, where appropriate, by the People Area and those other internal departments that it deems appropriate, will proceed from then on to prepare and complete the Assessment File, which must be made available to the Board of Directors sufficiently in advance of the corresponding meeting to report on the proposed candidate. In the case of appointment of directors, the Appointments, Remuneration and Sustainability Committee will include in the Assessment File the assessment of the way in which the new appointment contributes to the collective suitability of the Board of Directors, taking into account the Board's competence matrix.

c. The Appointments, Remuneration and Sustainability Committee will create and submit the corresponding suitability assessment report proposal to the Board of Directors.

d. Taking as basis the information in the Assessment File and the report proposal, the Board of Directors will analyse and formulate the Report on the proposed candidate.

e. In case of doubts, expert opinions may be requested.

f. If the Report conclusion is negative, VidaCaixa will abstain from appointing or giving office to the proposed candidate.

4.2) Procedure in the case of re-election:

a. In the cases where the re-election of a person subject to assessment is proposed, the same procedure as the one in place in the case of appointments is followed, fully adjusted to the case of re-election.

b. However, the assessment will be limited to confirming the maintenance of the information contained in the Assessment File or, where appropriate, updating it, except when the conditions of the position change or a new position is assigned. In these cases, the assessment must be limited to the new characteristics of the position, and the Appointments, Remuneration and Sustainability Committee must include in the Assessment File the assessment of the impact of the new conditions of the position in the Board's collective evaluation by reviewing the Board's competence matrix.

c. The Board of Directors will formulate its Report based on the confirmation or update of the Assessment File and the report proposal submitted by the Appointments, Remuneration and Sustainability Committee.

2. GOVERNANCE SYSTEM

5) Continuous Assessment

The Company will carry out the continuous assessment on an annual basis, without prejudice to the assessment due to supervening circumstances. The continuous assessment will be carried out during the last four-month period of each year and will include the reassessment of the collective suitability of the Board of Directors.

6) Assessment due to subsequent circumstances

Those exercising the subjected positions and functions will be responsible for immediately notifying the Appointments, Remuneration and Sustainability Committee (by notifying its Chairman) of the occurrence of any event or circumstance that could affect the assessment of their suitability for exercising their position or function.

Likewise, knowledge of such facts or circumstances may be known because they are public and notorious or due to well-founded knowledge.

2.3. RISK MANAGEMENT SYSTEM INCLUDING RISK AND SOLVENCY SELF-ASSESSMENT

2.3.1. RISK MANAGEMENT SYSTEM

2.3.1.a. Description of the risk management system

The risk management system of the entity is established through the risk management function which main duties and responsibilities are:

1) General duties

- Attending and independently informing the Board of Directors, the Risk Committee, the Audit and Control Committee, the Global Risk Committee and other fundamental functions where necessary to guarantee the effective functioning of the risk management system.
- Monitoring the effectiveness of the risk management system.
- Establishing and following the strategic policies on risk management.
- Defining and following the risk profile and the risk tolerance limits.
- Identifying, measuring, managing, monitoring, following and informing about risks and their trends.
- Identifying and assessing emerging risks.
- Presenting detailed information on the risk exposures taking into account the strategic decisions.
- Carry out training programs and initiatives to internalise the risk culture.
- The information generated in the risk management framework will be at the disposal of the persons and bodies who effectively run the entity or are responsible for other key functions, who will take it into account in the decision-making process.

2) Supplementary duties for internal risk models

The risk management function undertakes the following supplementary duties and responsibilities regarding total or partial internal models developed by the entity at the time:

- Development and application of the internal model
- Applying the internal models validity policy established by the Board of Directors at the time.
- Documenting the internal model and the possible modifications thereto.
- Testing the use of the internal model.
- Informing the Board of Directors, the Risk Committee and the Global Risk Committee about the internal model.
- As long as the entity has internal models, the information on the risk management will be drafter using the internal model, so that the data of the model is taken into account in the decision-making processes, and there is an effective integration of the internal models in the management.

As the essential element of the risk management system, the entity's Board of Directors has approved, monitors and keeps up to date the following risk management policies. This includes the following policies, in accordance with the risk management areas defined by Article 260, section 1 of the Solvency II Delegated Regulation:

- Underwriting and reserving policy
- Asset and liability management policy
- Liquidity risk management policy
- Investment risk management policy
- Operational risk management policy
- Reinsurance policy
- Risk management policy in relation to deferred taxes

2. GOVERNANCE SYSTEM

Risk Management Strategic Processes

VidaCaixa has a risk management framework that allows it to make informed decisions on risk taking.

This risk management framework allows VidaCaixa to understand and communicate its risk profile, guarantee that risks remain at acceptable levels, assess their likely evolution as a result of new activities or changes in the operating environment, and contribute to a rapid recovery in case of a risk event. The foregoing is necessarily based on a strong risk culture and governance structure which, together with the strategic risk processes, form the pillars of the risk management framework.

Thus, 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 developed below: the risk assessment (identification and evaluation), the Risk Catalogue (taxonomy and definition) and the Risk Appetite Framework (monitoring).

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

Risk Assessment

VidaCaixa carries out a risk self-assessment process every six months, in order to:

- Identify and assess the inherent risks assumed according to the environment and business model.
- Carry out a self-assessment of the capacities of management, control and governance of risks, as an explicit instrument that helps detect best practices and relative weaknesses in some of the risks.

The Risk Assessment is one of the main sources for the identification of:

- Emerging risks: risks whose materiality or importance is increasing to such an extent that it could lead to its being explicitly included in the Risk Catalogue.
- Strategic events: most relevant events that may result in a significant impact in the medium-long term. Only those events that have not yet materialised or are not yet part of the Catalogue, but to which the Entity's strategy is exposed due to external causes are considered, even though the severity of the potential impact of said events can be mitigated by means of management.

Risk Catalogue

The Risk Catalogue is the list of material risks. It covers both the definition of material risks to which the Entity is exposed and the definition of emerging risks and strategic events. It facilitates both internal and external monitoring and reporting, and is subject to periodic review at least annually. As part of this updating process, the materiality of the emerging risks previously identified in the Risk Assessment process is also assessed.

Risk Appetite Framework

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

Risk Culture

The risk culture at VidaCaixa is made up of employees' behaviours and attitudes towards risk and its management, which reflect the values, objectives and practices, and is integrated into management through its policies, communication and staff training.

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

Thus, the actions and decisions which involve taking risks are:

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

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

Responsibility

VidaCaixa's Board of Directors is responsible for establishing and monitoring the implementation of a strong and diligent risk culture within the organisation to promote behaviours in line with the identification and mitigation of risks. It will consider the impact of such a culture on financial stability, risk profile and proper governance of the entity, and will make changes where necessary.

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

Communication

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

In this respect, the Risk Culture project, with the aim of raising awareness of the importance of all employees in risk management in order to be a solid and sustainable company, has made a difference in the dissemination of the risk culture throughout the Company. Within the framework of this project, different actions have been carried out to disseminate the risk culture to all VidaCaixa employees through the publication on the intranet of, among others, news related to risk projects.

Training

Training represents a fundamental mechanism in VidaCaixa for embracing the risk culture and ensuring that employees have the appropriate skills to perform their duties with full awareness of their responsibility in risk taking to achieve objectives. To this end, VidaCaixa provides periodic training adapted to functions and profiles, in accordance with the business strategy, which allows employees to be familiar with the entity's risk management policies, procedures and processes, and which includes the review of changes to the applicable legal and regulatory frameworks.

In the specific Risk activity, the training content is defined, both in the functions supporting the Board of Directors/Senior Management, with specific content to facilitate high-level decision-making, and in the other functions throughout the organisation. All this is done with the aim of facilitating the transfer of the RAF to the entire organisation, the decentralisation of decision-making, the updating of skills in risk analysis, and the optimisation of risk quality.

VidaCaixa structures its training offer mainly through the School of Risks. Thus, the training offer is designed as a strategic tool to support the business areas while being the channel for transmitting the Group's risk culture and policies, offering training, information and tools to all professionals.

2.3.1.b. Implementation and integration of the risk management system in the organisational structure and in the decision-making processes

The risk management function, which covers the entire organization, assumes the functions linked to the management of risk management policies, risk control procedures and ensures the effective implementation of the risk management framework. The head of the risk management function, as the party responsible for the development and implementation of the risk management and control framework, acts independently of the risk-taking areas, and has direct access to the Governing Bodies, especially the Risk Committee, to whose directors it reports regularly on the situation and expected evolution of the risk profile.

The Board of Directors has the ultimate responsibility on the design and execution of the risk management policy.

Upon delegation by the Board of Directors, the Global Risk Committee executes the risk management policy, managing and controlling the effects on solvency and the capital of the entity.

The risk management, actuarial, compliance verification, and internal audit fundamental functions are represented in the Global Risk Committee.

The main functions of the Global Risk Committee are:

- Approving and proposing the entity's general risk policies and the limit structure by risk type for their approval.
- Reviewing the evolution of the risks undertaken, supervising that the limit structure established has been complied with and obtaining information on any relevant non-compliance.
- Reviewing the most relevant exposures at economic groups, productive sectors, geographical areas and lines of business levels.
- Monitoring the evolution of the regulatory and economic capital and the capital planning, as well as the compliance with the risk profile set.
- Monitoring and analysing the profitability and risk parameters by lines of business.
- Ensuring the existence of proper reporting procedures that guarantee their reliability and integrity and reviewing the information regarding risk management published or distributed by third parties.

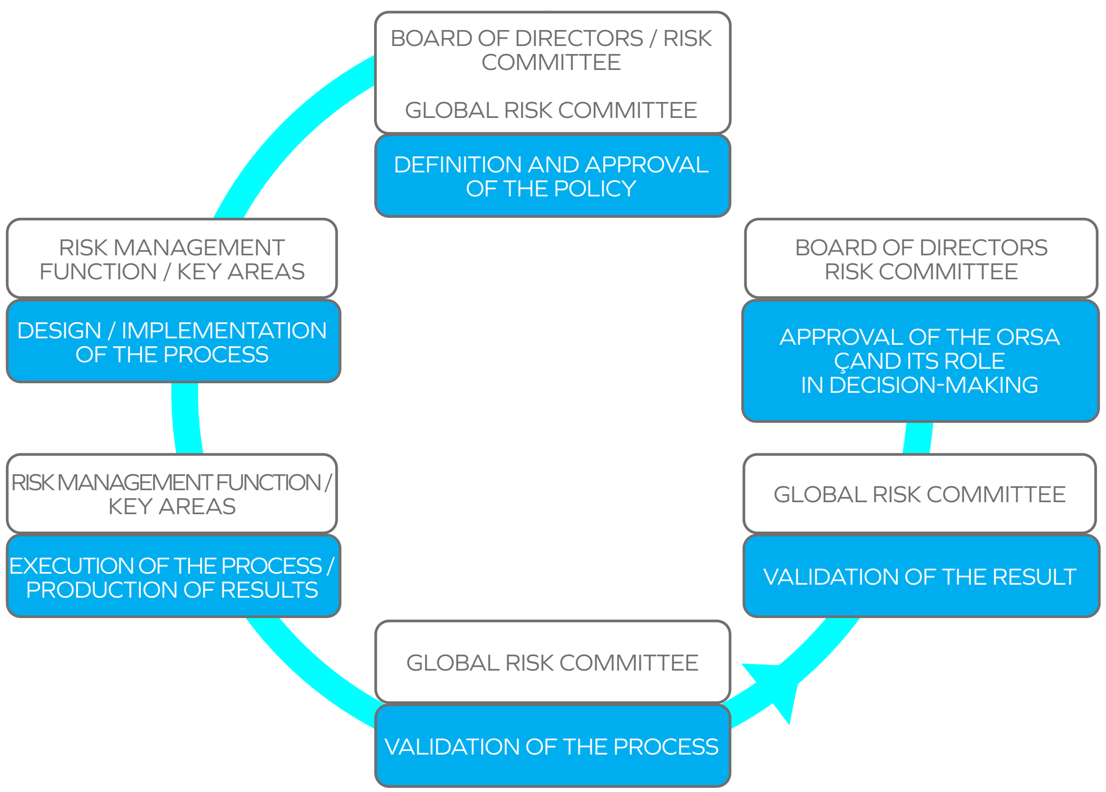
The risk management, actuarial, compliance verification, and internal audit fundamental functions are represented in the Global Risk Committee.

2.3.2. INTERNAL RISK AND SOLVENCY ASSESSMENT

2.3.2.a. Internal risk and solvency assessment process

The internal risk and solvency assessment process (hereinafter, "Own Risk and Solvency Assessment" or "ORSA") is key to business decisions at all levels, and its forecasts are known and taken into account in decision-making.

VidaCaixa considers ORSA as a global process in which the contribution of the existing strategy, the risk management and the solvency management are decisive. It is about contributing quantitative or qualitative analysis and indicators to the decision process. Furthermore, the ORSA carries out additional analyses to achieve a global overview of the entity's future risks and solvency.



VidaCaixa has the ORSA policy, which aims to establish the general lines that govern the ORSA process.

The Global Risk Committee is in charge of defining and approving the ORSA policy proposal which will be submitted to the Risk Committee and Board of Directors. The Board of Directors, advised by the Risk Committee, will be in charge of reviewing this proposal and, where appropriate, approving it.

The risk management function is in charge of designing and implementing the ORSA process by ensuring it falls within the general lines established by the policy. Likewise, it will be in charge of guaranteeing the planning, selection and coordination of the different areas involved.

The risk management function is also in charge of executing the ORSA process pursuant to the policy, guaranteeing that a relationship is established with other management processes and that all the participating units are coordinated and the different contributions are consolidated in a single ORSA report certifying its global cohesion.

The Global Risk Committee is in charge of validating the process by checking that it has been carried out according to the policy, and will it analyse the results, methods and hypothesis used, as well as the ORSA report, prior to its final approval, which falls under the responsibility of the Board of Directors, following a favourable report by the Risk Committee.

The ORSA is considered as another process of the company. Therefore, Internal Audit, based on its annual audit plan can carry out independent reviews (partial or total) of the process to verify that it complies with ORSA's policy and it has been carried out properly aiming to providing reasonable guarantees to the management and the Board of Directors.

2.3.2.b. Reviewing and approval periodicity of the internal risk and solvency assessment

The Risk Committee advises the Board of Directors on VidaCaixa's global risk appetite and its strategy in this area. It establishes, together with the Board of Directors, the information that the latter must receive, as well as that which must be received by the Risk Committee, so that knowledge of the ORSA is sufficient.

The VidaCaixa's Board of Directors, subject to a favourable report from the Risk Committee, reviews and approves the internal risk and solvency assessment at least once a year.

However, VidaCaixa shall conduct an extraordinary ORSA when market or internal circumstances cause the risk profile to vary such that the results of the last ORSA have little bearing on the company's risk profile.

Likewise, an extraordinary ORSA will be carried out if the Global Risk Committee considers that there has been a significant change in the risk profile, with an appropriate and proportionate reach based on the change considered.

2.3.2.c. Determination of the internal solvency needs, and interaction between the capital management activities and the risk management system

The ORSA is one of the key elements within VidaCaixa's risk management system.

Through this process VidaCaixa carries out a prospective assessment of its global solvency needs.

One of the axes of the ORSA is the estimation of the Capital and the SCR projected under different stress scenarios. The stress scenarios applied propose shocks in critical variables of VidaCaixa's business, in line with the scenarios applied by EIOPA in the last stress exercises carried out at a European level.

Likewise, inside this process the compliance with the tolerance limits established by the Board of Directors is monitored.

2.4. INTERNAL CONTROL SYSTEM

2.4.A. INTERNAL CONTROL SYSTEM

El sistema de control intern implantat a l'Entitat es fonamenta en les línies The internal control system implemented throughout the Entity is based on the general lines and guidelines established in the Entity's Internal Control Policy.

VidaCaixa's internal control framework is structured under the following three-level control model, in which:

- The first level of control is formed by the Entity's business areas (risk-taking areas) and its support areas, that is, by the business units and support areas that give rise to exposure to the Entity's risks in the exercise of its activity.
- The second level of control acts independently of the business units, with the function of ensuring the existence of management policies and procedures, and risk control, to monitor its application, to evaluate the control environment and to report all the material risks of the VidaCaixa Group. It includes the fundamental functions of Solvency II: Risk, Actuarial and Regulatory Compliance Management.
- The third level of control is made up of the Internal Audit function that performs the independent supervision of the two previous levels of control.

The internal control system established in the entity includes, among others, the following internal control bases:

- Segregation of tasks and duties, both among the personnel and among the activities carried out
- Limitation of powers and capacity to authorise transactions
- Computer security procedures
- Contingency plans for the computer and communication systems
- Document archiving
- Traceability of all the operations and all the controls

In addition to the Entity's Internal Control Policy, there are written guidelines known to the organisation that develop, at different levels, the lines of action established by the Board of Directors, with the most relevant ones being:

- Internal regulations, in terms of personal data protection (LOPD, in Spanish), computer security, the prevention of money laundering and terrorist financing, supplier management, recruitment and budget management, among others.
- Processes map: full description of all the processes, sub-processes and activities of the entity.
- Controls map: complete inventory of the internal control procedures implemented in the entity and the assessment of their efficiency, in order to detect weaknesses and deficiencies.
- Computer tool: all the information associated with internal control procedures of the entity is recorded, and this information is kept up to date and is notified to all the organisation through a computer tool that automates and provides stability to the system.

