

Business activity and results

January-September

2021



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Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statement and the consolidated balance sheet and the corresponding breakdowns of those statements provided in this report, are presented under management criteria, but have still been prepared in accordance with International Financial Reporting Standards (IFRS-EU) as adopted by the European Union under the terms of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, as subsequently modified. In preparing these statements, Circular 4/2017 of the Bank of Spain of 6 December, as subsequently modified, has also been taken into due account in that it adapts IFRS-EU to Spanish credit institutions.

This report has been prepared from the accounting records of CaixaBank, S.A. and the other Group companies, and includes certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank. For this reason, and specifically in the case of BPI, the information contained in this document does not coincide with certain aspects presented in BPI's publication of financial information. Likewise, the financial information regarding investees has been prepared primarily on the basis of estimates made by CaixaBank, hereinafter the "Company".

Figures are presented in millions of euros unless the use of another monetary unit is stated explicitly, and may be expressed as either million euros or € million. Certain financial information in this report was rounded off and, specifically, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them.

In accordance with the Guidelines on Alternative Performance Measures (APMs) published by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057), the appendices hereto provide the definition of certain alternative financial measures and, where appropriate, the reconciliation with the items contained on the financial statements for the period in question.

In accordance with the Amendments to IFRS 4 and subsequent reviews, the Group has decided to apply temporary exemption from applying IFRS 9 to the financial investments of the Group's insurance firms for all periods that come before 1 January 2023, aligning its first application with the entry into force of the new IFRS 17: Insurance Contracts (expected on 1 January 2023), which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, these investments are measured in accordance with IAS 39 and grouped under the heading "Assets under the insurance business" on the balance sheet. To make the information more readily comparable, the Group has also grouped together the technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed), which are now reported jointly under 'Liabilities under the insurance business'.

Commercial positioning

CLIENTS

21
million

BUSINESS ACTIVITY

607,331

in customer funds (€ million)

685,738

in total assets (€ million)

355,929

in loans and advances to
customers (€ million)

Balance sheet indicators

RISK MANAGEMENT

3.6%

NPL ratio

64%

NPL
coverage ratio

0.25%

Cost of risk (12 months)

CAPITAL ADEQUACY

13.0%

CET1

17.9%

Total capital

25.6%

MREL

LIQUIDITY

173,125

in total liquid assets (€ million)

304%

liquidity coverage ratio (LCR),
trailing 12 months

151%

NSFR

Results, profitability and cost-to-income

ATTRIBUTABLE PROFIT/(LOSS)

(millions of euros)



COST-TO-INCOME

55.3%

cost-to-income ratio stripping out
extraordinary expenses (12 months)

PROFITABILITY

9.6%

12-month ROTE
ex M&A impacts

Key Group figures

€ million / %	January - September		Change	3Q21	Quarter-on-quarter
	2021	2020			
PROFIT/(LOSS)					
Net interest income	4,416	3,647	21.1%	1,589	(2.9%)
Net fee and commission income	2,604	1,905	36.7%	964	(1.7%)
Core income	7,708	6,158	25.2%	2,809	(0.9%)
Gross income	7,711	6,260	23.2%	2,828	0.3%
Recurring administrative expenses, depreciation and amortisation	(4,353)	(3,485)	24.9%	(1,606)	0.5%
Pre-impairment income	1,337	2,776	(51.8%)	1,172	-
Pre-impairment income stripping out extraordinary expenses	3,357	2,776	20.9%	1,221	(0.1%)
Profit/(loss) attributable to the Group	4,801	726	-	620	-
Profit/(loss) attributable to the Group ex M&A impacts	2,022	726	-	744	(2.5%)
MAIN RATIOS (last 12 months)					
Cost-to-income ratio	75.7%	56.4%	19.3	75.7%	(0.0)
Cost-to-income ratio stripping out extraordinary expenses	55.3%	56.4%	(1.2)	55.3%	1.0
Cost of risk ¹ (last 12 months)	0.25%	0.67%	(0.42)	0.25%	(0.06)
ROE ¹	8.1%	4.2%	4.0	8.1%	(0.1)
ROTE ¹	9.6%	5.0%	4.6	9.6%	(0.2)
ROA ¹	0.4%	0.2%	0.2	0.4%	(0.0)
RORWA ¹	1.3%	0.7%	0.6	1.3%	(0.1)
BALANCE SHEET					
Total assets	685,738	451,520	51.9%	674,088	1.7%
Equity	35,124	25,278	39.0%	34,571	1.6%
BUSINESS ACTIVITY					
Customer funds	607,331	415,408	46.2%	600,993	1.1%
Customer funds, excluding the Bankia integration	446,732	415,408	7.5%	-	-
Loans and advances to customers, gross	355,929	243,924	45.9%	363,012	(2.0%)
Loans and advances to customers, gross, excluding the Bankia integration	234,913	243,924	(3.7%)	-	-
RISK MANAGEMENT					
Non-performing loans (NPL)	13,955	8,601	5,354	14,005	(50)
Non-performing loans (NPL), excluding the Bankia integration	8,529	8,601	(73)	-	-
Non-performing loan ratio	3.6%	3.3%	0.3	3.6%	0.0
Provisions for insolvency risk	8,955	5,755	3,200	9,001	(47)
Provisions for insolvency risk, excluding the Bankia integration	5,337	5,755	(418)	-	-
NPL coverage ratio	64%	67%	(3)	64%	-
Net foreclosed available for sale real estate assets	2,289	930	1,359	2,297	(8)
Foreclosed available for sale real estate assets, ex. Bankia integration	1,106	930	176	-	-
LIQUIDITY					
Total Liquid Assets	173,125	114,451	58,674	162,731	10,394
Liquidity Coverage Ratio (last 12 months)	304%	248%	56	292%	12
Net Stable Funding Ratio (NSFR)	151%	145%	6	148%	3
Loan to deposits	91%	97%	(6)	94%	(3)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	13.0%	13.6%	(0.6)	12.9%	0.1
Tier 1	15.3%	15.7%	(0.4)	14.8%	0.5
Total capital	17.9%	18.1%	(0.2)	17.4%	0.5
MREL	25.6%	26.3%	(0.7)	25.1%	0.5
Risk-weighted assets (RWAs) ²	220,354	144,073	76,281	220,881	(527)
Leverage ratio	5.2%	5.6%	(0.4)	5.1%	0.1
SHARE INFORMATION³					
Share price (€/share)	2.684	2.101	0.583	2.594	0.090
Market capitalisation	21,615	12,558	9,057	20,890	725
Book value per share (€/share)	4.36	4.22	0.13	4.29	0.07
Tangible book value per share (€/share)	3.72	3.49	0.23	3.66	0.07
Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.35	0.21	0.14	0.34	0.01
PER (Price/Profit, ex M&A impacts; times)	7.74	10.14	(2.40)	7.63	0.12
Tangible PBV (Market value/book value of tangible assets)	0.72	0.60	0.12	0.71	0.01
OTHER DATA (units)					
Employees ⁴	50,980	35,434	15,546	51,071	(91)
Branches ⁴	6,143	4,208	1,935	6,160	(17)
Of which: retail branches in Spain	5,415	3,571	1,844	5,433	(18)
ATMs ⁴	15,118	10,283	4,835	15,285	(167)