2.4.B. IMPLEMENTATION OF THE COMPLIANCE FUNCTION REGULATION

The Entity's regulatory compliance function is located in the Regulatory Compliance Area Management, forming an area independent of the first level of control.

The Regulatory Compliance Function develops its activity independently, and to this end has the necessary human and material resources to properly exercise the duties and responsibilities it has been assigned. Likewise, it has access to the information in needs to properly develop its function and it can request access to all the committees, meetings and forums it deems necessary.

The areas of VidaCaixa must inform about any deficiencies and changes in the risk management systems of the Entity to the Function as, for example, the introduction of new products or features, changes in working procedures, etc.

Reporting to the administrative and management bodies is the main obligation of the Regulatory Compliance Function. To this end, the Regulatory Compliance Function reports directly to the Risk Committee and to VidaCaixa's Audit and Control Committee, in their capacities as specialist committees of the Board of Directors. Moreover, VidaCaixa's Regulatory Compliance Function will report to CaixaBank's Regulatory Compliance Function, in view of its functional dependence.

2.5. INTERNAL AUDIT FUNCTION

2.5.A. IMPLEMENTATION OF THE AUDIT FUNCTION

VidaCaixa's Internal Audit is an independent, objective assurance and consulting exercise designed to add value and improve operations. It helps VidaCaixa to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk, management, control, and corporate governance processes.

Internal Audit acts as a third level of control, supervising the actions of the first and second level of control in order to provide reasonable assurance to Senior Management and the Governing Bodies on:

- The efficiency and effectiveness of the Internal Control Systems for the mitigation of the risks associated to the activities of the Entity.
- The compliance with the current legislation, paying special attention to the requirements of the Supervisory Bodies, and the proper application of the Global Management and Risk Appetite Frameworks defined.
- The compliance with internal policies and regulations, and alignment with the best practices and good sectoral uses, for a proper Internal Governance of the Group.
- The reliability and integrity of the financial and operative information including the effectiveness of the Internal Control System on the Financial and non-Financial Information (ICSFI).

All, to help safeguard the assets and interests of the shareholders, giving support to the Group by issuing recommendations on value and following up their appropriate implementation which favours obtaining the strategic goals and improving the control environment.

VidaCaixa's Internal Audits has the responsibility of the function over all the activities and businesses developed by the VidaCaixa Group, the companies over which it has effective control, including the activities sub-contracted to third parties. All these activities are carried out in a coordinated way between the VidaCaixa's Internal Audit team and CaixaBank's.

Internal Audit has a policy approved by the Board of Directors, which is reviewed annually.

2.5.B. INDEPENDENCE AND OBJECTIVITY OF THE AUDIT FUNCTION

In order to establish and preserve the independence of the function, Internal Audit functionally depends on the Chairperson of the Audit and Control Committee of the Board of Directors, without prejudice to the fact that they must report to the Chairman of the Board of Directors to correctly fulfil their functions.

The Board of Directors approves the appointment, removal and remuneration of the Director of Internal Audit of VidaCaixa in accordance with established internal procedures. The Internal Audit Policy, the Annual Audit Plan resulting from risk assessment, and the requested technical and financial human resources will also be submitted for approval to the Board of Directors, after review and proposal by the Audit and Control Committee.

When deemed appropriate, the topics discussed in the Audit and Control Committee will be reported to the Board of Directors.

In the exercise of its functions, Internal Audit will apply the methodology and operating procedures applicable at Group level.

In relation to the above, Internal Audit may act at the request of the Audit and Control Committee or on its own initiative. Furthermore, the Board of Directors and Senior Management / Management Committee can commission specific tasks of their interest, or at the request of the Supervisory Bodies of the activities of CaixaBank Group.

The Management and the Internal Audit team of VidaCaixa work together with the Internal Audit of CaixaBank. The results of the audits are assessed jointly and are notified in a consensual manner with CaixaBank's Internal Audit.

Internal Audit has full, free and unlimited access to all the persons, goods, files, data, systems, applications, documents, meetings and forums of the company deemed necessary for the performance of its duties. The information requested must be provided within a reasonable period of time and should be accurate and full. To this end, Internal Audit will be able to require permanent access to data and computer systems, and to the use of specific audit tools to carry out independent tests and validations.

The Internal Audit Department will inform the Audit and Control Committee of any attempt to hinder the performance of its functions and of those situations regarding the level of risk assumed in which an agreement with Senior Management is not reached. Likewise, when the Committee deems it necessary, it will hold private meetings with the Internal Audit Directorate without the presence of members of Management to discuss specific results of work, as well as operational and budgetary aspects that could affect the Internal Audit function.

In line with the EIOPA guidelines on Governance Systems, Internal Audit should be informed of serious deficiencies and important changes in the Entity's internal control systems, such as, for example, the introduction of new products or functionalities, changes and work procedures, new systems or detection of security deficiencies. Additionally, cases of suspected fraud or any other illegal activity or physical or logical security issues must be notified to the Internal Audit function.

The Management and the personnel of the Internal Audit must not be responsible for the activities susceptible to be audited. In particular, the personnel of the Internal Audit assesses and recommends, but does not design, install or operate existing or future systems, processes and controls. In the same way, the members of Internal Audit will attend the organization's different Committees within the role of independent auditor, without assuming management/decision responsibilities. This independence promotes the delivery of impartial and unbiased judgements.

In order to preserve the principles of Independence and Objectivity, and in compliance with the IIA's International Framework for the Professional Practice of Internal Auditing, the Audit Management Internal will establish procedures for the identification and management of the incompatibilities of the internal Audit personnel. These are:

- Temporary: personnel recently incorporated into Internal Audit must not participate during the first 12 months in assurance work at centers where they were previously responsible (cooling-off period).
- Permanent: on an annual basis, the Internal Audit team must update its "Declaration of potential conflicts of interest", reporting situations that could compromise its objectivity as an auditor in carrying out its tasks and responsibilities.

Once a year the Internal Audit Management will ratify before the Audit and Control Committee the independence of the Internal Audit Function within the Organisation. Likewise, the Internal Audit Department of CaixaBank will ratify the independence of the Internal Audit function in the Group.

2. GOVERNANCE SYSTEM

2.6. ACTUARIAL FUNCTION

The regulations on Solvency II sets the actuarial function as a fundamental function together with the risk management function, the regulatory compliance function and the internal audit function.

Inside the organisation of the Entity, the actuarial function is separated from the area responsible for carrying out at first instance the calculation of the technical provision and the recoverable reinsurance amounts, in order to maintain its independence.

The actuarial function is made up of people who have obtained an advanced university degree specialised in actuarial and financing sciences. It develops its activity independently, and to this end has the necessary human and material resources to properly exercise the duties and responsibilities legally established. It also has access to the information it needs.

The activities carried out by the actuarial function, from a regulatory point of view, focus on the analysis and validation of the technical provisions, as the basic activity, since it decides on the underwriting policy, the adequacy of the reinsurance agreements and on contributing to the effective application of the risk management system.

This contribution is made, within the scope of the technical provisions and the recoverable reinsurance amount, by revising the quality of the data involved in the calculation, adapting the hypothesis, methodology and models used by analysing the suitability of the suggested changes and the limitations or weaknesses that may arise.

The actuarial function presents the results of its verification activities, its analysis and its recommendations before the Global Risk Committee, where it also carries out a regular monitoring of the state of said recommendations.

Similarly, the Actuarial Function prepares an Annual Report, in which it gathers all the tasks carried out during the year, the results achieved and the possible deficiencies found and recommendations to remedy them. This report is addressed to the Entity's Board of Directors.

2. GOVERNANCE SYSTEM

2.7. OUTSOURCING

VidaCaixa has an outsourcing risk management policy, aligned with the CaixaBank Group's corporate policy, which maintains those aspects required by Solvency II and is developed through internal standards.

The objective of said policy is to establish a methodological framework that sets out the criteria, parameters (both conceptual and decision-making) and mandatory aspects for outsourcing the activities of VidaCaixa.

In terms of outsourcing, essential or important functions are those that are likely to significantly impair the quality of VidaCaixa's governance system or to unduly raise operational risk.

As at December 31, 2022, there are 35 outsourced services classified as essential, either technological or professional services.

Within the framework of the Outsourcing Risk Management Policy, the outsourced services are monitored in order to:

- Ensure that the outsourcing decisions are assessed to preserve the balance between profitability and risks.
- Maintain adequate management of these risks, in line with the Risk Appetite Framework approved.
- Comply with regulatory requirements and supervisory expectations.

2.8. ASSESSMENT OF THE SUITABILITY OF THE GOVERNANCE SYSTEM IN REGARD TO THE NATURE, VOLUME AND COMPLEXITY OF THE RISKS INHERENT TO ITS ACTIVITY

VidaCaixa sets an organisational and fictional structure and has the necessary resources to ensure that its governance system is the most suitable for the nature, volume and complexity of the risks inherent to its activity.

VidaCaixa continuously works to improve its risk management system and Internal Control with a firm determination to include the best market practices at all times.

2.9. OTHER RELEVANT INFORMATION

There is no other relevant information for this financial year.

3. RISK PROFILES

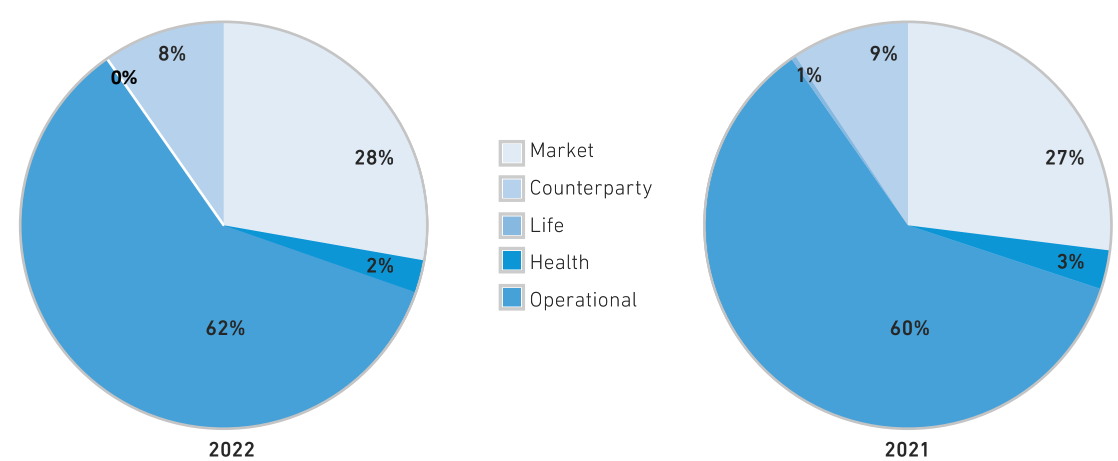
The quantification of the risks under Solvency II, by calculating the Solvency Capital Requirement or SCR, allows significant risks to which VidaCaixa is exposed to be observed. The risk modules taken into account in the SCR applicable to VidaCaixa are:

- **market risk:** this is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.
- **counterparty risk:** this is the risk of losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the entity.
- **life and health underwriting risk:** this is the risk of loss or of adverse change in the value of insurance liabilities, attending to the covered events, due to inadequate pricing and provisioning assumptions.
- **operational risk:** this is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, including legal risks.
- **intangible risk:** this is the risk inherent in the nature of the intangible assets, which makes the expected future profits of the intangible asset smaller than those expected under normal circumstances.

Below is the risk profile of VidaCaixa on an individual basis according to the SCR of each risk as at December 31, 2022 and December 31, 2021:

In thousands of euros	December 2022	December 2021
Market SCR	977,964	933,071
Counterparty SCR	56,562	107,349
Life SCR	2,218,717	2,082,957
Health SCR	16,969	13,347
Diversification effect	(608,117)	(596,819)
Basic SCR (BSCR)	**2,662,095**	**2,539,905**
Operational SCR	**281,063**	**322,968**
Fiscal effect	**(882,948)**	**(858,862)**
Solvency Capital Requirement (SCR)	**2,060,210**	**2,004,011**

Graphically, without taking into consideration the diversification or the tax effect:



Additionally, VidaCaixa contemplates an identification and evaluation of the risks that are not considered in the calculation of the SCR, through the strategic risk processes, as described in *3.4. Liquidity Risk, 3.5. Operational Risk and in 3.6. Other significant risks*

3. RISK PROFILES

3.1. UNDERWRITING RISK

3.1.A. EXPOSURE TO UNDERWRITING RISKS

VidaCaixa's exposure to underwriting risks basically corresponds to life insurances, being impossible to be exposed to such risk by non-life insurances.

The life products marketed by VidaCaixa can be grouped as follows:

- **individual savings products:** mainly immediate or deferred life pensions (individual products that in exchange for a contribution allow you to receive a pension) and systematic savings products, saving-investment products or retirement savings products. They are guaranteed return products that allow for unique periodic or extraordinary contributions.
- **collective savings products:** life or temporary pensions, immediate or deferred, as well as survival capitals, mainly aimed at hedging pension obligations of the companies with its employees, and allow for single or extraordinary contributions.
- **individual risk products:** annually renewable or temporary products with coverage for death and, to a lower extent, absolute or permanent disability, severe health condition and death by accident. All of them can be paid in annual, monthly or single premiums.
- **collective risk products:** products to cover the provisions of pension obligations of the companies, SMEs and the self-employed mainly due to or disability in its different degrees, allowing for single or by instalments premiums.
- **individual unit-linked products:** investment savings products that invest in asset portfolios with different profiles, in which the holder assumes the risk of the investments. They allow for single, periodic or extraordinary contributions.
- **collective unit-linked products:** investment savings products to cover the provision of pension obligations of companies, assuming the holder the risk of the investment, which allow for single or extraordinary contributions.

Non-life products marketed secondarily correspond to accident and sickness insurances.

The following table shows the exposure for each business line as at December 31, 2022:

In thousands of euros	Technical provisions calculated as a whole	Best estimate	Risk margin	Total technical provisions
Insurance with PP	-	2,226,651	33,494	2,260,145
Other life insurance	-	42,887,024	771,609	43,658,633
Accepted Life Reinsurance	-	-	-	-
Unit Linked and Index Linked	14,828,553	(675,309)	86,845	14,240,089
Total Life	**14,828,553**	**44,438,366**	**891,948**	**60,158,867**
Total Non-life	**-**	**22,830**	**996**	**23,826**
Total Company	**14,828,553**	**44,461,196**	**892,944**	**60,182,693**

3. RISK PROFILES

The following table shows the exposure for each business line as at December 31, 2021:

In thousands of euros	Technical provisions calculated as a whole	Best estimate	Risk margin	Total technical provisions
Insurance with PP	-	2,581,112	46,258	2,627,370
Other life insurance	-	51,057,432	912,277	51,969,709
Accepted Life Reinsurance	-	-	-	-
Unit Linked and Index Linked	15,473,170	(685,968)	90,037	14,877,239
Total Life	**15,473,170**	**52,952,576**	**1,048,572**	**69,474,318**
Total Non-life	**-**	**13,351**	**811**	**14,162**
Total Company	**15,473,170**	**52,965,927**	**1,049,383**	**69,488,480**

3.1.B. UNDERWRITING RISKS ASSESSMENT

VidaCaixa, based on the products it markets, is mainly exposed very naturally to life underwriting risks, with the risk arising from non-life insurances being intangible.

The underwriting risk modules taken into account in the calculation of the SCR cover the risks applied to VidaCaixa in the underwriting of life contracts:

- **mortality, longevity and disability risks:** they are biometric risks relating to the loss or adverse change in the value of commitments under life insurance or pension contracts due to changes in the level, trend or volatility of mortality, longevity or disability rates, in those cases in which an increase in the rate leads to an increase in the value of commitments.
- **portfolio downside risk:** it is the risk of loss or adverse change in the value of expected future profits or of increase in expected losses due to changes in the level, trend or volatility of actual cancellation, renewal and redemption rates exercised by policyholders, in relation to the downside assumptions applied.
- **expense risks:** it is the risk of loss or adverse change in the value of commitments under insurance contracts due to changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance contracts in relation to the surcharges provided for in the pricing and provisioning of products.
- **catastrophe risk:** it is the risk of loss or of adverse change in the value of commitments under life or pension insurance contracts resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events.

In the calculation of the SCR, VidaCaixa applies the standard formula established by the regulation in all the risk modules, except for the modules of longevity and mortality risk for which it applies a partial internal model approved by the DGSFP in December 2015.

The quantitative assessment of the underwriting risk undertaken in terms of SCR is the following:

In thousands of euros	December 2022	December 2021
Life SCR	**2,218,717**	**2,082,957**

VidaCaixa applies several techniques to manage these risks, such as, among other, establishing underwriting controls, portfolio withholding systems and the analysis of the adequacy of the technical margin. Likewise, the continuous monitoring of mortality risks by using the partial internal model of longevity and mortality allows us to manage them.

3.1.C. TECHNIQUES USED TO REDUCE RISKS

VidaCaixa uses the reinsurance to mitigate the underwriting risk, thus reducing its exposure to possible liquidity problems or losses arising from accidents and providing stability to its portfolios.

At least once a year the general guidelines of the reinsurance policy are established and updated. They establish the reinsurance management procedures, the selection of the reinsurers and the monitoring of the reinsurance programme.

In accordance with the reinsurance policy, VidaCaixa has approved a minimum required rating for reinsures for contracts other than those of service delivery.

3.1.D. RISK SENSITIVITY

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

In the development of the 2022 ORSA process, various adverse scenarios on underwriting risks were tested, and their impact on overall solvency needs was analysed.

3.2. MARKET RISK

3.2.A. EXPOSURE TO MARKET RISKS

VidaCaixa, by virtue of the assets in which it intervenes to cover the commitments insured, is mainly and inherently exposed to market risks.

These assets can be grouped in the following general typologies:

- **public debt:** sovereign and central bank debt, as well as certain bonds from supranational issuers and the like, which is no exposed to market risk.
- **fixed corporative and financial income:** bonds and debentures from private issuers, securitisations, structured products and credit derivatives.
- **properties:** land, buildings and rights over real estate property, as well as direct or indirect holdings in real estate companies.
- **variable income:** global variable income shares (listed in regulated markets of the OECD or the EEA), shares in another variable income (not listed, from emerging countries, etc.), shares in related companies and shares in investment funds.
- **deposits and cash:** long and short-term deposits in credit institutions, as well as cash and cash equivalents.
- **derivatives:** they correspond, mostly, to the hedging swaps used to mitigate the interest rate, inflation and currency risk.

3. RISK PROFILES

The following table shows, in general, the market value of the investments exposed to market risk for each asset type as at December 31, 2022:

Assets	Thousands of euros
Public debt	47,331,610
Fixed Corporate Income	7,240,950
Structured and securitisations	4,050
Properties	34,093
Variable Income	969,792
Deposits	29,065
Cash and cash equivalents	281,678
Derivatives	(5,503,073)

The following table shows, in general, the market value of the investments exposed to market risk for each asset class as at December 31, 2021:

Assets	Thousands of euros
Public debt	57,039,665
Fixed Corporate Income	7,328,927
Properties	20,542
Variable Income	638,776
Deposits	32,493
Cash and cash equivalents	328,632
Derivatives	(6,011,973)

3.2.B. INTEREST RATE RISK

VidaCaixa is mainly exposed to the interest rate risk in savings insurances in which it an interest rate is guaranteed to the policy holder.

The savings insurances marketed by VidaCaixa can be divided into two clearly different groups based on their guarantees:

- **immunised portfolio:** those policies or policy groups which redemption value depends on the market value of the acquired assets for their coverage. This implies that for each transaction VidaCaixa perfectly identifies the associated investment portfolio since the cash flows arising from this portfolio align with the likely cash flows of the liabilities, and can be used as a reference when managing them.

  The immunised portfolio is managed based on the use principles and requirements of the matching adjustment, which was authorised by the DGSFP on December 2015, and therefore, the interest rate is mitigated.

  Regarding the immunized portfolio from Bankia Vida, it is managed with the same procedure, since the DGSFP authorised in May 2016 the use of the marriage adjustment to BANKIA MAPFRE VIDA. By having the investment portfolios associated with this portfolio perfectly identified.

  This implies that on 31/12/2022 the compliance analysis of two immunized portfolios is carried out, using their matching for each one.

- **non-immunised portfolio:** those policies or policy groups where at least once a year an additional supplementary interest is guaranteed, being it possible to participate in the profits of the portfolio and the redemption value equal to the mathematical provision, as well as the unit linked products.

  Due to the fact that the renewal of the interest rate is adjusted to the situation of the markets for each period, the interest rate risk undertaken is limited.

  The non-immunised portfolio is assessed in Solvency II using volatility adjustment.

3. RISK PROFILES

The following table shows, in general, the distribution of the market value of the investment portfolios as at December 31, 2022:

Portfolio	Allocation	Thousands of euros
Immunised portfolio	Long-term BV guaranteed savings	2,507,483
	VXC long-term guaranteed savings	37,142,858
Non-immunised portfolio	Short-term BV guaranteed savings	1,593,786
	VXC short-term guaranteed savings	6,057,484
	Risk	835,413
	Unit Linked	14,828,553

The following table shows, in general, the distribution of the market value for the investment portfolios as at December 31, 2021:

Portfolio	Allocation	Thousands of euros
Immunised portfolio	Long-term guaranteed savings	49,212,903
Non-immunised portfolio	Short-term guaranteed saving	6,577,191
	Risk	768,779
	Unit Linked	15,473,170

3.2.C. CONCENTRATION RISK

In terms of SCR, VidaCaixa is exposed to the concentration risk from the exposure excess on a threshold, established based on the credit standing of the counterparty.

In order to manage and mitigate the concentration risk, keeping the asset portfolio properly diversified, VidaCaixa exercises ongoing control over the exposures that exceed or nearly exceed said threshold.

The following table shows the exposure excess in market value as at December 31, 2022:

Asset Types	Exposure (in thousands €)
Excess in Fixed Corporate Income	-
Participations	401,959

The following table shows the exposure excess in market value as at December 31, 2021:

Asset Types	Exposure (in thousands €)
Excess in Fixed Corporate Income	21,519
Participations	317,626

3.2.D. MARKET RISKS ASSESSMENT

The modules taken into account in calculating the SCR cover all the markets risks that can be applied to VidaCaixa:

- **interest rate risk:** the risk of loss due to a fall in the value of the investments caused by changes in the interest rates, taking into account the matching of the assets and liabilities flows.
- **spread risk:** the risk of loss due to a fall in the value of the investments due to changes in the credit spread of the bonds issued by private issuers over the bonds issued by public issuers, motivated by market sensitivity or speculation, not by the situation of the bond issuer.

- **concentration risk:** the additional loss risk due to lack of diversification in the portfolios of the assets or for an excessive exposure to the risk of default of an associated issuer or group of issuers.
- **variable income risk:** the risk of loss due to a fall in the value of the investments caused by changes in the market price of the shares.
- **foreign exchange risk:** the risk of loss due to a fall in the value of the investments caused by changes in the foreign exchange rates.
- **real-estate risk:** the risk of loss due to a fall in the value of the investments caused by changes in the prices of the properties.

Vida Caixa quantifies the market risk in terms of SCR in accordance with the standard formula established by the regulation of Solvency II.

The quantitative assessment of the market risk undertaken in terms of SCR is the following:

In thousands of euros	December 2022	December 2021
Market SCR	977,964	933,071

Market SCR includes a capital add-on of 15,316 thousand euros as at December 31, 2022. This add-on includes the risks associated with the guarantees offered by the Variable Annuities product range, consisting of two products: VAUL and VF10.

The continuous market risk management, through assets and liabilities management and investment policies, have a positive effect on the assessment of the risks undertaken.

3.2.E. INVESTMENT OF THE ASSETS ACCORDING TO THE PRUDENCE PRINCIPLE

VidaCaixa has established the principle of prudence in the management of investments by using a management policy on investment and concentration risks approved by the Board of Directors, which establishes the universe of authorised securities and the limits and restrictions for each type of investment, as well as the measurement mechanisms and indicators and information on the risks undertaken.

Said universe of authorised securities adjusts to the structure and approach of the VidaCaixa's investment management, in relation to the prudent nature and long term of the investment and the criticality of the liquidity, based on the following general criteria, always pursuant to the provisions of the current legislation:

- **geographic criterion:** entities that generate underlying credit risk will have to reside in authorised countries.
- **solvency criterion:** the underlying credit risk of the securities will have the minimum authorised consideration.
- **liquidity criterion:** the underlying credit risk of the securities will have certain minimum issuance and contracting volumes.

Within the universe of authorised securities, VidaCaixa mainly invests in a medium and short-term horizon, equipping itself with the necessary means and resources for a correct analysis of the investments taken into account the nature of its activity, the risk tolerance limits approved, its solvency position and its long-term exposure to the risk.

3.2.F. TECHNIQUES USED TO REDUCE RISKS

VidaCaixa limits the exposure to interest rate risk by continuously managing and monitoring the union of asset and liabilities flows using, among other investments, the investment in swaps as a hedge financial instrument.

3.2.G. RISK SENSITIVITY

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

In the development of the 2022 ORSA process, various adverse scenarios on market risks were tested, and their impact on the global solvency needs was analysed.

3.3. COUNTERPARTY RISK

3.3.A. EXPOSURE TO COUNTERPARTY RISKS

VidaCaixa is exposed to the risk of unexpected default or deterioration in the credit standing of its counterparties and debtors.

In terms of the calculation of the SCR, the exposure to the counterparty risk is divided into these two groups:

- **type 1 exposure:** mainly reinsurance agreements, derivatives and treasury in banks.
- **type 2 exposure:** mainly counterparties without credit standing, credit with intermediaries, holders' debt and mortgages.

The following table shows in market value both types of exposure as at December 31, 2022:

Exposure	Thousands of euros
Type 1	659,761
Type 2	39,701

The following table shows both types of exposure based on their market value as at December 31, 2021:

Exposure	Thousands of euros
Type 1	772,258
Type 2	23,062

The Type 1 exposure includes, mainly, the exposure in Derivatives, the exposure in cash equivalent assets and the exposure in reinsurance recoverables.

To calculate the Type 1 exposure, Article 192 of the Delegated Regulation 2015/35 is taken into account. It indicates that the loss due to default will be expressed net from liabilities as long as the contractual agreement with the counterparty meets the qualitative criteria detailed in articles 209 and 210.

In the particular case of exposures through swaps, VidaCaixa has positive exposures (assets) and negative exposures (liabilities) with different counterparties. These exposures only compensate each other when they are transactions subject to a framework contract (ISDA or FFTC). Otherwise, the transactions in negative are not compensated.

3.3.B. CREDIT RISKS ASSESSMENT

VidaCaixa quantifies the counterparty risk in accordance with the standard formula established by the regulation of Solvency II.

The quantitative assessment of the counterparty risk undertaken in terms of SCR is the following:

In thousands of euros	December 2022	December 2021
Counterparty SCR	**56,562**	**107,349**

3.3.C. TECHNIQUES USED TO REDUCE RISKS

During 2016 VidaCaixa constituted a securities loan contract with CaixaBank. Under said contract, VidaCaixa (lender) provides securities to CaixaBank (borrower) and receives a commission. The characteristics, conditions and requirements of this transaction are specified in the in appeal (and its annexes) submitted to the DGSFP in March 2016.

Said securities loan has been formalised with an agreement governed by the European Framework Contract. This contract contains the definition of the real collaterals by the borrower in favour of the lender, which are securitisations discountable in the European Central Bank.

Therefore, the characteristics of collateralisation, together with the control and governance mechanisms established, allow for the mitigation of the counterparty risk of this transaction.

The following table summarises market values as at December 31, 2022:

Assets	Thousands of euros	Overcollateralisation
Securities lending	3,503,269	110%
Collateral (securitisations)	3,854,670	

The following table summarises market values as at December 31, 2021:

Assets	Thousands of euros	Overcollateralisation
Securities lending	4,503,124	106%
Collateral (securitisations)	4,773,028	

VidaCaixa uses the reinsurance to mitigate the underwriting risk. To improve the solvency of the total coverage of reinsurance and mitigate the counterparty risk, the Entity diversifies the risk between different reinsurers. If that were not possible, the lower the number of reinsurers, the greater the importance given to their solvency.

Likewise, VidaCaixa has signed with CaixaBank a Credit Support Asset (CSA) agreement as a coverage of the undertaken risk for the financial transactions closed under the Framework Financial Transactions Contract (FFTC). By means of this financial collateral arrangement the parties commit to carry out cash and public debt transfers as collateral of the net risk resulting at any time from the transactions closed under the FFTC. Currently it is being done weekly.

3.3.D. RISK SENSITIVITY

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

3.4. LIQUIDITY RISK

3.4.A. EXPOSURE TO LIQUIDITY RISKS

VidaCaixa is not significantly exposed to this risk, since it mainly maintains long-term portfolio investments. But there is an illiquidity risk with the inherent market risk of assuming that an asset has to be sold at a price below the market price due to its low liquidity and/or current volatility. In addition, there is a risk that the company may not have enough cash to cover immediate payments to meet its obligations over certain time horizons, mainly in the short term.

3.4.B. LIQUIDITY RISKS ASSESSMENT

VidaCaixa keeps ongoing control on the match between investment cash flows and insurance contract obligations. As the assets are directly related to the liabilities they cover, the management of this risk is closely linked to the management of assets and liabilities of the business. Although it is true that liquidity risk is inherent to any asset, the fact of controlling the evolution of probable flows provides sufficient tools to also be able to manage liquidity needs in an exhaustive manner.

In addition, two analyses are carried out depending on the time horizon:

- Cash-flow forecast: It is the one-month-ahead forecast. The liquidity need is analysed to meet commitments in the most immediate term.
- Forecast in the various short/medium-term liquidity stress test scenarios: It is the analysis of the existing GAP in cash inflows and outflows, derived from the Entity's cash flow projection. For this second analysis, the segmentation of the business is taken into account, based mainly on the interest rate guarantee and redemption rights.

3.4.C. TECHNIQUES USED TO REDUCE RISKS

Does not apply because it is not a quantifiable risk in SCR terms.

3.4.D. EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS

The expected benefit included in the future premiums is calculated pursuant article 260.2 of the Delegated Regulation 2015/35 on Solvency II, as the difference between the technical provisions without risk margin and the calculation of the technical bases without risk margin based in the hypothesis that the premiums of the existing insurance and reinsurance contracts that are expected in the future are not collected due to any reason other than the materialisation of the event insured, regardless of the legal or contractual right of the policy holder to cancel the policy.

The expected benefit included in the future premiums as at December 31, 2022 and December 31, 2021 amounted to 2,156,980 thousand euros and 2,114,491 thousand euros, respectively. This amount is recognised in the best estimation of the technical provisions.

Consequently, it is also recognised in the calculation of the underwriting SCR, and specifically in the calculation of the downside SCR, which includes the risk of loss of future profits due to changes in the level, trend or volatility of actual cancellation and redemption rates exercised by policyholders, which means a higher SCR of 835 million euros before diversification and tax effect.

Thus, the amount of the expected benefit included in the future premiums must be understood as a whole, i.e., the amount recognised in the technical provisions and by the amount recognised in the Solvency Capital Requirement.

3.4.E. RISK SENSITIVITY

In accordance with the assets and liabilities management policy, VidaCaixa carries out a regular follow-up of the evolution of the matching of assets and liabilities flows, which allows managing the sensitivity of the portfolios before variations in the profitability and duration of the assets and liabilities masses, and anticipate possible cash flow discrepancies.

3. RISK PROFILES

3.5. OPERATIONAL RISK

3.5.A. EXPOSURE TO OPERATIONAL RISKS

The calculation of the SCR for operational risk takes into account the volume of life (except Unit Linked) and non-life transactions, determined from the earned premiums and the technical provisions constituted. Regarding Unit Linked insurances, only the amount of the annual expenses incurred for this obligation is taken into account.

In any case, the SCR for operational risk is limited to a maximum of 30% of the basic solvency capital requirement.

The following table shows the exposure to operational risk:

Component	2022	2021
Earned premiums in the last twelve months of Life	7,666,028	8,511,860
Earned premiums in the twelve months prior to the last twelve months of Life	8,665,521	7,123,772
Earned premiums in the last twelve months of Non-Life	32,269	16,288
Earned premiums in the twelve months prior to the last twelve months of Non-Life	30,230	18,756
Life BEL	59,266,918	68,425,746
Non-Life BEL	22,830	13,351

In the area of strategic risk management processes, the 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, VidaCaixa does not include operational risk as a single element of the Risk Catalog, and instead has included the following operational risks:

- Conduct - Application of performance criteria contrary to the interests of its clients or other stakeholders, or actions or omissions on the part of VidaCaixa that are not part of the legal and regulatory framework, or the internal policies, standards or procedures, or the codes of conduct and ethical and good practice standards.

- Legal and regulatory - Potential losses or a decrease in the Group's profitability as a result of changes in current legislation, incorrect implementation of said legislation in VidaCaixa processes, inadequate interpretation of it in the different operations, incorrect management of the judicial or administrative requirements or of the demands or claims received.

- Technological - Losses due to the inadequacy or failure of the hardware or software of the technological infrastructures, due to cyberattacks or other circumstances, which may compromise the availability, integrity, accessibility and security of the infrastructures and data.

- Information reliability - Deficiencies in the accuracy, completeness and criteria for preparing the data and information needed to evaluate VidaCaixa's financial position, assets and liabilities, as well as that information made available to stakeholders and published on the market that offers a holistic vision of the positioning in terms of sustainability with the environment and that is directly related to environmental, social and governance aspects (ESG principles).

- Model - Potential adverse consequences that could arise as a result of decisions based mainly on the results of the internal longevity and mortality model with errors in its construction, application or use.

3. RISK PROFILES

- Other operational risks - Loss or damage caused by errors or failures in processes, by external events or by the accidental or malicious action of third parties. It includes, among others, risk factors related to outsourcing, the custody of securities or external fraud.

3.5.B. OPERATIONAL RISKS ASSESSMENT

VidaCaixa quantifies the operational risk in terms of SCR in accordance with the standard formula established by the Solvency II regulation.