(1) These ratios do not include in the numerator the results generated by Bankia before 31 March 2021, which is the recognition date of the merger for accounting purposes or, for consistency, the contribution of the incorporated RWAs or balance items in the denominator. They neither consider the extraordinary impacts associated with the merger.

(2) At 31 March 2021, €66,165 million have been integrated from Bankia.

(3) See the methodology used in the calculation and breakdown in 'The CaixaBank share' and 'Appendices'.

(4) At 31 March 2021, 15,911 employees, 2,101 branches (of which 2,013 retail) and 5,156 ATMs have been integrated from Bankia. Does not include branches outside Spain and Portugal or representative offices.

Key information

Our Bank

The merger between CaixaBank and Bankia was materialised in the first quarter of 2021, consolidating CaixaBank's leadership in the Spanish financial system.

Following this operation, the CaixaBank Group serves over 21 million customers through a network of more than 6,000 branches in Spain and Portugal and exceeds €685,000 million in assets.

CaixaBank's vision is to be a leading and innovative financial group with the best customer service, while making it a benchmark for socially responsible banking.

CaixaBank has received the "World's Best Bank Transformation 2021" at the *Euromoney Global Awards for Excellence 2021* after successfully completing the merger with Bankia. *Euromoney* has acknowledged CaixaBank as the "Best Bank in Spain 2021".

Furthermore, CaixaBank has been recognised as "Best Bank in Spain" for the seventh consecutive year and "Best Bank in Western Europe" for the third time, at the *Best Bank Awards* handed out each year by the magazine *Global Finance*, for its social responsibility, financial robustness and leadership position following the merger with Bankia.

Customer experience

- CaixaBank provides a unique omnichannel distribution platform with multi-product capabilities that continuously evolves to anticipate our customers' needs and preferences.

Our service vocation helps us establish solid market shares¹, which have been reinforced with the integration of Bankia:

Loans to individuals and business	Consumer lending	Deposits by individuals and business	Investment funds	Pension plans	Long-term saving	Card turnover
24.5%	21.6%	25.3%	24.7%	33.8%	29.2%	33.1%

- BPI boasts a market share² of 10.9% in lending activity and 11.3% in customer funds.

In 2021, BPI was acknowledged with the "Five Stars Award" in the category of Major Banks and in the category of *Conta Ordenado* for its customer satisfaction, acknowledgement, confidence and the simplicity of *Cuenta Valor*, which is exempt from fees and offers free cards and transfers in digital channels.

In addition, it has been selected "Brand of Confidence" in the banking sector for the eighth consecutive year by the magazine *Seleções do Reader's Digest*, improving its performance in all evaluated attributes: service quality, cost-benefit ratio and customer service.

(1) Latest available information. Market shares in Spain. Source: Bank of Spain, Social Security, INVERCO, ICEA and Sistemas de tarjeta y medios de pago. Lending and deposits market share corresponding to the resident private sector.

(2) Latest available information. Data prepared in-house. Source: Banco de Portugal, APS, APFIPP.

Digital transformation

- CaixaBank continues to strengthen its **leadership of the digital banking market**, with a proportion of digital customers¹ of 71.4%, maintaining a firm commitment towards digital transformation and supporting innovative companies with a potential for growth. In 2021 the magazine *Global Finance* named CaixaBank the “**Best Consumer Digital Bank in Spain**” for the sixth consecutive year and CaixaBankNow the “**Best Consumer Banking App in Western Europe**” for the second consecutive year. In addition, CaixaBank's new corporate website has been acknowledged as the “**Best Consumer Website Design in Western Europe 2021**”.
- CaixaBank was named “**Most innovative bank in Western Europe 2021**” by the magazine *Global Finance*.
- The magazine PWM (*Financial Times* Group) has acknowledged CaixaBank as “**Best Private Bank in Europe in Big Data Analysis and Artificial Intelligence 2021**” for its digital transformation strategy and continuous innovation.