The quantitative assessment of the operational risk undertaken in terms of SCR is the following:

In thousands of euros	December 2022	December 2021
Operational SCR	**281,063**	**322,968**

Although the method used to calculate the capital requirement is the standard formula established by the Solvency II regulations, the measurement and management of operational risk is based on risk-sensitive policies, processes and methodologies, in accordance with the best market practices. In this context, the measurement of operational risk is carried out additionally through:

- Qualitative measurement: Annual self-assessment that allows obtaining knowledge of the risk profile

- Quantitative measurement: The internal operational loss database is one of the axes on which operational risk management is articulated. An operational event is the materialisation of an identified operational risk, an event that causes an operational loss. It is the concept on which the whole data model of the internal database pivots. Loss events are defined as each of the individual economic impacts corresponding to an operational loss or recovery.

- Operational Risk Indicators (KRIs) for some risk typologies, allowing:
  i. anticipate the evolution of operational risks and promote a forward-looking vision in operational risk management

  ii. provide information on the evolution of the operational risk profile, as well as its causes.

  Its nature is not intended to be a direct result of risk exposure, but rather to be metrics through which operational risk can be identified and actively managed.

  In order to mitigate operational risk, action plans are defined involving the designation of responsible persons, the description of the actions to be undertaken to mitigate the risk, the degree of progress, which is regularly updated, and the final commitment date of the plan.

3.5.C. TECHNIQUES USED TO REDUCE OPERATIONAL RISKS

VidaCaixa does not apply mitigation techniques for the operational risk when calculating the SCR.

In order to mitigate operational risk, within the scope of the management described above, action plans may be defined whenever points of improvement are detected in the operational processes and control structures.

3.5.D. RISK SENSITIVITY

VidaCaixa takes into account the operational risk of all the ORSA processes it carries out, proportional to the fact that the operational risk has a delimited importance in the entity's profile risk.

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

3.6. OTHER SIGNIFICANT RISKS

As described above, VidaCaixa has a Risk Catalogue, within the strategic risk processes, which facilitates the monitoring and reporting of risks with a material impact. This also includes the following risks not covered in the previous sub-chapters, which are assessed through the Risk Assessment procedure described in the previous chapter.

- **Business Profitability:** Obtaining results below market expectations or objectives that ultimately prevent reaching a sustainable level of profitability higher than the cost of capital.

- **Reputational:** impairment of competitive capacity due to a deterioration in the confidence of any of its stakeholders.

Integration of sustainability risks

Within the various risks (credit and reputational, mainly) of the Corporate Risk Catalogue, VidaCaixa includes the risks related to the environmental, social and governance (ESG) criteria that result in any ESG event or state which, if it occurs, could have an actual or potential material adverse effect on the value of the investment or on reputation.

In line with the mission and corporate values (quality, trust and social commitment), VidaCaixa manages investments taking into consideration as the main reference the PRI[1], to which it has adhered since 2009, receiving the maximum rating of A+ in the Category Strategy and Governance for the fourth consecutive year.

The approach to socially responsible investment (SRI) is carried out, on the one hand, by integrating the ESG criteria into the construction and management of investment portfolios, and on the other, by promoting the improvement of the

ESG positioning of the companies in the portfolio through exercising the rules of dialogue (engagement) and voting (proxy voting).

VidaCaixa supports its governance model on a set of specific policies and regulations that establish the guidelines for the integration of ESG criteria mentioned above. In this context, their integration allows for better management of investment risks, while reinforcing control of reputational risks.

In the Sustainability and Socially Responsible Investment Report, published annually on the VidaCaixa website, details of the integration and strategy in this area are presented.

[1] The Principles for Responsible Investment (PRI) initiative is an international network of investors working together to put six Principles for Responsible Investment into practice. Its objective is to disseminate the implications of ESG factors for investors and to support signatories in incorporating these considerations into their investment and decision processes. By applying these principles, the signatories contribute to the development of a more sustainable global financial system. PRI has the support of the United Nations

3.7. OTHER RELEVANT INFORMATION

As described above, the strategic events that are considered to be the most relevant that can have a significant impact in the medium-long term are analysed as part of the strategic risk management processes. Only those events that have not yet materialised or are not yet part of the Catalogue, but to which the Entity's strategy is exposed due to external causes are considered, even though the severity of the potential impact of said events can be mitigated by means of management.

In the event of materialisation of a strategic event, it could have an impact on one or several risks of the Catalogue at the same time.

The most relevant strategic events which have already been identified for the purposes of anticipating and managing their effects are listed below:

- ***Shocks arising from the geopolitical and macroeconomic environment:*** a pronounced and persistent deterioration in the macroeconomic prospects and an increase in risk aversion in financial markets. It could be, for example, the result of: a prolongation of the pandemic, global geopolitical shocks, domestic political factors (such as territorial tensions, populist governments or social protests) or the reappearance of tensions within the eurozone which could increase risks of fragmentation.

  Mitigators: VidaCaixa understands that these risks are sufficiently managed by the levels of capital and liquidity, validated by the completion of stress tests, and reported in the annual internal risk and solvency assessment process (ORSA, in English).

3. RISK PROFILES

- ***New competitors and implementation 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 could lead to the disaggregation and disintermediation of part of the value chain, which could have an impact on margins and cross-selling, as the entity should compete with more agile, flexible entities which would generally offer low-cost proposals to the consumer. This could be exacerbated if the regulatory requirements applicable to these new competitors and services are not aligned to those currently applied to insurance companies and pension fund managers. Additionally, the race between competitors for the development and implementation of new technologies, such as Artificial Intelligence or Blockchain, could lead to a competitive disadvantage in certain use cases in the case of lack of momentum or low uptake at VidaCaixa.

  Mitigators: VidaCaixa sees new entrants as a potential threat and, at the same time, as an opportunity as a source of collaboration, learning and encouragement to meet the digitisation and business transformation goals set out in the Strategic Plan. For this reason, the evolution of major new entrants and BigTech movements in the industry is regularly monitored.

- ***Cybercrime and data protection:*** cybercrime evolves to continue to try to profit from different types of attacks. This constant evolution of criminal vectors and techniques imposes pressure on VidaCaixa to constantly reassess the cyber-attack and fraud prevention, management and response model in order to be able to effectively respond to emerging risks. The campaigns impersonating different companies and official bodies, as well as the accelerated deployment of telework to maintain productivity during the pandemic, have resulted in the materialisation of certain cybersecurity events in many organisations caused by cybercriminals. Simultaneously, this area has moved up the agenda for regulators and supervisors in the financial and insurance sectors. Taking into account the existing cybersecurity threats and the recent attacks received by other entities, the exploitation of said events in the digital environment of VidaCaixa could have serious impacts of different kinds, highlighting among them massive data corruption, the unavailability of critical services (e.g., ransomware) and the leakage of confidential information. The materialisation of these impacts could additionally result in significant sanctions by the relevant authorities and potential reputational damages for the Group.

  Mitigators: VidaCaixa is also very aware of the importance and the current level of threat, which is why it constantly monitors the technological environment and the applications in terms of integrity and confidentiality of information, as well as the availability of systems and business continuity. Additionally, through the CaixaBank Group's corporate processes, security protocols and mechanisms are kept up to date to adapt them to current threats, continuously monitoring emerging risks.

- ***Evolution of the legal, regulatory or supervisory framework:*** the risk of increased pressure from the legal, regulatory or supervisory environment is one of the risks identified in the risk self-assessment action carried out that may have a greater impact in the short-medium term. Specifically, there is a need to continue to constantly monitor new regulatory proposals and their implementation, given the high activity of legislators and regulators in the financial sector.

  Mitigators: the control and monitoring of the regulations carried out by the different areas of VidaCaixa and the control carried out on the effective implementation of the regulations.

3. RISK PROFILES

- ***Pandemics and other extreme events:*** it is unknown what the impact of extreme events, such as future pandemics or environmental events, could be for each of the risks of the Catalogue, as this will depend on future events and developments that are uncertain, and would include actions to contain or treat the event and mitigate its impact on the economies of the affected countries.

  Mitigators: capacity to effectively implement management initiatives to mitigate the impact on the risk profile due to the deterioration of the economic environment, and monitoring mechanisms to constantly monitor actuarial risk in the event of an extreme operational event, as in the specific case of COVID-19.

- ***Operational and technological integration of the business from Bankia:*** VidaCaixa could have difficulties integrating Bankia's business from an operational perspective.

  Mitigators: VidaCaixa's successful track record in previous integrations in which it has managed to realise the announced savings and synergies. Additionally, the compatibility of the business models of both entities and a shared origin and corporate values, as well as the solid financial strength in terms of solvency and asset quality, allows it to face the risks of the merger with room for manoeuvre.

4. VALUATION FOR SOLVENCY II PURPOSES

In Solvency II the assets and liabilities are valued based on the provisions set forth by Article 75 of Directive 2009/138/EC. Likewise, pursuant to article 15 of the Delegated Regulation 2015/35 the deferred tax of the assets and liabilities included in the technical provisions are recognised.

Find below summarised and detailed information on the market value of the entity's assets and liabilities as shown in the balance sheet:

Amounts in thousands of euros

Assets	Solvency II Value December 2022	Solvency II Value December 2021
Goodwill	-	-
Advanced commissions and other acquisition costs	-	-
Intangible fixed assets	-	-
Deferred Tax Assets	**4,917,175**	**4,864,918**
Property, plant and equipment for own use	**23,519**	**22,896**
Investments (other than index-linked and unit-linked)	**58,150,920**	**67,660,147**
Property (other than for own use)	15,667	2,427
Participations	893,208	636,784
Shares	12,544	1,992
Bonds	54,576,609	64,368,592
Investment funds	64,040	571
Derivatives	2,559,787	2,617,288
Deposits other than cash equivalent assets	29,065	32,493
Assets held for index-linked and unit-linked contracts	**14,847,985**	**15,541,784**
Loans and mortgages with and without collaterals	**9,107**	**11,440**
Recoverable amounts of the reinsurance	**(13,838)**	**30,993**
Loans for direct insurance and coinsurance operations	**42,519**	**27,522**
Loans for coinsurance operations	**13,334**	**15,770**
Other loans	**349,971**	**89,222**
Cash and other equivalent liquid assets	**281,678**	**328,632**
Other assets, not elsewhere shown	**12,557**	**7,616**
Total Assets	**78,634,927**	**88,600,940**

4. VALUATION FOR SOLVENCY II PURPOSES

Amounts in thousands of euros

Liabilities	Solvency II Value December 2022	Solvency II Value December 2021
Technical provisions - health (similar to to non-life insurances)	23,826	14,162
Technical provisions - life (excluding health and index-linked and unit-linked)	45,918,778	54,597,080
Technical provisions - index-linked and unit-linked	14,240,089	14,877,238
Other non-technical provisions	1,030	
Deposits from ceded reinsurance	2,725	1,280
Deferred tax liabilities	5,644,799	5,698,343
Derivatives	8,062,860	8,629,261
Debts owed to credit institutions	2,601	-
Payables from insurance and coinsurance operations	29,578	9,801
Payables from reinsurance operations	4,463	4,750
Other debts and payables	633,586	507,237
Other liabilities, not elsewhere shown	1	1
Total Liabilities	**74,564,336**	**84,339,153**
Excess of assets over liabilities	**4,070,591**	**4,261,787**

4. VALUATION FOR SOLVENCY II PURPOSES

4.1. VALUATION OF ASSETS

4.1.A. VALUE FOR SOLVENCY II PURPOSES

The bases, methods and main hypotheses used in the valuation of significant assets on the VidaCaixa's balance sheet as at December 31, 2022 are as follows:

- ***Goodwill:*** The goodwill value in Solvency II is zero. The valuation adjustment carried out only generates deferred assets linked by the tax-deductible amount of the goodwill.
- ***Advanced commissions:*** These assets have a value equal to zero in Solvency II.
- ***Intangible fixed assets:*** These assets have a value equal to zero in Solvency II, unless they can be sold separately and it can be proven which identical or similar assets bear value. VidaCaixa, following a conservative criterion has not allocated an economic value to these assets and has valued them in the balance sheet at zero.
- ***Property, plant and equipment for own use and Property (other than for own use):*** In Solvency II these assets are valued at fair value. This fair value is obtained from duly updated appraisals.
- ***Deferred tax assets:*** In Solvency II, as well as in the financial statements, only those deferred tax assets for which it is likely that the Company will obtain future tax profits against which make them effective are recognised.
- ***Participations:*** The amount of the participations is 99% made up of the shares in SegurCaixa Adeslas (49.92% of the capital), in Sa Nostra Compañía de Seguros de Vida S.A.U. (100% of the capital) and in BPI Vida e Pensões (100% of the capital). These shares are valued in accordance with the adjusted equity method established by Article 13 of the Delegated Regulation 2015/35 on Solvency: The adjusted equity method will require the participating company to value its participation in related companies based its share in the excess of assets over the liabilities of the related company.

  The adjustment of the participation valuation is not considered to be deductible, thus no deferred tax asset is associated to this adjustment.

- ***Financial investments:*** They are valued at fair value determined in accordance with the methods put forth in the Solvency II regulation, pursuant to the following applicable hierarchy:

  1. First, from the listed prices in active markets.
  2. Second, by using valuation techniques in which the hypothesis considered correspond to observable market data, directly or indirectly, or prices listed in active markets for similar instruments.
  3. Third, through valuation techniques in which some of the main hypothesis are not backed by data observable in the markets.

  The derivatives mainly correspond to the hedging swaps used to mitigate the interest rate risk.

4.1.B. DIFFERENCES BETWEEN THE VALUATION IN SOLVENCY II AND THE VALUATION IN THE FINANCIAL STATEMENTS

Below is the value of the assets in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as at December 31, 2022:

4. VALUATION FOR SOLVENCY II PURPOSES

Amounts in thousands of euros

Assets	Solvency II Value	Financial Statement Value	
Goodwill	**-**	**2,801**	(a)
Advanced commissions and other acquisition costs	**-**	**80,377**	(b)
Intangible fixed assets	**-**	**632,774**	(c)
Deferred Tax Assets	**4,917,175**	**2,495,757**	(d)
Property, plant and equipment for own use	**23,519**	**19,542**	
Investments (other than index-linked and unit-linked)	**58,150,920**	**57,585,559**	
Property (other than for own use)	15,667	12,434	
Participations	893,208	1,166,214	(e)
Shares	12,544	12,038	
Bonds	54,576,609	53,732,891	(f)
Public debt	47,331,610	46,596,953	(f)
Private debt	7,240,950	7,131,895	(f)
Structured financial assets	168	168	
Securitisation of assets	3,881	3,874	
Investment funds	64,040	64,040	(f)
Derivatives	2,559,787	2,570,378	(g)
Deposits other than cash equivalent assets	29,065	27,565	
Assets held for index-linked and unit-linked contracts	**14,847,985**	**14,819,124**	
Loans and mortgages with and without collaterals	**9,107**	**9,107**	
Advances against policies	7,216	7,216	
To individuals	1,891	1,891	
Other	-	-	
Recoverable amounts of the reinsurance	**(13,838)**	**102,039**	
Non-life insurances and health insurances similar to insurances	13,171	14,485	
Life insurances, and health insurances similar to life, excluding health and	(1,816)	87,554	
Life insurances index-linked and unit-linked	(25,193)	-	(h)
Loans for direct insurance and coinsurance operations	**42,519**	**42,519**	
Loans for coinsurance operations	**13,334**	**13,334**	
Other loans	**349,971**	**349,971**	
Cash and other equivalent liquid assets	**281,678**	**281,678**	
Other assets, not elsewhere shown	**12,557**	**997,358**	(i)
Total Assets	**78,634,927**	**77,431,940**	

4. VALUATION FOR SOLVENCY II PURPOSES

Below is the value of the assets in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as at December 31, 2021:

Amounts in thousands of euros

Assets	Solvency II Value	Financial Statement Value	
Goodwill	**-**	**27,725**	(a)
Advanced commissions and other acquisition costs	**-**	**79,370**	(b)
Intangible fixed assets	**-**	**195,183**	(c)
Deferred Tax Assets	**4,864,918**	**3,520,960**	(d)
Property, plant and equipment for own use	**22,896**	**19,502**	
Investments (other than index-linked and unit-linked)	**67,660,146**	**67,106,211**	
Property (other than for own use)	2,427	785	
Participations	636,784	894,327	(e)
Shares	1,992	1,533	
Bonds	64,368,592	63,559,235	(f)
Public debt	57,039,665	56,328,332	(f)
Private debt	7,328,927	7,230,903	(f)
Securitisation of assets	-	-	
Investment funds	571	571	
Derivatives	2,617,288	2,625,743	(f)
Deposits other than cash equivalent assets	32,493	24,017	(g)
Assets held for index-linked and unit-linked contracts	**15,541,784**	**15,526,575**	
Loans and mortgages with and without collaterals	**11,440**	**11,440**	
Advances against policies	9,816	9,816	
To individuals	1,624	1,624	
Other			
Recoverable amounts of the reinsurance	**30,993**	**115,755**	
Non-life insurances and health insurances similar to insurances	12,829	14,580	
Life insurances, and health insurances similar to life, excluding health and	22,614	101,175	
Life insurances index-linked and unit-linked	(4,450)	-	
Loans for direct insurance and coinsurance operations	**27,522**	**27,522**	(h)
Loans for coinsurance operations	**15,770**	**15,770**	
Other loans	**89,223**	**89,223**	
Cash and other equivalent liquid assets	**328,632**	**328,632**	
Other assets, not elsewhere shown	**7,616**	**843,677**	(i)
Total Assets	**88,600,940**	**87,907,544**	

4. VALUATION FOR SOLVENCY II PURPOSES

(a) Goodwill: It is valued at zero.

(b) Advanced commissions: They are valued at zero.

(c) Intangible fixed assets: They are valued at zero.

(d) Deferred tax assets: The variation in this balance is the consequence of considering the tax effect (considering a 30% tax rate) of the negative adjustments done on the assets (this is, they reduce the assets) and the positive adjustments done on the liabilities (considering positive adjustments those that increase the passive) as long as they are considered tax deductible.

(e) Participations: in the Financial Statements, the entities of the Group and the Associated entities have been valued at cost, reducing if the accumulated impairment losses are applied. In Solvency II, SegurCaixa Adeslas, Sa Nostra Compañía de Seguros de Vida, S.A.U. and BPI Vida e Pensões, as they are insurance companies, they have been valued by the proportional part of the excess of Assets over Liabilities (49.92% in the case of SegurCaixa Adeslas and 100% in the case of BPI Vida e Pensões and Sa Nostra Compañía de Seguros de Vida, S.A.U.). This valuation implies a negative adjustment over the total value of the shares. This adjustment is considered not tax deductible, so it does not generate associated deferred tax assets.

(f) Bonds and derivatives: The existing differences between these balances in the Financial Statement and Solvency II are not only valuation differences but are also caused by the reclassification of accrued and not-yet-due interests carried out. Said interests in the financial statement are allocated in the Accounting accruals, however in Solvency II they are considered a major amount of the investment, and are deducted from Remaining assets.

Likewise, it is worth mentioning that the derivatives are classified separately in the assets or liabilities based on their market value. However, in the accounting balance they are allocated in the assets due to its aggregated market value.

(g) Deposits: While in Solvency II they are valued at fair value, in the Financial Statement they are valued at amortised cost.

(h) Loans for direct insurance and coinsurance operations: within this heading the accrued non-issued premiums are classified in the financial statements. In Solvency II, they are 0 given that the Technical Provisions in Solvency II already include these amounts.

(i) Other assets: The variation of the valuation between the Financial Statement and the economic balance of Solvency II is mainly due to the reclassification mentioned in section (f) above. Said interests, in the Financial Statement, were classified under Accruals. However, in Solvency II, they are included in the total amount of the investment.

4. VALUATION FOR SOLVENCY II PURPOSES

4.2. VALUATION OF THE TECHNICAL PROVISIONS

4.2.A. VALUE FOR SOLVENCY II PURPOSES OF THE TECHNICAL PROVISIONS BY LINE OF BUSINESS

The valuation of technical provisions for Solvency II purposes corresponds to the current amount that the Entity would have to pay if it immediately transferred its insurance and reinsurance obligations to another insurance company. This is made up of the sum of the best estimate of the liabilities the Entity has with the policy holders together with a risk margin.

The value of the best estimate of the obligations (hereinafter "best estimated liabilities" or "BEL") tries to reflect the average of the probable future cash flows taking into account the time value of money.

Moreover, the risk margin (hereinafter "Risk Margin" or "RM") is added to the financing cost that the hypothetical buyer of the portfolio sold by VidaCaixa would have to bear to cover the implicit risks of the policies purchased.

The policy portfolio of VidaCaixa is made up mainly by long-term guaranteed savings insurances, whether individual or collective, as well as risk policy, whether associated to mortgage or personal financing banking products or not.

There is a small number of policies with profit participation.

The policies in which the holder undertakes the investment risk (Unit Linked) are also part of the business. Within the product there are modalities with which the entity offers temporary guarantees over the investment, specifically, the family of the so-called guaranteed minimum death benefit (GMDB) or guaranteed minimum death and disability benefit (GMDDB) that offer temporarily a minimum capital in the event of the death or death/disability of the insured.

In a residual way accident or sickness insurance portfolios.

Based on the composition of the portfolio and, in accordance with Directive 2009/138 of the European Parliament and the Council, all the policies have been classified into different lines of business.

The breakdown of the technical provisions (BEL plus RM) by lines of business as at December 31, 2022 is detailed below:

In thousands of euros	Technical provisions calculated as a whole	Best estimate	Risk margin	Total technical provisions
Insurance with PP	-	2,226,651	33,494	2,260,145
Other life insurance	-	42,887,024	771,609	43,658,633
Accepted Life Reinsurance	-	-	-	-
Unit Linked and Index Linked	14,828,553	(675,309)	86,845	14,240,089
Total Life	**14,828,553**	**44,438,366**	**891,948**	**60,158,867**
Total Non-life	**-**	**22,830**	**996**	**23,826**
Total Company	**14,828,553**	**44,461,196**	**892,944**	**60,182,693**

4. VALUATION FOR SOLVENCY II PURPOSES

The breakdown of the technical provisions (BEL plus RM) by lines of business as at December 31, 2021 is detailed below:

In thousands of euros	Technical provisions calculated as a whole	Best estimate	Risk margin	Total technical provisions
Insurance with PP	-	2,581,113	46,258	2,627,371
Other life insurance	-	51,057,432	912,277	51,969,709
Accepted Life Reinsurance	-	-	-	-
Unit Linked and Index Linked	15,473,170	(685,969)	90,037	14,877,238
Total Life	**15,473,170**	**52,952,576**	**1,048,572**	**69,474,318**
Total Non-life	**-**	**13,351**	**811**	**14,162**
Total Company	**15,473,170**	**52,965,927**	**1,049,383**	**69,488,480**

Calculation of the best estimate of the provisions

It is based in the calculation of the actuarial present value of the cash flows linked to liabilities (benefit payments, bailouts, expenses and profit participation) and to the rights (collection of premiums) associated to each of the policies.

In said calculation, the policies are grouped in homogeneous risk groups taking into account their characteristics, mainly whether they are financially immunised or not the type of insurance to which they belong (savings, risk or unit linked), the contract date, and its term (short or long term).

The generation of probable flows is carried out policy by policy in individual insurances and accession to accession in collective insurances. The entity has automatic processes that collect the technical parameters, biometric and economic data of the policies and accessions that reside in the management applications after underwriting them, thus guaranteeing the sufficiency and quality of the data as well as the consistency of the process.

The actuarial methodology and formulation used is based on the one in the Technical Note of the products, which guarantees that the generation process is equivalent to the one used to calculate the accounting provisions.

Likewise, a replica of the calculation and reconciliation with the accounting information is carried out on the same processes in order to give more strength, consistency and traceability to the calculation process used.

To value the technical provisions for Solvency II purposes the following hypothesis have been used:

- ***Longevity and mortality hypothesis:***

  To determine the BEL, the own experience mortality table resulting from a statistical process on the partial internal model of mortality and longevity of the entity has been used as the best longevity/mortality estimation and, therefore, it is consistent thereto.

- ***Disability hypothesis:***

  For the disability risk widely-accepted sectorial tables are used. The parameters for the valuation of the BEL will be determined taking into account the systematic measurement of the risk regarding the verification of its representativeness and sufficiency.

- ***Portfolio downside hypothesis:***

  The projection of likely business flows uses as best future rescue hypothesis the one arising from the statistical process of the company based on the systematic analysis of its own experience.

- ***Expenses hypothesis:***

  The recurrent expenses per each business and type of operations have been considered, based on the accounting data on classification and allocation of each of them.

4. VALUATION FOR SOLVENCY II PURPOSES

- ***Discount curves:***

  Based on the characteristics of each homogeneous risk group, the calculation of the BEL uses a risk-free curve provided periodically by EIOPA and corrected in each case by the matching or volatility adjustment found in the current legislation.

- ***Limits of the contract:***

  In general terms, the calculation contemplates as limit the time period established in the policies.

  In renewable temporary contracts:

  - If the insurer has unilateral control over the rights to terminate the contract, to reject demandable premiums or to modify the premiums or the required performance based on the contract so that the premiums fully reflect the risks, the limit will be that of the temporality in effect without later renewal and with the following renewal if it is within two months away.
  - However, if the insurer does not have the aforementioned unilateral rights, the contractual limit will be extended taking into account future renewals, except for the coverages of cancer, heart attack and serious illnesses from the end of April 2019 when the policy so indicates.

- ***Options and guarantees:***

  VidaCaixa takes into account the options and guarantees included in the insurance contracts such as, among others, the redemption value or the guarantees in the Unit Linked when calculating the BEL.

- ***Simplifications:***

  In compliance with article 21 of the Delegated Regulation 2015/35 on Solvency II, VidaCaixa uses certain approximations in the valuation of the technical provisions, mainly for coinsurance contracts. The use of simplifications represents 1.29% of the BEL as at December 31, 2022 (1.59% of the BEL as at December 31, 2021). If Risk Margin is taken into account, it represents 1.27% of the BEL as at December 31, 2022 (1.56% of BEL as at December 31, 2021).

- ***Future management decisions:***

  The Entity applies future management decisions to determine the renewal premium for the MyBox Individual Product.

Risk Margin Calculation

In relation to calculating the risk margin, Article 58 of the Delegated Regulation (EU) 2015/35 from the Commission, allows the use of simplified methods, VidaCaixa Group uses method 3 within the hierarchy of simplified methods which the Regulation allows as the most suitable alternative for calculating the risk margin. This method reflects the nature, volume and complexity of the risks underlying VidaCaixa's insurance obligations.

Method 3 consists in calculating by approximation the discounted sum of all the future required solvency capitals in a single step, without the approximation of the required solvency capitals for each future year separately.

Based on the analysis carried out, VidaCaixa considers that the calculation using the method 3 fairly reflect the financing costs of an amount of admissible own funds equal to the necessary required solvency capitals to assume the insurance obligations during the validity period, as specified in section 5 of article 77, regarding the calculation of technical provision, of Directive 2009/138/EC of the European Parliament and Council.

4.2.B. UNCERTAINTY LEVEL RELATED TO THE VALUE OF THE TECHNICAL PROVISIONS

The projection of likely flows used to calculate the best estimate takes into account the uncertainties regarding future cash flows weighted by their probability, considering the different aspects that intervene in their generation and by using realistic hypothesis. All of this is used to calculate the technical provisions in a prudent, reliable and objective way.

4.2.C. DIFFERENCES BETWEEN THE VALUATION IN SOLVENCY II AND THE VALUATION IN THE FINANCIAL STATEMENTS BY LINE OF BUSINESS

In the Financial Statement the technical provisions are calculated based on the fifth additional provision "Calculation system of technical provisions for accounting purposes" of Royal Decree 1060/2015 of 20 November, on governance, supervision and solvency of insuring entities (ROSSEAR, by its Spanish acronym) which references the content of the Regulations on Administration and Supervision of Private Insurance, approved by Royal Decree 2486/1998 of 20 November (RASPI).

On December 17, 2020, the General Directorate of Insurance and Pension Funds published the Resolution regarding the mortality and survival tables to be used by insurance and reinsurance entities, which approves the technical guide regarding supervision criteria with respect to biometric tables. Said Resolution entered into force on December 31, 2020. In this respect, in compliance with the regulatory framework in force at the end of the 2022 financial year included in the aforementioned Resolution, the Company has established a provision of 1,804 million euros (1,740 million euros in 2021) for adaptation to mortality and survival tables in the terms indicated in the previous section through the Partial Internal Longevity and Mortality Model "VCMF19 (1st Order VAR75%)" and, where appropriate, to fund the supplementary provision for interest rates.

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 by applying the "VCMF19 (1st Order VAR75%)" tables amounts to 774 million euros in 2022 (732 million euros in 2021).

Regarding the joint calculation of the supplementary provision by types and tables, it has increased from 1,740 million at December 31, 2021 to 1,804 million at December 31, 2022, with said impact being included in the Company's income statement for the year 2022.

On the other hand, in Solvency II, the calculation of technical provisions is based on Title III, Chapter II, Section 1 "Standards on technical provisions" of the ROSSEAR.

The best estimate of the provisions in Solvency II includes the value of the investments associated to the liabilities portfolios using the discount curve used to update the flows. In the Financial Statement, however, the value of the investments is recorded through the accounting asymmetry liabilities.

Below is the value of the technical provisions in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as of December 31, 2022. As a criterion of homogeneity and to facilitate the comparability of the Solvency II values with the accounting values in the Financial Statements,

4. VALUATION FOR SOLVENCY II PURPOSES

VidaCaixa relates in this report the accounting asymmetries within the accounting value of the provisions when compared with the Solvency II value:

In thousands of euros	Solvency II Value	Financial Statement Value
Technical provisions - Health insurances (similar to non-life insurances)	**23,826**	**31,857**
TP calculated as a whole	-	-
Best estimate (BE)	22,830	-
Risk margin (RM)	996	-
Technical provisions - Life insurances (excluding health and index-linked and unit-linked)	**45,918,778**	**51,359,664**
TP calculated as a whole	-	-
Best estimate (BE)	45,113,675	-
Risk margin (RM)	805,103	-
Accounting asymmetries and adjustments for change in value	**-**	**(2,758,278)**
Technical provisions - index-linked and unit-linked	**14,240,089**	**14,899,575**
TP calculated as a whole	14,828,553	-
Best estimate (BE)	(675,309)	-
Risk margin (RM)	86,845	-
Total	**60,182,693**	**63,532,818**

4. VALUATION FOR SOLVENCY II PURPOSES

Below is the value of the technical provisions in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as at December 31, 2021. As a criterion of homogeneity and to facilitate the comparability of the Solvency II values with the accounting values in the Financial Statements, VidaCaixa relates in this report the accounting asymmetries within the accounting value of the provisions when compared with the Solvency II value:

In thousands of euros	Solvency II Value	Financial Statement Value
Technical provisions - Health insurances (similar to non-life insurances)	**14,162**	**19,466**
TP calculated as a whole	-	-
Best estimate (BE)	13,351	-
Risk margin (RM)	811	-
Technical provisions - Life insurances (excluding health and index-linked and unit-linked)	**54,597,080**	**46,322,233**
TP calculated as a whole	-	-
Best estimate (BE)	53,638,545	-
Risk margin (RM)	958,535	-
Accounting asymmetries and adjustments for change in value	**-**	**11,243,967**
Technical provisions - index-linked and unit-linked	**14,877,238**	**15,534,411**
TP calculated as a whole	15,473,170	-
Best estimate (BE)	(685,968)	-
Risk margin (RM)	90,037	-
Total	**69,488,480**	**73,120,077**

The balance in "Financial Statement Value", and not in that of the Annual accounts, includes the amount of accounting mismatches.

4.2.D. APPLICATION OF THE MATCHING ADJUSTMENT

The matching adjustment of the risk-free curve is a permanent measure established in the Solvency II regulation that includes the best and most common practices applied in the Spanish market since 1999 to manage long-term savings insurances, based on the matching of assets and liabilities flows established in article 33.2 of the RASPI currently developed in the Ministerial Order EHA/339/2007, of February 16, that modifies the Order of December 23, 1998.

These practices not only have proven to be effective at keeping the solvency and stability of the insurance sector but have also allowed us to offer the insured parties long-term savings insurance products.

In a simplified manner, the matching adjustment allows us to value liabilities taking into account the profitability of the assets assigned to their coverage until maturity, for which the valuation curve of the free-risk liabilities is adjusted to the difference in relation to the valuation curve of the assets at market value minus the fundamental credit risk of the assets.

The use of the matching adjustment is subject to prior approval by the supervisory authorities. VidaCaixa received in December 2015 the authorisation of the DGSFP to sue the matching adjustment in long-term immunised guaranteed savings portfolios.

Regarding the immunized portfolio from Bankia Vida, it is managed with the same procedure, since the DGSFP authorised in May 2016 the use of the marriage adjustment to BANKIA MAPFRE VIDA. By having the investment portfolios associated with this portfolio perfectly identified.

This implies that on 31/12/2022 the compliance analysis of two immunized portfolios is carried out, using their matching for each one.

The principles and requirements of the use of the matching adjustment found in Article 77 ter of Directive 2009/138/EC are:

- The assets portfolio is made up by bonds and obligations and other cash flow assets with similar characteristics, to cover the best estimate of the insurance or reinsurance obligations portfolio.
- This assignation is kept throughout the life of the obligations, except to maintain the replication of the expected cash flows between assets and liabilities when these cash flows have substantially changed.
- The insurance obligations portfolio to which the matching adjustment is applied and the assets portfolio assigned are identified, organised and managed separately in relation to other activities of the companies.
- The assets portfolio assigned can be used to cover losses arising from other activities of the companies.
- The expected cash flows of the assets portfolio assigned replicate each and every of the expected cash flows of the insurance and reinsurance obligations portfolio in the same currency and no lack of matching brings significant risks regarding the risks inherent to the insurance or reinsurance activities to which the matching adjustment is applied.
- Contracts on which the insurance and reinsurance obligations portfolio is based do not give rise to the payment of future premiums.
- The only underwriting risks associated to the insurance and reinsurance obligations portfolio are the longevity, expenses, revision and mortality risks.
- If the underwriting risks associated to the insurance and reinsurance obligations portfolio includes the mortality risk, the best estimate of said portfolio does not increase in over 5% in the case of an impact on the mortality risk.