People-centric culture

- CaixaBank is included in the **Bloomberg Gender-Equality Index**, which acknowledges the companies that are most committed to gender equality, through their policies, and transparency in disseminating their gender-related programmes and data.

In 2021, *Bloomberg* position **CaixaBank as the world's leading company in gender equality**.

Responsible management and social commitment

- The CaixaBank Group is **firmly committed to being a key figure in helping alleviate the effects** caused by the **Covid-19 health crisis** by providing all its human, technological and financial resources in granting loans, as well as other actions to help families, companies and society as a whole. This led the magazine *Global Finance* to highlight in 2021 its “**Successful strategy as a liquidity provider during the pandemic in Western Europe 2021**”.
- CaixaBank, through its subsidiaries VidaCaixa and CaixaBank Asset Management, has become the **first bank in Spain** to receive **AENOR's Sustainable Finances certification** under ESG criteria (Environmental, Social and Governance) for financial asset managers.
- CaixaBank has received the award for “**Outstanding Leadership in Social Bonds Western Europe 2021**” by the magazine *Global Finance* in its *Sustainable Finance Awards* for issuing in the second quarter of 2021 a **social bond for €1,000 million linked to the SDGs** aimed at financing education and poverty reduction projects, adding to the two social bonds issued by the bank in 2019 and 2020. In addition, its inaugural green bond was named “**Green Bond of the Year 2021 - bank**” by the magazine *Environmental Finance*.
- Within the environmental scope, *the Carbon Disclosure Project* includes **CaixaBank on its A- list of leading companies fighting climate change**. CaixaBank is carbon neutral since 2018.

CaixaBank is **included in the UN Collective Commitment for Climate Action**.

In 2021 CaixaBank **joined, as a founding member, the Net Zero Banking Alliance**, an initiative that promotes zero net emission by 2050. Joining this initiative strengthens the Bank's commitment to sustainability, positioning CaixaBank as one of the most renowned in the sector, in line with our stakeholder's expectations.

- Additionally, **BPI was rewarded *Jornal de Negócios* "National Sustainability Award 2021"** in the Equality and Diversity category.

(1) Private individual customers between 20-74, with at least one access to CaixaBank and/or Bankia digital banking in the last 12 months.

Relevant issues in 2021

CaixaBank and Bankia merger

On 17 September 2020, the Board of Directors of CaixaBank and Bankia entered a Shared Merger Project involving the takeover merger of Bankia (absorbed company) by CaixaBank (absorbent company).

This Shared Merger Project was approved by the General Shareholders' Meetings of CaixaBank and Bankia, which were held in the beginning of December 2020, agreeing the following:

- The takeover merger of Bankia (absorbed company) by CaixaBank (absorbent company), entailing the extinction of the former, via dissolution without liquidation, and the transfer of the entirety of its assets to CaixaBank, which acquires the rights and obligations of Bankia through universal succession.
- The Merger exchange ratio is set at 0.6845 shares of CaixaBank, with a nominal value of one euro each, for each share of Bankia, with a nominal value of one euro each (hereinafter, the "Exchange Ratio").
- CaixaBank covered the Exchange Ratio by means of newly issued shares.

Effective control was set for 23 March 2021, once all conditions precedent were met.

Considering Bankia's share capital at this date, the Exchange Ratio and the closing price of the CaixaBank share at such date, the total value of the capital increase and, accordingly, the **cost of acquisition of the business combination amounted to €5,314 million** (the par value of the newly issued shares was €2,079 million and the increase of issue premium was €3,235 million).

The assets, liabilities and contingent liabilities of the acquiree were measured in the **Purchase Price Allocation (PPA) process**, establishing their fair value, and the corresponding deferred tax asset or liability was recognised, where applicable. The **adjustments totalled a net amount of €-3,474 million (€-4,029 million, gross)**.

The Group recognised a positive amount equivalent to the **negative difference arising on consolidation of €4,300 million** under Gains/(losses) on disposal of assets and others of the consolidated income statement (before and after tax), the calculation of which is detailed below:

Bankia Group equity at 31 Mar. 2021 (a)	13,088
Fair value adjustments and other¹, net (b)	(3,474)
Acquisition price (c)	5,314
Negative consolidation difference (a+b-c)	4,300

(1) See details of the adjustments in 'Appendices'.

The recognition date for accounting purposes is 31 March 2021. Therefore, the financial statements included Bankia's assets and liabilities on that date at fair value. As of the second quarter, the results generated by Bankia are included in the various lines of CaixaBank's income statement.

Labour agreement

On 1 July 2021, CaixaBank reached an agreement with union representatives representing a broad majority of employees to execute a restructuring process affecting 6,452 employees.

The income statement includes the recognition of €1,884 million (€1,319 million, net) associated with the estimate of this agreement's cost.

Agreement to sell Bankia business lines

With regard to the sale of certain lines of business directly pursued by Bankia to CaixaBank investees and after having obtained the relevant authorisations, the following is reported:

- On 1 October 2021, CaixaBank formalised the sale of the acquiring business (POS) to Comercia Global Payments EP, SL (“CGP”) for €260 million. Global Payments Inc and CABK hold an 80% and 20% stake, respectively, in CGP.
- Over the course of November 2021, CaixaBank is expected to formalise the sale of the prepaid card business to Global Payments MoneytoPay, EDE, SL (“MTP”) for €17 million. Global Payments Inc and CABK hold a 51% and 49% stake, respectively, in MTP.

The above-mentioned operations will generate a consolidated net gain of €187 million, which will be recognised in the last quarter of the year.

Stake held in Erste Group Bank

On 21 October 2021, CaixaBank (CABK) informed about the following in relation to its stake in Erste Group Bank AG (EBS):

- CABK is a shareholder of EBS and has partnered since 2009 with the Erste Foundation, the main shareholder of Erste Bank.
- CABK owns 9.92% of the voting rights of EBS. Part of this stake (4.5%) is hedged through equity swaps that can be settled in cash or by delivering the underlying shares to the swap counterparties.
- CABK is considering a potential divestment of all or part of its 5.42% unhedged stake in EBS. The manner and timing of this potential divestment would depend on a number of factors. CABK is holding discussions with the Erste Foundation in relation to a potential allocation of this 5.42% unhedged stake in EBS to certain preidentified potential buyers.
- CABK is also considering to settle the equity swaps underlying 4.5% of its stake by delivering the underlying shares to the equity swaps counterparties.
- A potential full disposal of the EBS stake, based on 30 September 2021 share price for EBS, would result in a non-material P&L impact and an improvement of 15 basis points in CET1 reported at 30 September.
- Having stated the above, the divestment of CABK’s entire stake in EBS will ultimately depend on market conditions.

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Attractive return and solid financials

Results and business activity

- **Attributable profit in the first nine months of 2021 reached €4,801 million**, including the one-off impacts related to the merger with Bankia.

The result up to September 2021 stands at **€2,022 million without considering the extraordinary aspects** related to the merger (negative consolidation difference for €4,300 million and extraordinary expenses and charges to provisions and others for €-1,521 million, net of tax). The result in the same period of 2020 was €726 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

The **comparative proforma result** in the first nine months of 2021 amounted to **€2,087 million versus €906 million in the same period of 2020, impacted by the aforementioned provisions associated with Covid-19** (Bankia's result before the merger is included in both years. Extraordinary aspects related to the merger have been stripped out).

- **Total loans and advances to customers, gross** stands at €355,929 million, up 45.9% in the year (-3.7% ex Bankia integration).
- **Customer funds** increased by 46.2% in the year (+7.5% ex Bankia integration).

Risk management

- The **NPL ratio** stands at **3.6%** and the **coverage ratio** at **64%** (3.3% and 67%, respectively at 2020 year-end).
- The **cost of risk (last 12 months)** came to **0.25%**.

Liquidity management

- **Total liquid assets** amounted to **€173,125 million**, up €58,674 million in the year, mainly due to the integration of Bankia.
- The Group's **Liquidity Coverage Ratio (LCR)** was **327%** at 30 September 2021, showing an ample liquidity position (304% LCR average last 12 months) well clear of the minimum requirement of 100%.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio stands at **13.0%**.

The year includes the one-off impacts of Bankia's integration (+77 basis points from the integration and -89 basis points from the effect of the PPA) and the recognition of restructuring costs and charges to provisions (-95 basis points, of which -83 correspond to the labour integration agreement registered in June).

The organic change in the first nine months was of +88 basis points and -23 basis points caused by the performance of the markets and other (of which -71 basis points from regulatory impacts recognised in the second quarter). The impact of IFRS 9 phase in was of -19 basis points.

- The CET1 ratio without applying the IFRS 9 transitional period reaches **12.7%**.
- The **Tier 1** ratio reaches **15.3%**, the **Total Capital 17.9%** and the **leverage ratio 5.2%**.
- The MREL ratio stood at 25.6% on RWAs, meeting the level required for 2024.

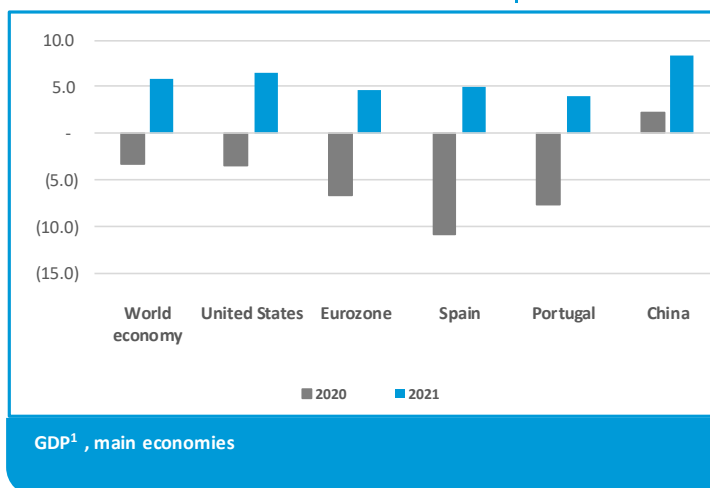
Macroeconomic trends and state of the financial markets

Global economic outlook

Growth data from the second quarter of 2021 and the most recent data available for the third quarter show that the global recovery continues with the easing of most restrictions to mobility and markedly accommodating economic policies. Therefore, the **global economy** could close 2021 with growth of around 6%, albeit with considerable differences between countries.