4. VALUATION FOR SOLVENCY II PURPOSES

- Contracts on which the insurance and reinsurance obligations portfolio is based do not include any option for the policy holder or only include the insurance redemption option when the value of said redemption does not exceed the value of the assets, assigned to the insurance and reinsurance obligations the moment in which said redemption option is exercised.
- The cash flows of the assets portfolio assigned are fixed and cannot be modified by the issuers of the assets nor third parties.
- The insurance and reinsurance obligations of an insurance o reinsurance contract are not divided in several parts when they make up the insurance and reinsurance obligations portfolio.

Complying with the requirements indicated above implies the financial immunisation of said portfolios before the interest rate risk.

Likewise, credit risk is contemplated through the use of a lower discount rate in the valuation of the best estimate of the liabilities in relation to the profitability rate of the assets, as the norm establishes, when considering their fundamental credit risk.

The application and compliance with these principles at all times lies in a better risk management and a more robust control of the risks of these portfolios and, therefore, a greater protection for the insured party.

Failing to comply with these requirements would imply the no application of the matching adjustment, and for VidaCaixa this would represent an increase of 2,408,695 thousand euros in the valuation of the technical provisions under Solvency II (1,883,907 thousand euros as at December 31, 2021).

As shown, it is obvious the total inconsistency that would represent not applying the matching adjustment in the valuation of long-term immunised portfolios, since the profitability of the assets assigned to its hedging until maturity would not be taken into account.

In conclusion, the matching adjustment established in the regulation strengthens the risk management and it is fundamental for the proper valuation of the guaranteed savings products under Solvency II.

4.2.E. APPLICATION OF THE VOLATILITY ADJUSTMENT

The volatility adjustment of the risk-free curve is a permanent measure, established in the Solvency II regulation, in order to prevent the interest rate structure that will be used in the calculation of the technical provisions from showing the current volatility in the market in its entirety.

Thus, in general, the insurance entities can adjust the risk-free interest rates by using a volatility adjustment calculated regularly by EIOPA.

VidaCaixa applies this adjustment in the calculation of the BEL of all the policies grouped in non-immunised portfolios.

Not applying the volatility adjustment would have a limited impact on Solvency II technical provisions of 1,875 thousand euros as at December 31, 2022 (2,373 thousand euros as at December 31, 2021).

4. VALUATION FOR SOLVENCY II PURPOSES

4.2.F. APPLICATION OF THE TRANSITIONAL MEASURE ON THE INTEREST RATE WITHOUT RISK

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measure.

4.2.G. APPLICATION OF THE TRANSITIONAL MEASURE ON THE TECHNICAL PROVISIONS

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measure.

4.2.H. RETRIEVABLE AMOUNTS FROM REINSURANCE CONTRACTS AND ENTITIES WITH SPECIAL PURPOSE

The reinsurance ceded is not significant enough in relation to the provisions in total. The amount of the best estimate of the recoverable of the reinsurance ceded is valued by means of the updating of future cash flows weighted by probability and generated based on realist hypothesis, and taking into account an adjustment to consider the losses expected should the counterparty fail to comply based on its credit standing.

The entity is provided with a specific reinsurance cover for the said guarantees of certain modalities Unit Linked, being in this case significant with regard to its provisions.

4.2.I. SIGNIFICANT CHANGES IN THE HYPOTHESIS USED IN CALCULATING THE TECHNICAL PROVISIONS

The company has established an annual hypothesis cycle for calculating the BEL. Based on this cycle, the modifications to be made to the hypothesis for its analysis and approval are proposed annually to the Global Risk Committee.

Within this cycle, during 2022 the following hypotheses have been updated:

- o Mortality and longevity hypothesis (4th quarter)
- o Portfolio downside hypothesis (1st quarter)
- o Expenses hypothesis (1st quarter)
- o Individual risk disability hypothesis (1st trimester)

according to the annual calibration of the experience updating.

No methodological changes.

4.3. VALUATION OF OTHER LIABILITIES

4.3.A. VALUE OF OTHER LIABILITIES FOR SOLVENCY II PURPOSES

The valuation grounds and methods of liabilities other than the Technical Provisions are not significantly different to those used in the Financial Statements. We proceed to detail the valuation methods and bases for the most significant items:

- **Deferred tax liabilities:** Deferred tax liabilities in Solvency II have been obtained from the deferred tax liabilities in the Financial Statement plus the tax effect of those positive adjustments (this is, those which generate profit for the company) carried out to obtain the economic balance under the criteria of Solvency II.
- **Derivatives:** mainly correspond to the hedging swaps used to mitigate the interest rate risk.

4.3.B. DIFFERENCES BETWEEN THE VALUATION IN SOLVENCY II AND THE VALUATION IN THE FINANCIAL STATEMENTS

Below, following the remaining liabilities other than Technical Provisions, is the value in Solvency II compared to their value in the Financial Statements on December 31, 2022:

In thousands of euros

Remaining Liabilities	Solvency II Value	Financial Statement Value	
Other non-technical provisions	1,030	1,030	
Deposits from ceded reinsurance	2,725	2,725	
Deferred tax liabilities	5,644,799	2,621,236	(a)
Derivatives	8,062,860	8,148,889	(b)
Debts owed to credit institutions	2,601	2,601	
Payables from insurance and coinsurance operations	29,578	29,578	
Payables from reinsurance operations	4,463	4,463	
Other debts and payables	633,586	633,586	(c)
Other liabilities, not elsewhere shown	1	(3,249,456)	
Total Remaining Liabilities	**14,381,643**	**8,194,652**	

Below, following the remaining liabilities other than Technical Provisions, is the value in Solvency II compared to their value in the Financial Statements as at December 31, 2021:

In thousands of euros

Remaining Liabilities	Solvency II Value	Financial Statement Value	
Deposits from ceded reinsurance	1,280	1,280	
Deferred tax liabilities	5,698,343	4,675,074	(a)
Derivatives	8,629,261	8,625,162	(b)
Debts owed to credit institutions	-	-	
Payables from insurance and coinsurance operations	9,801	9,801	
Payables from reinsurance operations	4,750	4,750	
Other debts and payables	507,237	507,234	
Other liabilities, not elsewhere shown	1	6,912,803	(c)
Total Remaining Liabilities	**14,850,673**	**20,736,103**	

a) **Deferred tax liabilities:** The variation in this balance between the economic balance Solvency II and the Financial Statement, is only due to considering the tax effect (considering a 30% tax rate) of the positive adjustments done on the assets (this is, they increase the assets) and the negative adjustments done on the liabilities (considering negative adjustments those that reduce the passive).

b) **Derivatives:** The existing differences between these balances in the Financial Statement and Solvency II are not only valuation differences but are also caused by the reclassification of accrued and not-yet-due interests carried out. Said interests in the financial statement are allocated in the Accounting accruals, however in Solvency II are considered a major amount of the investment, and are deducted from Remaining assets.

   Likewise, it is worth mentioning that the Derivatives are classified separately in the assets or liabilities based on their market value. However, in the accounting balance they are allocated in the assets due to its aggregated market value.

c) **Other liabilities:** The variation of the valuation between the Financial Statement and the value of Solvency II is mainly due to the removal of the accounting asymmetry liabilities and accrued anticipated income, which are accounting concepts that under Solvency II are implicit in the calculation of the best estimate of the technical provisions.

4.4. ALTERNATIVE VALUATION METHODS

The Entity has not used alternative valuation methods to those recognised by the Solvency II Regulation to assess its assets and liabilities in the balance sheet.

4.5. OTHER RELEVANT INFORMATION

Does not apply.

5. CAPITAL MANAGEMENT

5.1. OWN FUNDS

5.1. A. OWN FUNDS MANAGEMENT GOALS, POLICIES AND PROCESSES

VidaCaixa establishes its capital goal in the compliance at all times with the regulatory capital requirements, keeping an adequate solvency margin. To this end, it develops the following management and control processes:

- Monitoring and analysis of the economic balance and SCR magnitudes. This monitoring is carried out at Global Risk Committee and Board of Directors level.
- Monitoring a risk appetite framework, by using the tolerance limits established by the Board of Directors, in order to foresee and detect non-desirable evolutions and ensure its compliance at all times. This monitoring is carried out at Global Risk Committee and Board of Directors level.
- Development of the prospective internal risk and solvency assessment (ORSA) process, which assesses the capital goal compliance throughout the time horizon projected. If the results of the process showed the need to cover the capital requirements during the period projected, VidaCaixa will assess the possible actions to be adopted to cover them, which may include acts on the business goals, risk profile or capital management.
- Analysis of the characteristics of Own Funds available to determine their fitness and classification in Tiers pursuant to the Delegated Regulation (EU) 2015/35.

5.1.B. STRUCTURE, AMOUNT AND QUALITY OF THE OWN FUNDS

The entirety of VidaCaixa's Own Funds as at 31 December of 2022 have the maximum quality **(Tier 1 unrestricted)**.

In thousands of euros	Tier 1	Tier 2	Tier 3	Total
Basic own funds	3,530,576	-	-	3,530,576
Supplementary own funds	-	-	-	-
Available own funds	**3,530,576**	**-**	**-**	**3,530,576**
Admissible own funds SCR	**3,530,576**	**-**	**-**	**3,530,576**
Admissible own funds MCR	**3,530,576**	**-**	**-**	**3,530,576**

The entirety of VidaCaixa's Own Funds as at December 31, 2021 are of the highest quality **(Tier 1 unrestricted)**.

In thousands of euros	Tier 1	Tier 2	Tier 3	Total
Basic own funds	4,064,470	-	-	4,064,470
Supplementary own funds	-	-	-	-
Available own funds	**4,064,470**	**-**	**-**	**4,064,470**
Admissible own funds SCR	**4,064,470**	**-**	**-**	**4,064,470**
Admissible own funds MCR	**4,064,470**	**-**	**-**	**4,064,470**

The composition of the Own Funds is detailed below:

In thousands of euros	December 2022	December 2021
Share Capital	1,347,462	1,347,462
Reconciliation reserve	2,209,968	2,746,027
Unavailable own funds Pension Funds manager	(26,854)	(29,019)
Supplementary own funds	-	-
Total Available own funds	**3,530,576**	**4,064,470**

5. CAPITAL MANAGEMENT

The reconciliation reserve is, in time, made up by the following elements:

In thousands of euros	December 2022	December 2021
Excess of assets over liabilities	4,070,591	4,261,787
Expected Dividends	(333,593)	(168,298)
Other basic own fund items (Share Capital)	(1,347,462)	(1,347,462)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	(179,568)	-
Reconciliation reserve	**2,209,968**	**2,746,027**

The reconciliation reserve is essentially made up of the excess of assets over liabilities from the balance sheet as at December 31, 2022, adjusted by the share capital and expected dividends.

5.1.C. ADMISSIBLE AMOUNT OF OWN FUNDS TO COVER THE SOLVENCY CAPITAL REQUIREMENT

The amount of admissible Own Funds to cover SCR amounted to 3,530,576 thousand euros as at December 31, 2022 (4,064,470 thousand euros as at December 31, 2021).

5.1.D. ADMISSIBLE AMOUNT OF OWN FUNDS TO COVER THE MINIMUM CAPITAL REQUIREMENT

The amount of admissible Own Funds to cover MCR amounted to 3,530,576 thousand euros as at December 31, 2022 (4,064,470 thousand euros as at December 31, 2021).

5.1.E. SIGNIFICANT DIFFERENCES BETWEEN THE NET EQUITY IN THE FINANCIAL STATEMENT AND THE EXCESS OF ASSETS OVER LIABILITIES CALCULATED FOR SOLVENCY PURPOSES

Below are details of the reconciliation between the net equity of the financial statements, the excess of assets over liabilities and the admissible Capital:

In thousands of euros	December 2022	December 2021
Net Book Equity	**2,946,192**	**5,295,330**
Variation Assets Valuation	378,406	2,712,647
Variation Liabilities Valuation	745,993	(3,746,190)
Total Valuation Variation	**1,124,399**	**(1,033,543)**
Excess of Assets over Liabilities	**4,070,591**	**4,261,787**
Adjustment Expected Dividends	(333,593)	(168,298)
Adjustment Tier 3 Not Computable	-	-
Capital Adjustment Funds Manager	(26,854)	(29,019)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	(179,568)	(29,019)
Admissible CAPITAL SOLVENCY II	**3,530,576**	**4,064,470**

5.1.F. APPLICATION OF THE TRANSITION PROVISIONS SET FORTH BY ARTICLE 308 B, SECTIONS 9 AND 10, OF DIRECTIVE 2009/138/EC

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measure.

5.1.G. SUPPLEMENTARY OWN FUNDS

VidaCaixa does not have additional Own Funds.

5.1.H. DEDUCTED ITEMS OF THE OWN FUNDS AND SIGNIFICANT RESTRICTIONS THAT AFFECT THE AVAILABILITY AND TRANSFERABILITY OF THE OWN FUNDS

As a Pension Funds manager, VidaCaixa has reserved a part of its Own Funds to said activity, pursuant to the provisions set forth by Article 20 of the Legislative Royal Decree 1/2002, of November 29, approving the consolidated text of the Regulating Law of Pension Plans and Funds, modified by Law 2/2011, of March 4. These Own Funds are not available to cover the SCR, and therefore VidaCaixa deducts a total of 26,854 thousand euros (29,019 thousand euros in 2021) from its available Own Funds to cover the SCR.

The Entity must deduct 179,568 thousand euros from its available own funds as they are restricted own funds associated with the Ring Fence Fund from the acquired Bankia Vida business.

Pursuant to Article 77 ter of Directive 2009/238 of Solvency II, the portfolio of insurance or reinsurance obligations to which the matching adjustment is applied and the asset portfolio assigned are identified, organised and managed separately from other activities of the companies, and the asset portfolio assigned cannot be used to cover the losses arising from other activities of the company, creating a limited availability fund in relation to the remaining business of the entity.

The main effects are a lower available capital, due to the non-transferability of the Own Funds, and a greater required capital, due to the loss of the diversification effect and the increase of the concentration risk in the calculation of the RSC.

VidaCaixa has developed management processes and procedures for the information and calculations, which ensure compliance with all the regulatory provisions for calculating and adjusting the own funds and the solvency capital requirement for the limited availability fund and the rest of the Entity's business.

5.1.I INFORMATION ON DEFERRED TAXES

As at December 31, 2022, the Entity has net deferred tax liabilities. The deferred tax assets and liabilities recorded in the Economic Balance are shown in section 4.1.a and section 4.3.b respectively.

5. CAPITAL MANAGEMENT

5.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

5.2.A. UNTS OF THE SOLVENCY CAPITAL REQUIREMENT AND THE MINIMUM CAPITAL REQUIREMENT

Below are the amounts of the SCR and the MCR as at December 31, 2022 and December 31, 2021:

In thousands of euros	December 2022	December 2021
Solvency Capital Requirement (SCR)	**2,060,210**	**2,004,011**
Minimum Capital Requirement (MCR)	**927,095**	**901,805**

5.2.B. AMOUNT OF THE SOLVENCY CAPITAL REQUIREMENT OF THE COMPANY BROKEN DOWN BY MODULES

Below are the amounts of the SCR broken down by modules as at December 31, 2022 and December 31, 2021:

In thousands of euros	December 2022	December 2021
Market SCR	977,964	933,071
Counterparty SCR	56,562	107,349
Life SCR	2,218,717	2,082,957
Health SCR	16,969	13,347
Diversification effect	(608,117)	(596,819)
Basic SCR (BSCR)	**2,662,095**	**2,539,905**
Operational SCR	**281,063**	**322,968**
Fiscal effect	**(882,948)**	**(858,862)**
Solvency Capital Requirement (SCR)	**2,060,210**	**2,004,011**

5.2.C. SIMPLIFIED CALCULATIONS

VidaCaixa does not use simplified calculations to calculate the SCR.

5.2.D. SPECIFIC PARAMETERS

VidaCaixa does not use specific parameters to calculate the SCR.

5.2.E. USE OF THE OPTION FORESEEN IN ARTICLE 51, SECTION 2, THIRD PARAGRAPH, OF THE DIRECTIVE 2009/138/EC

VidaCaixa does not apply the option provided in article 51, section 2, third paragraph, of the Directive 2009/138/EC.

5.2.F. IMPACT OF ANY SPECIFIC PARAMETER USED AND AMOUNT OF ANY CAPITAL ADD-ON APPLIED TO THE SOLVENCY CAPITAL REQUIREMENT

As mentioned above, VidaCaixa's Market SCR includes a capital add-on of 15,316 thousand euros as at December 31, 2022 to cover the risks associated with the guarantees offered by the unit link with guarantees on the value of the investment in the event of the death of the policyholder, which are not covered by the standard cover (11,753 thousand euros as at December 31, 2021).

VidaCaixa does not use specific parameters to calculate the SCR.