China and the United States are further down the path towards normalising their economies, and therefore the recent slower-paced data must be understood along such lines. In the second quarter, the US economy was already above pre-Covid levels, following a 1.6% quarter-on-quarter advance. Other economies, specifically in Europe, are at an earlier stage in this recovery.

By 2022, and in the absence of the pandemic's new variants, global activity should continue to progress towards high rates (somewhat above 4.5%), although with less volatility than in 2021. However, the downside risks will continue stemming mainly from the health situation, although advances in vaccination are reducing the pandemic's impact on economic activity. The risks of overheating are also a concern, especially in the US economy, as a result of disruptions in global supply chains, and increased volatility in financial markets, due to some doubts that may arise about the growth capacity of major economies, such as China.



(1) CaixaBank Research forecasts for 2021.

Economic scenario - Europe, Spain and Portugal

In the **eurozone**, the GDP grew strongly in the second quarter of 2021 (close to 2%), generously offsetting the accumulated decline in the previous two quarters (-0.7%). This result is mainly due to drive of household consumption (3.5% compared to -2.1%), which has benefited greatly from the easing of restrictions that have released part of the hindered demand and which has been financed by the excess savings accumulated since the onset of the pandemic. The good rate of vaccination has been crucial in the good performance of activity in the second quarter. In this respect, as more than 60% of the population has already had its second dose in mid-September, the outlook remains very positive: the indicators point to a scenario in which GDP could grow in the third quarter of 2021 at a pace even higher than the previous quarter, reaching the pre-Covid level by the end of 2021. These forecasts are strengthened with the initiation of the distribution of NGEU funds. However, the persistence of supply issues in global chains is one of the biggest risks in the months to come: according to a survey by Eurostat, close to 40% of the companies consulted recognised that their production capacity was limited by a shortage of materials and equipment.

In **Spain**, after two quarters marked by the weakening recovery, GDP grew by 1.1% quarter on quarter in the second quarter of 2021, in a context of easing of restrictions to contain the pandemic and notable advances in the vaccination process. This data represents a strong downward revision from the initial estimate of the INE (2.8%), which is mainly due to a more reduced advance of private consumption than originally estimated. After the data of the second quarter, the GDP was still 8.4% below the pre-crisis level of the fourth quarter of 2019.

In the final leg of the year, we expect a boost in the recovery, thanks to a more intense surge of hindered demand and the implementation of the NGEU funds, which will increase investment; as a result, GDP growth could reach 5% for 2021 on the whole.

In the third quarter of 2021, the available indicators show that the economy's recovery has been strengthened during the summer months, because the risk of the fifth wave of infections and the malignancy of the coronavirus Delta variant has been offset by rapid progress in vaccinations; this, in turn, has contributed to improved tourism flows, especially in terms of residents. In July and August, PMI sentiment indices for manufactures and services remain clearly above the 50 points that delimit the contraction of expansion, while CaixaBank's consumption indicator has recorded increases of 7% in July, 13% in August and 14% in the first three weeks of September with respect to the same period of 2019. The job market consolidates its recovery: after five months of increases, Social Security affiliation –corrected for seasonality– in September exceeded the February 2020 level (€19,477 million); this comes in addition to the reduction of workers affected by furlough, which is down to 239,230 people at the end of the quarter.

In **Portugal**, the GDP grew strongly in the second quarter of 2021 (4.5% quarter on quarter), and the latest indicators point to this boost remaining: the performance of the daily activity indicator developed by the Central Bank of Portugal is compatible with growth in the third quarter of 2021 at around 1.2-1.4% per quarter. These bright prospects are backed by the start of the distribution of NGEU aid and by the smooth running of the vaccination process. In fact, by mid-September, practically 85% of the total population has already been fully vaccinated. The outlook is positive and the Portuguese GDP is estimated to grow by 4.0% in 2021, although it is not expected to recover its pre-pandemic level until the second half of 2022.

State of the financial markets

The Fed and ECB, each at their own pace, are laying the ground to gradually ease back on the stimulus deployed following the pandemic outbreak. However, this pullback is not arising from concern over the pick-up in inflation, as both institutions consider it to be temporary and to temper throughout 2022. The ECB has reduced the pace of purchases within the framework of the PEPP (Pandemic Emergency Purchase Programme) in the fourth quarter and expects to end them in March 2022. However, with the aim of maintaining accommodative financial conditions, it is likely that thereafter the APP (Asset Purchase Programme) will gain importance or the ECB will create a new programme to continue purchasing assets. In any case, it is expected to maintain very low interest rates for many years, more so following the strategic review, which has led to a change in the inflation target and a further tolerance to it fluctuating above 2%. The Fed is paving the way to start slowing the rate of asset purchases, which is expected for the fourth quarter of 2021. The US GDP already exceeded the level prior to the pandemic in the first quarter, and the inflationary pressures, although also of temporary nature, are stronger than in the eurozone. For this reason, the FED is expected to increase interest rates before the ECB and, in fact, we believe that this could happen in 2023.