5.2.G. DATA USED TO CALCULATE THE MINIMUM CAPITAL REQUIREMENT

Below are the main concepts applied to calculating the MCR as of December 31, 2022:

Health Business

Result MCR (NL,NL)	Best net estimate and Technical provisions calculated as a whole	Net earned premiums last 12 months
2,950	9,659	19,821

Life Business

Result MCR (L,L)	Best net estimate and Technical provisions calculated as a whole	Net capital at total risk
1,259,357	59,293,927	252,937,699

Calculation global MCR

Lineal MCR	1,262,307
MCR	2,060,210
MCR maximum level	927,095
MCR minimum level	515,053
Combined MCR	927,095
MCR absolute minimum	6,700
Minimum capital requirement	**927,095**

Below are the main concepts applied in the calculation of the MCR as at December 31, 2021:

Health Business

Result MCR (NL,NL)	Best net estimate and Technical provisions calculated as a whole	Net earned premiums last 12 months
313	522	2,882

Life Business

Result MCR (L,L)	Best net estimate and Technical provisions calculated as a whole	Net capital at total risk
1,451,135	68,407,582	257,660,196

Calculation global MCR

Lineal MCR	1,451,449
MCR	2,004,011
MCR maximum level	901,805
MCR minimum level	501,003
Combined MCR	901,805
MCR absolute minimum	6,200
Minimum capital requirement	**901,805**

5.2.H. SIGNIFICANT CHANGES IN THE SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

No significant changes have been made in the calculation method of the SCR or MCR.

5.2.I. INFORMATION REGARDING THE LOSS-ABSORBING CAPACITY OF DEFERRED TAXES

The tax effect on the SCR or notional deferred taxes due to the loss-absorbing capacity of deferred taxes as at December 31, 2022 is reported in Annex S.25.02.21 in this report. Based on the risk management policy related to the entity's deferred taxes, these notional deferred taxes are offset with net deferred tax liabilities recorded in the Economic Balance Sheet (section 4.3.b), as well as with future taxable profits under the principle of business continuity.

5.3. USE OF THE EQUITY RISK SUB-MODULE BASED ON THE DURATION IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

5.3.A. APPROVAL BY THE SUPERVISORY AUTHORITY

VidaCaixa does not use this option.

5.3.B. AMOUNT OF THE CAPITAL REQUIREMENT FOR DURATION–BASED EQUITY RISK SUB-MODULE

VidaCaixa does not use this option.

5. CAPITAL MANAGEMENT

5.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND THE INTERNAL MODEL USED

5.4.A. ENDS FOR WHICH ITS INTERNAL MODEL IS USED

The purpose of the internal model is obtaining the following results:

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

The Mortality table is used to calculate the Entity's Best Estimate.

The shock percentages of longevity and mortality are used in the calculation of the SCR with internal model.

Likewise, the internal mode is used extensively and plays a relevant role to evaluate the effect of the possible decisions, when they impact the risk profile of the entity, including the effect on the expected losses and profits and its volatility as a result of said decisions.

The uses of the internal model can be divided in two blocks based on whether the use is relative to risk management or to making management decisions. As uses of the internal model related to risk management, the results of the internal model are taken into account when formulating risk strategies, including setting risk tolerance limits, reporting, etc.

As uses of the Internal Model for making management decision, the internal model is used to back decisions regarding the launch of new products, modifications in prices, collective policy quotes and changes in products, capital allocation, etc.

5.4.B. SCOPE OF APPLICATION OF THE INTERNAL MODEL IN TERMS OF ACTIVITY SEGMENTS AND RISK CATEGORIES

The scope of application of the internal model includes all the population insured in the company for mortality or longevity risks, both for individual insurances and collective ones, with the exception of the portfolio originating from Bankia where the standard formula is applied.

Given the turnover and the intrinsic characteristics of VidaCaixa's business, the internal model allows us to have a more realistic vision of the Company's risk profile that the one the standard formula provides.

5.4.C. INTEGRATION TECHNIQUE OF THE PARTIAL INTERNAL MODEL IN THE STANDARD FORMULA

To integrate the Solvency Capital Requirement of Mortality and Longevity with the other risks, the technique 4 described in annex XVIII, Integration techniques of the partial internal models, of the Commission Delegated Regulation (EU) 2015/35 of October 10, 2014 is used. This technique uses the same correlation coefficients as those used for the standard formula, both before the Mortality risk and the Longevity risk, and between these and the other risks.

Given that the correlations used are the same as the ones in the formula standard, and the solvency capital requirement complies with the following principles:

- The Solvency Capital Requirement is based on the company's continuity business principle.
- It is calibrated at a 99.5% trust level.
- It covers a time horizon of 1 year.

5.4.D. METHODS USED IN THE INTERNAL MODEL TO CALCULATE THE PROBABILITY DISTRIBUTION FORECAST AND THE SOLVENCY CAPITAL REQUIREMENT

The following process summarises the performance of the internal model to this end:

1) **Gathering gross data on the population insured in the company**

The data on the policies and insured parties is collected from the company's management applications. Said data is uploaded to a database and are processed so that each person is only treated once per continuous time period. With the data on deaths and exposures processed, the gross probability of death of the different years under observation separately (since 1999) and the gross probability of death of the last 5 years.

2) **Adjustment of mortality percentages**

The gross probability of death is adjusted to a mortality law, that is, the gross data is adjusted to a mathematical expression that applies the behaviour observed of the company's mortality.

3) **Base table**

It is the death probability data adjusted for the last 5 years. To obtain a generational table the improvement factors obtained in the following steps will be applied.

4) **Mortality evolution factors**

The adjusted data of the percentages of mortality for the different years under observation shows how this death probability evolves for each age group throughout the different years under observation. They starting hypothesis is that the evolution factors of this death probability follow a normal distribution.

5) **Mortality projection**

Once finished the base and evolution of the mortality, through a stochastic process projection the expected survival values are obtained following the deviation observed based on the distribution of both variables. This is, starting from a theoretical value of people at the beginning of each calculation, it is determined based on the base probability of death and its evolution how many people will reach a certain age alive.

6) **Determining Best Estimate mortality table**

Due to having obtained different survival values for each age and duration, they can be organised from higher to lower and derive the value corresponding to 50% of the cases. With these values the mathematical equation that is adjusted to the projection of this value for each age is calculated, being this the improvement factor to be applied. This value is the one that will be used on the base table to carry out the creation of the generation table of best estimate.

7) **Longevity shock assessment**

Due to having obtained different survival values for each age and duration, they can be organised from higher to lower and derive the value corresponding to 99.5% of the cases (simulations with greater number of survivors per age and duration). The resulting value is the average of the values obtained at 99.5% for the age group and durations calculated.

8) **Mortality shock assessment**

Due to having obtained different survival values for each age and duration, they can be organised from higher to lower and derive the value corresponding to 0.5% of the cases (simulations with lower number of survivors per age and duration). The resulting value is the average of the values obtained at 0.5% for the age group and durations calculated.

5. CAPITAL MANAGEMENT

5.4.E. MEASUREMENT OF THE RISK AND TIME HORIZON USED IN THE INTERNAL MODEL

The same as for the standard formula are used, this is a level of trust of 99.5% is used for a time horizon of 1 year.

5.4.F. NATURE AND SUITABILITY OF THE DATA USED IN THE INTERNAL MODEL

Given the dimension of the population insured by the Entity and its time extension, there is a large enough statistics base for the statistical inference.

The following process summarises the performance of the internal model to this end:

1) It starts from the databases that arise from the own computer applications of policy management and marketing, which constantly undergo accuracy and robustness tests on which certain filters are applied.

2) Once the filters have been applied, the data is loaded to an operation tool.

3) The information loaded is cleaned by applying validations.

4) Once the data is cleaned the calculations of the model are generated.

The independent Validation Team of CaixaBank verifies in the Validation Report that the filters applied are suitable for cleaning the data used in the calibration of the Internal Model since the filters are aimed at obtaining reliable biometric data of the insured parties of VidaCaixa as a whole, therefore, no data is discarded without a good cause.

Therefore, the data used in the Internal Model is considered adequate and complete, allowing an accurate measure of the exposed and the collection of the necessary biometric data.

5.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT OR THE SOLVENCY CAPITAL REQUIREMENT

During 2022, VidaCaixa has complied with the SCR and MCR at all times.

5.6. OTHER RELEVANT INFORMATION

Not considered.

6. INFORMATION TEMPLATES (QRTs)

S.02.01.02

Balance sheet

Assets	Solvency II Value
Goodwill	-
Advanced commissions and other acquisition costs	-
Intangible fixed assets	-
Deferred Tax Assets	4,917,175,484.40
Assets and reimbursement rights long-term compensations to personnel	-
Property, plant and equipment for own use	23,518,662.64
Investments (other than index-linked and unit-linked)	58,150,920,199.10
Property (other than for own use)	15,666,764.33
Participations	893,208,096.03
Shares	12,543,656.91
Shares - listed	7,493,287.53
Shares - unlisted	5,050,369.38
Bons	54,576,609,408.54
Public debt	47,331,609,656.05
Private debt	7,240,949,999.26
Structured financial assets	168,493.70
Securitisation of assets	3,881,259.53
Investment funds	64,040,335.84
Derivatives	2,559,786,725.15
Deposits other than cash equivalent assets	29,065,212.30
Other Investments	-
Assets held for index-linked and unit-linked contracts	14,847,984,696.70
Loans and mortgages with and without collaterals	9,106,968.58
Advances against policies	7,216,264.50
To individuals	1,890,704.08
Other	-
Recoverable amounts of the reinsurance	(13,838,392.24)
Non-life insurances and health insurances similar to insurances other than life	13,170,542.03
Insurances other than life insurances, excluding health	-
Health insurances similar to non-life insurances	13,170,542.03
Life insurances, and health insurances similar to life, excluding health and "index-linked" and "unit-linked"	(1,816,024.99)
Insurances similar to life insurances	-
Life insurances, excluding health and index-linked and unit-linked	(1,816,024.99)
Life insurances index-linked and unit-linked	(25,192,909.28)
Deposits constituted by accepted reinsurance	-
Loans for direct insurance and coinsurance operations	42,519,312.29
Loans for coinsurance operations	13,333,964.38
Other loans	349,971,211.49
Own shares	-
Shareholders and members for called capital	-
Cash and other equivalent liquid assets	281,678,220.92
Other assets, not elsewhere shown	**12,556,921.54**
Total Assets	**78,634,927,249.79**

6. INFORMATION TEMPLATES (QRTs)

S.02.01.02

Balance sheet (continuation)

Liabilities	Solvency II Value
Technical provisions - non-life insurances	23,825,691.68
Technical provisions - other than life (Excluding sickness)	-
TP calculated as a whole	-
Best estimate	-
Risk margin	-
Technical provisions - health (similar to non-life insurances)	23,825,691.68
TP calculated as a whole	-
Best Estimate	22,829,936.33
Risk margin	995,755.35
Technical provisions - life (excluding index-linked and unit-linked)	45,918,777,906.55
Technical provisions - health (similar to life insurances)	-
TP calculated as a whole	-
Best estimate	-
Risk margin	-
Technical provisions - life (excluding health and index-linked and unit-linked)	45,918,777,906.55
TP calculated as a whole	-
Best Estimate	45,113,674,664.11
Risk margin	805,103,242.44
Technical provisions - index-linked and unit-linked	14,240,088,505.55
TP calculated as a whole	*14,828,553,378.84*
Best Estimate	(675,310,263.16)
Risk margin	86,845,389.87
Other technical provisions	-
Contingent liabilities	-
Other non-technical provisions	1,029,767.45

Liabilities	Solvency II Value
Provision for pensions and similar obligations	-
Deposits from ceded reinsurance	2,724,765.35
Deferred tax liabilities	5,644,798,979.54
Derivatives	8,062,859,509.73
Debts owed to credit institutions	2,601,179.00
Financial liabilities other than debts owed to credit institutions	-
Payables from insurance and coinsurance operations	29,578,454.44
Payables from reinsurance operations	4,462,994.69
Other debts and payables	633,586,152.56
Subordinated liabilities	-
Subordinated liabilities no in the basic own funds	-
Subordinated liabilities in the basic own funds	-
Other liabilities, not elsewhere shown	2,572.58
Total Liabilities	**74,564,336,479.13**

Excess of assets over liabilities	**4,070,590,770.66**

6. INFORMATION TEMPLATES (QRTs)

S.05.01.02

Premiums, claims ad expenses by line of business

	Non-life insurance and proportional reinsurance obligations Income protection insurance	Total
Earned premiums		
Direct insurance - gross	31,764,993.31	31,764,993.31
Proportional reinsurance accepted - Gross	-	-
Non-proportional reinsurance accepted - Gross		-
Ceded reinsurance (Reinsurance share)	11,944,442.08	11,944,442.08
Net amount	19,820,551.23	19,820,551.23
Allocated premiums		
Direct insurance - gross	32,269,327.78	32,269,327.78
Proportional reinsurance accepted - Gross	-	-
Non-proportional reinsurance accepted - Gross		-
Ceded reinsurance (Reinsurance share)	12,359,994.86	12,359,994.86
Net amount	19,909,332.92	19,909,332.92
Claim rate (Incurred claims)		
Direct insurance - gross	13,507,778.80	13,507,778.80
Proportional reinsurance accepted - Gross	-	-
Non-proportional reinsurance accepted - Gross		-
Ceded reinsurance (Reinsurance share)	9,981,299.09	9,981,299.09
Net amount	3,526,479.71	3,526,479.71
Variation of other technical provisions		
Direct insurance - gross	-	-
Proportional reinsurance accepted - Gross	-	-
Non-proportional reinsurance accepted - Gross		-
Ceded reinsurance (Reinsurance share)	-	-
Net amount	-	-
Technical expenses	6,534,976.64	6,534,976.64
Other expenses		-
Total expenses		6,534,976.64

6. INFORMATION TEMPLATES (QRTs)

S.05.01.02

Premiums, claims ad expenses by line of business

	Life insurance obligations			Life reinsurance obligations	Total
	Insurance with profit participation	Unit Linked and Index Linked Insurance	Other life insurance	Life reinsurance	
Earned premiums					
Gross amount	87,129,871.56	2,400,479,855.41	5,175,064,458.14	-	7,662,674,185.11
Ceded reinsurance (Reinsurance share)	-	26,407,405.03	135,370,765.14	-	161,778,170.17
Net amount	87,129,871.56	2,374,072,450.38	5,039,693,693.00	-	7,500,896,014.94
Allocated premiums					
Gross amount	87,129,887.04	2,400,479,855.41	5,178,232,464.69	-	7,665,842,207.14
Ceded reinsurance (Reinsurance share)	-	26,407,405.03	135,370,765.14	-	161,778,170.17
Net amount	87,129,887.04	2,374,072,450.38	5,042,861,699.55	-	7,504,064,036.97
Claim rate (Incurred claims)					
Gross amount	124,696,539.73	1,245,364,635.88	5,669,449,645.31	-	7,039,510,820.92
Ceded reinsurance (Reinsurance share)	-	(2,081,972.73)	79,263,400.39	-	77,181,427.66
Net amount	124,696,539.73	1,247,446,608.61	5,590,186,244.92	-	6,962,329,393.26
Variation of other technical provisions					
Gross amount	(21,328,957.71)	716,376,983.95	574,312,659.11	-	1,269,360,685.35
Ceded reinsurance (Reinsurance share)	-	-	(19,831,634.49)	-	(19,831,634.49)
Net amount	(21,328,957.71)	716,376,983.95	594,144,293.60	-	1,289,192,319.84
Technical expenses	10,263,053.86	105,654,419.91	395,741,533.42	-	511,659,007.19
Other expenses					314,266,887.29
Total expenses					825,925,894.48

6. INFORMATION TEMPLATES (QRTs)

S.05.02.01

Premiums, claims ad expenses by countries

	Country of Origin	Five main countries (by amount of gross earned premiums) - non-life obligations					Total of the five main countries and country of origin
		-	-	-	-	-	
Earned premiums							
Direct insurance - gross	31,764,993.31	-	-	-	-	-	31,764,993.31
Proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Non-proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Ceded reinsurance (Reinsurance share)	11,944,442.08	-	-	-	-	-	11,944,442.08
Net amount	19,820,551.23	-	-	-	-	-	19,820,551.23
Allocated premiums							
Direct insurance - gross	32,269,327.78	-	-	-	-	-	32,269,327.78
Proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Non-proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Ceded reinsurance (Reinsurance share)	12,359,994.86	-	-	-	-	-	12,359,994.86
Net amount	19,909,332.92	-	-	-	-	-	19,909,332.92
Claim rate (Incurred claims)							
Direct insurance - gross	13,507,778.80	-	-	-	-	-	13,507,778.80
Proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Non-proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Ceded reinsurance (Reinsurance share)	9,981,299.09	-	-	-	-	-	9,981,299.09
Net amount	3,526,479.71	-	-	-	-	-	3,526,479.71
Variation of other technical provisions							
Direct insurance - gross	-	-	-	-	-	-	-
Proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Non-proportional reinsurance accepted - Gross	-	-	-	-	-	-	-
Ceded reinsurance (Reinsurance share)	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-
Technical expenses	6,534,976.64	-	-	-	-	-	6,534,976.64
Other expenses							-
Total expenses							6,534,976.64