So far this year, the main stock market indices have registered increases above 10%, pushed by the optimism in the economic recovery. Following a placid summer, the financial markets are now seeking new catalysts. The evolution of the pandemic, the inflationist pressures and the actions taken by the central banks, with a gradual pullback of the monetary stimuli, will focus the attention of investors and will lead the path of the sovereign interest rates. At present, the 10-year Treasury yield has risen to levels above 1.50%. However, in the middle of the monetary normalisation process there is the risk that an erroneous report published by the Fed could cause sharp movements that are picked up by the rest of financial assets. In the eurozone area, the 10-year Bund increased to a lesser degree and is still at low levels, as so are the risk premiums. Given that the ECB's presence in the sovereign bond market is guaranteed with the net purchases and reinvestments of principal at maturity, nothing leads to believe that there will be any great fluctuations in the short and medium term.

Income statement

For accounting purposes, the reference date taken for the merger is 31 March 2021, after which the results generated by Bankia are included in the various items in CaixaBank's income statement, affecting the comparability of its performance. In addition, the result generated in the first nine months of 2021 includes extraordinary impacts related to the merger.

Year-on-year performance

Attributable profit for the first nine months of 2021 amounts to €4,801 million.

The **result in the first nine months stands at €2,022 million, stripping out the extraordinary aspects related to the merger** (negative consolidation difference for €4,300 million and extraordinary expenses, charges to provisions and others for €-1,521 million, net of tax). In the same period of 2020 the result was €726 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

€ million	9M21	M&A one offs ⁽¹⁾	9M21 ex M&A	9M20	Change	Change %
Net interest income	4,416		4,416	3,647	769	21.1
Dividend income	152		152	96	57	59.3
Share of profit/(loss) of entities accounted for using the equity method	355		355	218	136	62.5
Net fee and commission income	2,604		2,604	1,905	700	36.7
Trading income	130		130	182	(52)	(28.6)
Income and expense under insurance or reinsurance contracts	479		479	441	38	8.6
Other operating income and expense	(427)		(427)	(229)	(198)	86.4
Gross income	7,711		7,711	6,260	1,450	23.2
Recurring administrative expenses, depreciation and amortisation	(4,353)		(4,353)	(3,485)	(869)	24.9
Extraordinary expenses	(2,020)	(2,019)	(1)		(1)	
Pre-impairment income	1,337	(2,019)	3,356	2,776	580	20.9
Pre-impairment income stripping out extraordinary expenses	3,357		3,357	2,776	581	20.9
Allowances for insolvency risk	(493)		(493)	(1,594)	1,101	(69.1)
Other charges to provisions	(359)	(157)	(202)	(207)	5	(2.2)
Gains/(losses) on disposal of assets and others	4,275	4,303	(27)	(92)	64	(70.1)
Profit/(loss) before tax	4,760	2,127	2,633	883	1,750	
Income tax expense	41	652	(611)	(157)	(454)	
Profit/(loss) after tax	4,801	2,779	2,022	726	1,296	
Profit/(loss) attributable to minority interest and others	(0)		(0)	(1)	1	(65.3)
Profit/(loss) attributable to the Group	4,801	2,779	2,022	726	1,295	

(1) Breakdown of extraordinary impacts associated with the merger:

- Extraordinary expenses: estimated cost of the labour agreement (€-1,884 million) and other integration expenses (€-135 million).
- Other charges to provisions: €-131 million to cover asset write-downs mainly from the plan to restructure the commercial network and €-26 million from restructuring costs associated with commitments already assumed with providers.
- Gains/losses on disposal of assets: €+4,300 million due to negative consolidation difference and €+3 million others.

Core income	9M21	9M20	Change	Change %
Net interest income	4,416	3,647	769	21.1
Income from Bancassurance equity investments	209	165	44	26.6
Net fee and commission income	2,604	1,905	700	36.7
Income and expenses under insurance or reinsurance contracts	479	441	38	8.6
Total core income	7,708	6,158	1,551	25.2

Core income stands at €7,708 million (+25.2%), after the integration of Bankia, which as of the second quarter of 2021 mainly impacts the Net interest income and Fee and commission income:

- **Net interest income** came to €4,416 million, up 21.1% with respect to the same period of the previous year. The customer spread reached 1.70% and the balance sheet spread 0.97% in the first nine months of 2021.
- **Fee and commission income** grew 36.7% to €2,604 million.
- **Income from Bancassurance equity investments** amounted to €209 million, up 26.6%, and includes the improved performance in 2021 and the incorporation of insurance investees of Bankia.
- **Income and expenses under insurance or reinsurance contracts** reached €479 million, up 8.6% on the previous year as a result of increased commercial activity.

Dividend income, which mainly includes dividends from Telefónica and BFA, totalled €152 million in the first nine months of 2021. The 59.3% increase with respect to the same period of 2020 is mainly due to income associated with an extraordinary dividend from BFA for €54.5 million.

Share of profit/(loss) of entities accounted for using the equity method amounted to €355 million, up 62.5% with respect to the same period of the previous year as a result of the higher results attributed in a context of improvement in the economic outlook.

Trading income stands at €130 million. In 2020 it included, the materialisation of unrealised gains from fixed-income assets.

Other operating income and expense includes, among other items, income and expenses of non-real estate subsidiaries, income from rentals and expenses incurred in managing foreclosed properties and contributions, levies and taxes, which increase year-on-year due to the further contribution made by the company arising from the merger. In its performance stands out, among others, the higher contribution to the Single Resolution Fund¹ for €181 million in the second quarter of 2021 versus the €111 million made in the previous year.

Gross income €7,711 million, up 23.2%. **Recurring administrative expenses, depreciation and amortisation** increased by 24.9% (€-4,353 million). The recurring cost-to-income ratio (12 months) stood at 55.3% versus 56.4% in the same period of the previous year.

Extraordinary expenses (€-2,020 million) include €-1,884 million, gross, associated with the cost of the labour agreement and €-135 million of other expenses incurred in the integration process.

Allowances for insolvency risk reached €-493 million, down 69.1% with respect to the same period of 2020, which includes the increased provisions for credit risk made to anticipate future impacts associated with Covid-19 (€-1,161 million).

The **cost of risk** (last 12 months) came to **0.25%**.

Other charges to provisions include in the third quarter of 2021 a provision for €-131 million to cover, mainly, asset write-downs from the plan to restructure the commercial network. In the second quarter of 2021, it includes an estimation for €-26 million associated with the commitments already assumed with providers within the framework of the integration.

Gains/losses on disposal of assets and others is impacted mainly by the recognition in the first quarter of 2021 of the negative consolidation difference for an amount of €4,300 million.

In addition, see "Appendices - Breakdown of the performance of the income statement by item".

(1) Including BPI's contribution to the Portuguese Resolution Fund of €8.5 million.

Quarterly performance

Below is the quarterly performance as well as the variation with regards to the third quarter of last year, stripping out the extraordinary expenses related to the merger for 2021. The change with respect to the third quarter of 2020 is not directly comparable due to the inorganic growth.

The proforma section includes a comparative explanation of the quarterly performances (excluding the aforementioned extraordinary expenses in 2021 and including Bankia's results in the third quarter of 2020).

€ million	3Q21			2Q21				3Q20	
	3Q21	M&A one offs	3Q21 ex M&A	2Q21	M&A one offs	2Q21 ex M&A	Change %	3Q20	Change %
Net interest income	1,589		1,589	1,636		1,636	(2.9)	1,222	30.0
Dividend income	1		1	151		151	(99.6)	2	(57.7)
Share of profit/(loss) of entities accounted for using the equity method	150		150	129		129	16.3	122	22.9
Net fee and commission income	964		964	981		981	(1.7)	638	51.0
Trading income	50		50	38		38	31.3	40	26.3
Income and expense under insurance or reinsurance contracts	162		162	154		154	5.3	150	7.9
Other operating income and expense	(88)		(88)	(268)		(268)	(67.3)	(30)	
Gross income	2,828		2,828	2,820		2,820	0.3	2,143	31.9
Recurring administrative expenses, depreciation and amortisation	(1,606)		(1,606)	(1,598)		(1,598)	0.5	(1,140)	41.0
Extraordinary expenses	(49)	(49)	(0)	(1,930)	(1,929)	(1)	(100.0)		
Pre-impairment income	1,172	(49)	1,221	(708)	(1,929)	1,221	0.0	1,004	21.6
Pre-impairment income stripping out extraordinary expenses	1,221		1,221	1,222		1,222	(0.1)	1,004	21.7
Allowances for insolvency risk	(165)		(165)	(155)		(155)	6.5	(260)	(36.7)
Other charges to provisions	(204)	(130)	(73)	(106)	(26)	(80)	(8.2)	(23)	
Gains/(losses) on disposal of assets and others	(9)	3	(12)	(18)		(18)	(36.8)	(42)	(72.3)
Profit/(loss) before tax	794	(177)	971	(987)	(1,955)	968	0.4	678	43.1
Income tax expense	(174)	53	(227)	382	587	(204)	11.1	(156)	45.2
Profit/(loss) after tax	620	(124)	744	(605)	(1,369)	764	(2.5)	522	42.5
Profit/(loss) attributable to minority interest and others	0		0	(0)		(0)		1	(96.5)
Profit/(loss) attributable to the Group	620	(124)	744	(605)	(1,369)	764	(2.5)	522	42.7

Core income	3Q21	2Q21	Change %	3Q20	Change %
Net interest income	1,589	1,636	(2.9)	1,222	30.0
Income from Bancassurance equity investments	94	63	50.1	83	13.0
Net fee and commission income	964	981	(1.7)	638	51.0
Income and expenses under insurance or reinsurance contracts	162	154	5.3	150	7.9
Total core income	2,809	2,833	(0.9)	2,094	34.2

Comparative proforma income statement

Below is the comparative proforma income statement, which is presented with the aim of providing information on the performance of the merged entity's results. It has been drawn up by adding, in both years, the result generated by Bankia before the merger to the result obtained by CaixaBank, without considering the extraordinary aspects related thereto.

Year-on-year performance

The comparative proforma Profit/(loss) in the first nine months stands at **€2,087 million**. In the same period of 2020, it reached €906 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