6. INFORMATION TEMPLATES (QRTs)

S.05.02.01

Premiums, claims ad expenses by countries

	Country of Origin	Five main countries (by amount of gross earned premiums) - non-life obligations					Total of the five main countries and country of origin
		-	-	-	-	-	
Earned premiums							
Gross amount	7,662,674,185.11	36,230,118.13	-	-	-	-	7,698,904,303.24
Ceded reinsurance (Reinsurance share)	161,778,170.17	1,766,743.54	-	-	-	-	163,544,913.71
Net amount	7,500,896,014.94	34,463,374.59	-	-	-	-	7,535,359,389.53
Allocated premiums							
Gross amount	7,665,842,207.14	35,730,647.12	-	-	-	-	7,701,572,854.26
Ceded reinsurance (Reinsurance share)	161,778,170.17	1,668,271.32	-	-	-	-	163,446,441.49
Net amount	7,504,064,036.97	34,062,375.80	-	-	-	-	7,538,126,412.77
Claim rate (Incurred claims)							
Gross amount	7,039,510,820.92	538,738,735.15	-	-	-	-	7,578,249,556.07
Ceded reinsurance (Reinsurance share)	77,181,427.66	861,605.54	-	-	-	-	78,043,033.20
Net amount	6,962,329,393.26	537,877,129.61	-	-	-	-	7,500,206,522.87
Variation of other technical provisions							
Gross amount	1,269,360,685.35	513,013,797.94	-	-	-	-	1,782,374,483.29
Ceded reinsurance (Reinsurance share)	(19,831,634.49)	(1,113,940.86)	-	-	-	-	(20,945,575.35)
Net amount	1,289,192,319.84	514,127,738.80	-	-	-	-	1,803,320,058.64
Technical expenses	511,659,007.19	13,384,843.75	-	-	-	-	525,043,850.94
Other expenses							314,266,887.29
Total expenses							839,310,738.23

6. INFORMATION TEMPLATES (QRTs)

S.12.01.02

Technical provisions for life and sickness SLT

		Unit-linked and index-linked insurances			Other life insurances				
	Insurances with profit participation		Contracts without options and guarantees	Contracts with options and guarantees		Contracts without options and guarantees	Contracts with options and guarantees	Accepted reinsurance	Total (life other than health, incl. Unit-Linked)
Technical provisions calculated as a whole	-	14,828,553,378.84			-			-	14,828,553,378.84
Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default, corresponding to the TTPP as a whole	-	-			-				
Technical provisions calculated as the sum of a best estimate and a risk margin									
Best estimate:									
Gross	2,226,650,636.52		(113,971,014.41)	(561,339,248.769)		4,224,630,591.13	38,662,393,436.45	-	44,438,364,400.95
Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default	-		-	(25,192,909.27)		(1,816,024.99)	-	-	(27,008,934.26)
Best estimate minus recoverable amounts of the reinsurance, SPV and limited reinsurance	2,226,650,636.52		(113,971,014.41)	(536,146,339.49)		4,226,446,616.12	38,662,393,436.45	-	44,465,373,335.21
Risk margin	33,494,093.08	86,845,389.87			771,609,149.36			-	891,948,632.31

6. PLANTILLES D'INFORMACIÓ (QRTS)

S.12.01.02

Technical provisions for life and sickness SLT (continuation)

	Insurances with profit participation	Unit-linked and index-linked insurances			Other life insurances			Accepted reinsurance	Total (life other than health, incl. Unit-Linked)
			Contracts without options and guarantees	Contracts with options and guarantees		Contracts without options and guarantees	Contracts with options and guarantees		
Amount of the transitional measure on the technical provisions									
Technical provisions calculated as a whole	-	-			-			-	-
Best estimate	-		-	-		-	-	-	-
Risk margin	-	-			-			-	-
Total technical provisions	2,260,144,729.61	14,240,088,505.55			43,658,633,176.94			-	60,158,866,412.10

6. INFORMATION TEMPLATES (QRTs)

S.17.01.02

Technical provisions for non-life

	Direct insurance and proportional reinsurance	Total
	Income protection insurance	
Technical provisions calculated as a whole	-	-
Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default, corresponding to the TTPP as a whole	-	-
Technical provisions calculated as the sum of a best estimate and a risk margin		
Best estimation:		
Premium provisions		
Gross	529,581.29	529,581.29
Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default	(484,065.69)	(484,065.69)
Best net estimate of premium provisions	1,013,646.98	1,013,646.98
Claims provisions		
Gross	22,300,355.04	22,300,355.04
Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default	13,654,607.72	13,654,607.72
Best net estimate of claims provisions	8,645,747.32	8,645,747.32
Total best gross estimate	22,829,936.33	22,829,936.33
Total best net estimate	9,659,394.30	9,659,394.30
Risk margin:	995,755.35	995,755.35
Amount of the transitional measure on the technical provisions		

6. INFORMATION TEMPLATES (QRTs)

S.17.01.02

Technical provisions for non-life

	Direct insurance and proportional reinsurance	Total
	Income protection insurance	
Technical provisions calculated as a whole	-	-
Best estimate	-	-
Risk margin	-	-
TOTAL TECHNICAL PROVISIONS:		
Total technical provisions	23,825,691.68	23,825,691.68
Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default	13,170,542.03	13,170,542.03
Total technical provisions minus retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default	10,655,149.65	10,655,149.65

6. INFORMATION TEMPLATES (QRTs)

S.19.01.21

Claims in non-life insurances

Total non-life activities

Year accident / Year subscription | Year accident

Year of evolution	0	1	2	3	4	5	6	7	8	9	10 & +	In the current year	Sum of years (accumulated)
Previous											86,111.90	86,111.90	86,111.90
N-9	1,740,470.85	2,090,205.10	1,019,396.54	631,063.43	103,714.30	692,280.74	82,511.50	-	-	90,161.72		90,161.72	6,449,804.18
N-8	3,502,512.72	2,373,539.54	1,754,518.15	389,354.10	234,986.21	230,135.97	86,000.00	82,564.71	-			-	8,653,611.40
N-7	2,600,917.76	3,891,479.52	1,054,389.60	605,913.65	265,809.89	34,794.69	135,932.40	-				-	8,589,237.51
N-6	2,848,269.89	3,152,684.37	1,379,441.56	538,777.06	413,396.74	547,680.99	124,831.28					124,831.28	9,005,081.89
N-5	5,452,507.66	3,726,469.26	1,830,126.49	1,148,458.44	320,576.07	337,724.65						337,724.65	12,815,862.57
N-4	4,556,562.79	3,731,431.62	1,169,374.52	973,585.62	815,033.97							815,033.97	11,245,988.52
N-3	5,894,583.01	4,322,553.12	2,549,304.05	1,862,146.32								1,862,146.32	14,628,586.50
N-2	4,181,681.74	3,541,700.36	1,931,944.04									1,931,944.04	9,655,326.14
N-1	2,054,016.36	4,170,573.44										4,170,573.44	6,224,589.80
N	4,086,447.21											4,086,447.21	4,086,447.21
											Total	**13,504,974.53**	**91,440,647.63**

6. INFORMATION TEMPLATES (QRTs)

Year of evolution	0	1	2	3	4	5	6	7	8	9	10 & +	End-of-year (discounted data)
Previous											58,115.26	58,115.26
N-9	-	-	-	-	-	279,665.15	49,068.14	22,081.28	6,428.98	30,406.91		30,406.91
N-8	-	-	1,696,379.24	-	403,955.12	86,751.64	55,421.94	27,364.37	18,421.62			18,421.62
N-7	-	3,256,369.96	1,151,759.64	763,215.42	128,008.33	98,255.35	73,490.47	47,175.82				47,175.82
N-6	2,592,822.28	1,449,903.57	1,498,993.77	195,321.12	142,728.28	130,076.75	138,042.75					138,042.75
N-5	2,383,571.39	2,714,770.55	401,893.76	231,779.67	196,283.49	245,289.30						245,289.30
N-4	5,880,864.78	713,334.23	450,480.76	294,340.71	380,052.28							380,052.28
N-3	12,761,077.75	815,529.21	594,365.64	576,099.16								576,099.16
N-2	12,816,512.79	1,047,132.16	1,156,139.89									1,156,139.89
N-1	13,156,950.04	2,027,642.38										2,027,642.38
N	17,622,969.92											17,622,969.92
											Total	**22,300,355.28**

6. INFORMATION TEMPLATES (QRTs)

S.22.01.21

Impact of long-term guarantee measures and transitional measures

	Amount with long-term guarantee measures and transitional measures	Impact of the transitional measure on the technical provisions	Impact of the transitional measure on the interest rate	Impact of the volatility adjustment set to zero	Impact of the matching adjustment set to zero
Technical provisions	60,182,692,105.05	-	-	1,874,636.13	2,408,695,337.68
Basic own funds	3,530,575,436.71	-	-	(1,312,245.29)	(1,686,086,736.38)
Own funds admissible to cover the solvency capital requirement	3,530,575,436.71	-	-	(1,312,245.29)	(1,686,086,736.38)
Solvency capital requirement	2,060,210,057.28	-	-	7,251,990.21	(331,113,997.06)
Own funds admissible to cover the minimum capital requirement	3,530,575,436.71	-	-	(1,312,245.29)	(1,686,086,736.38)
Minimum capital requirement	927,094,525.78	-	-	3,263,395.59	(149,001,298.67)

6. INFORMATION TEMPLATES (QRTs)

S.23.01.01

Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in another financial sector in accordance with article 68 of the Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	1,347,461,833.00	1,347,461,833.00		-	
Share premium account related to ordinary share capital	-	-		-	
Initial mutual funds, members' contributions or the equivalent basic own funds element for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	-	-			
Preference shares	-		-	-	
Share premiums related to preference shares	-		-	-	-
Reconciliation reserve	2,209,967,671.72	2,209,967,671.72			
Subordinated liabilities	-		-	-	-
Amount equal to the value of the net deferred tax assets	-				-
Other items of the own funds approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-

6. INFORMATION TEMPLATES (QRTs)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as own funds of the Solvency II					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as own funds of the Solvency II	26.854.068,00				
Deductions					
Deductions for participations in financial and credit institutions	-	-	-	-	
Total basic own funds after deductions	3,530,575,436.71	3,530,575,436.71	-	-	-
Supplementary own funds					
Total supplementary own funds	-			-	-
Available and admissible own funds					
Total available own funds to cover the SCR	3,530,575,436.71	3,530,575,436.71	-	-	-
Total available own funds to cover the MCR	3,530,575,436.71	3,530,575,436.71	-	-	
Total admissible own funds to cover the SCR	3,530,575,436.71	3,530,575,436.71	-	-	-
Total admissible own funds to cover the MCR	3,530,575,436.71	3,530,575,436.71	-	-	
SCR	2,060,210,057.28				
MCR	927,094,525.78				
Ratio between admissible own funds and SCR	1.71				
Ratio between admissible own funds and MCR	3.81				

6. INFORMATION TEMPLATES (QRTs)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Reconciliation reserve					
Excess of assets over liabilities	4,070,590,770.66				
Own shares (held directly and indirectly)	-				
Foreseeable dividends, distributions and charges	333,593,097.46				
Other basic own fund items	1,347,461,833.00				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	179,568,168.48				
Reconciliation reserve	2,209,967,671.72				
Expected profits					
Expected profits included in future premiums - Life business	2,156,979,620.42				
Expected profits included in future premiums - Non-life business	-				
Total expected profits included in future premiums	2,156,979,620.42				

6. INFORMATION TEMPLATES (QRTs)

S.25.02.21

Solvency capital requirement - for companies that use the standard formula and a partial internal model

Unique number of the component	Components description	Calculation of the solvency capital requirement	Modelled amount	Specific parameters of the company	Simplifications
1	Market Risk	962,647,057.02	-	-	-
2	Counterparty default risk	56,562,140.69	-	-	-
3	Life underwriting risk	2,218,716,828.46	277,503,465.47	-	-
4	Sickness underwriting risk	16,969,145.97	-	-	-
5	Non–life underwriting risk	-	-	-	-
6	Intangible assets risk	-	-	-	-
7	Operational risk	281,062,657.84	-	-	-
8	Loss absorbing capacity of technical provisions (negative amount)	-	-	-	-
9	Loss absorbing capacity of deferred taxes (negative amount)	(880,265,457.48)	-	-	-

Calculation of the solvency capital requirement

Total of undiversified components	2,655,692,372.50
Diversification	(601,739,638.39)
Capital requirement for activities developed pursuant to Article 4 of Directive 2003/41/EC	-
Solvency capital requirement, excluding capital add-ons	2,053,952,734.11
Set capital add-ons	6,257,323.17
Solvency capital requirement	2,060,210,057.28
Other information on SCR	
Amount/Estimate of the overall loss-absorbing capacity of technical provisions	-

6. INFORMATION TEMPLATES (QRTs)

Amount/Estimate of the overall loss-absorbing capacity for deferred taxes	(880,265,457.48)
Capital requirement for duration–based equity risk sub-module	-
Total amount of notional solvency capital requirements for the remaining part	1,411,477,131.10
Total amount of notional solvency capital requirements for ring-fenced funds funds (other than those of the activities developed in in accordance with article 4 of the Directive 2003/41/EC [transition measure])	-
Total amount of notional solvency capital requirements for matching adjustment portfolios	648,732,926.18
Diversification effects due to the aggregation of the notional SCR for ring-fenced funds for the purposes of article 304	-

6. INFORMATION TEMPLATES (QRTs)

S.28.02.01

Minimum capital requirement - Insurance activity both life and non-life

		Non-life activities	Life activities
		Result MCR (NL,NL)	Result MCR (NL,L)
Component of the lineal formula of the non-life insurance and reinsurance obligations	**R0010**	2,950,127.51	-

		Non-life activities		Life activities	
		Best net estimation (of reinsurance / entities with special purpose) and TP calculated as a whole	**Net earned premiums (of reinsurance) in the last 12 months**	**Best net estimation (of reinsurance / entities with special purpose) and TP calculated as a whole**	**Net earned premiums (of reinsurance) in the last 12 months**
Proportional medical expenses insurance and reinsurance	R0020	-	-	-	-
Proportional income protection insurance and reinsurance	R0030	9,659,394.30	19,820,551.23	-	-
Proportional occupational accidents insurance and reinsurance	R0040	-	-	-	-
Proportional motor vehicle civil liability insurance and reinsurance	R0050	-	-	-	-
Other proportion motor vehicle insurance and reinsurance	R0060	-	-	-	-
Proportional marine, aviation and transport nsurance and reinsurance	R0070	-	-	-	-
Proportional fire and other damage to property insurance and reinsurance	R0080	-	-	-	-
Proportional general civil liability insurance and reinsurance	R0090	-	-	-	-
Proportional credit and surety insurance and reinsurance	R0100	-	-	-	-
Proportional legal defence insurance and reinsurance	R0110	-	-	-	-

6. INFORMATION TEMPLATES (QRTs)

		Best net estimation (of reinsurance / entities with special purpose) and TP calculated as a whole	Net earned premiums (of reinsurance) in the last 12 months	Best net estimation (of reinsurance / entities with special purpose) and TP calculated as a whole	Net earned premiums (of reinsurance) in the last 12 months
Proportional assistance insurance and reinsurance	R0120	-	-	-	-
Proportional diverse pecuniary losses insurance and reinsurance	R0130	-	-	-	-
Non-proportional sickness reinsurance	R0140	-	-	-	-
Non-proportional damages civil liability reinsurance	R0150	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-	-	-
Non-proportional insurance for damages	R0170	-	-	-	-

6. INFORMATION TEMPLATES (QRTs)

		Non-life activities	Life activities
		Result MCR (L,NL)	Result MCR (L,L)
Component of the lineal formula of life insurance and reinsurance obligations	**R0200**	-	1,259,357,155.88

		Non-life activities		Life activities	
		Best net estimation (of reinsurance / entities with special purpose) and TP calculated as a whole	**Net capital at total risk (of reinsurance/ entities with special purpose)**	**Best net estimation (of reinsurance / entities with special purpose) and TP calculated as a whole**	**Net capital at total risk (of reinsurance/ entities with special purpose)**
Liabilities with profit participation - guaranteed benefits	**R0210**	-		2,226,650,636.52	
Liabilities with profit participation - future discretionary benefits	**R0220**	-		-	
Unit linked and index linked insurance obligations	**R0230**	-		14,178,436,024.96	
Other life and sickness (re)insurance obligations	**R0240**	-		42,888,840,052.58	
Capital at total risk for life (re)insurance obligations	**R0250**		-		252,937,698,644.70

6. INFORMATION TEMPLATES (QRTs)

Calculation of the global MCR		
Lineal MCR	R0300	1,262,307,283.39
SCR	R0310	2,060,210,057.28
MCR maximum level	R0320	927,094,525.78
MCR minimum level	R0330	515,052,514.32
Combined MCR	R0340	927,094,525.78
MCR absolute minimum	R0350	6,700,000.00
Minimum capital requirement	**R0400**	**927,094,525.78**

Life and non-life notional MCR calculation		**Non-life activities**	**Life activities**
Notional lineal MCR	R0500	2,920,579.82	1,259,357,155.88
Notional SCR, excluding capital add-ons (annual or last calculation)	R0510	4,766,786.07	2,055,443,271.22
MCR maximum notional level	R0520	2,145,053.73	924,949,472.05
MCR minimum notional level	R0530	1,191,696.52	513,860,817.80
Notional combined MCR	R0540	2,145,053.73	924,949,472.05
Notional MCR absolute minimum	R0550	2,700,000.00	4,000,000.00
Notional MCR	R0560	2,700,000.00	924,949,472.05