€ million	9M21	9M20	Change	Change %
Net interest income	4,864	5,066	(202)	(4.0)
Dividend income	153	97	56	57.6
Share of profit/(loss) of entities accounted for using the equity method	367	251	115	45.8
Net fee and commission income	2,886	2,743	144	5.2
Trading income	140	327	(186)	(57.1)
Income and expense under insurance or reinsurance contracts	479	441	38	8.6
Other operating income and expense	(468)	(412)	(56)	13.7
Gross income	8,421	8,513	(92)	(1.1)
Recurring administrative expenses, depreciation and amortisation	(4,797)	(4,777)	(20)	0.4
Extraordinary expenses	(1)	(1)	(1)	
Pre-impairment income	3,623	3,737	(114)	(3.0)
Pre-impairment income stripping out extraordinary expenses	3,624	3,737	(113)	(3.0)
Allowances for insolvency risk	(616)	(2,406)	1,790	(74.4)
Other charges to provisions	(226)	(150)	(76)	50.6
Gains/(losses) on disposal of assets and others	(50)	(145)	95	(65.6)
Profit/(loss) before tax	2,731	1,035	1,695	
Income tax expense	(644)	(130)	(514)	
Profit/(loss) after tax	2,087	906	1,182	
Profit/(loss) attributable to minority interest and others	(0)	(1)	0	(65.3)
Comparative proforma Profit/(loss)¹	2,087	906	1,181	
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net ²	(65)	(180)	114	
+ M&A impacts, net ³	2,779		2,779	
Profit/(loss) attributable to the Group (accounting profit/(loss))	4,801	726	4,075	

(1) Bankia's results are added to the proforma income statement using CaixaBank criteria. See additional information in 'Appendices - Adapting Bankia's financial information using CaixaBank management criteria'.

(2) Bankia Profit/(loss) stripping out extraordinary expenses, net is deduced: €65 million corresponding to the first quarter of 2021 (before materialising the merger), and €180 million corresponding to the first nine months of 2020.

(3) €2,779 million, which results from the negative consolidation difference for €+4,300 million and extraordinary expenses, charges to provisions and others, net of taxes, for €-1,521 million, net are added to the first nine months of 2021.

Core income	9M21	9M20	Change	Change %
Net interest income	4,864	5,066	(202)	(4.0)
Income from Bancassurance equity investments	221	203	18	8.7
Net fee and commission income	2,886	2,743	144	5.2
Income and expenses under insurance or reinsurance contracts	479	441	38	8.6
Total core income	8,450	8,453	(3)	(0.0)

Core income, €8,450 million, remains stable with respect to the same period in the previous year. Its performance is impacted by the lower **Net interest income** (-4.0%), which is compensated by the growth of **Fee and commission income** (+5.2%), the recovery of **Income from Bancassurance equity investments** (+8.7%) and **Income and expenses under insurance or reinsurance contracts** (+8.6%).

Despite the stability of core income and the increase of dividend income and income from equity investments, **Gross income** dropped 1.1% mainly due to lower Trading income (-57.1%) and higher costs recognised in Other operating income and expense (+13.7%).

Recurring administrative expenses, depreciation and amortisation slightly grew 0.4%. The core cost-to-income ratio (12 months) improved by 0.9 percentage points, reaching 55.3%.

The performance of **Allowances for insolvency risk** (-74.4%) is impacted, among others, by the increased provisions for credit risk established in 2020, aimed to anticipate future impacts associated with Covid-19 (€-1,611 million).

Other charges to provisions stands at €-226 million in 2021 (+50.6%).

Gains/(losses) on disposal of assets and others included, among other items, increased real estate provisions in 2020.

Quarterly performance

€ million	3Q21	2Q21	Change %	3Q20	Change %
Net interest income	1,589	1,636	(2.9)	1,714	(7.3)
Dividend income	1	151	(99.6)	2	(70.5)
Share of profit/(loss) of entities accounted for using the equity method	150	129	16.3	130	14.9
Net fee and commission income	964	981	(1.7)	921	4.8
Trading income	50	38	31.3	41	21.2
Income and expense under insurance or reinsurance contracts	162	154	5.3	150	7.9
Other operating income and expense	(88)	(268)	(67.3)	(73)	20.8
Gross income	2,828	2,820	0.3	2,885	(2.0)
Recurring administrative expenses, depreciation and amortisation	(1,606)	(1,598)	0.5	(1,568)	2.4
Extraordinary expenses		(1)	(100.0)		
Pre-impairment income	1,221	1,221	0.0	1,317	(7.3)
Pre-impairment income stripping out extraordinary expenses	1,221	1,222	(0.1)	1,317	(7.3)
Allowances for insolvency risk	(165)	(155)	6.5	(592)	(72.1)
Other charges to provisions	(73)	(80)	(8.2)	59	
Gains/(losses) on disposal of assets and others	(12)	(18)	(36.8)	(79)	(85.2)
Profit/(loss) before tax	971	968	0.3	705	37.8
Income tax expense	(227)	(204)	11.1	(145)	56.2
Profit/(loss) after tax	744	764	(2.5)	560	33.0
Profit/(loss) attributable to minority interest and others	0	(0)		1	(96.8)
Comparative proforma Profit/(loss)	744	764	(2.5)	559	33.1
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net				(37)	
+ M&A impacts, net	(124)	(1,369)			
Profit/(loss) attributable to the Group (accounting profit/(loss))	620	(605)		522	18.9

Core income	3Q21	2Q21	Change %	3Q20	Change %
Net interest income	1,589	1,636	(2.9)	1,714	(7.3)
Income from Bancassurance equity investments	94	63	50.1	94	0.2
Net fee and commission income	964	981	(1.7)	921	4.8
Income and expenses under insurance or reinsurance contracts	162	154	5.3	150	7.9
Total core income	2,809	2,833	(0.9)	2,878	(2.4)

Comparative proforma Profit/(loss) in the third quarter of 2021 stands at €744 million versus €764 million in the previous quarter:

Gross income in the quarter amounted to €2,828 million, up 0.3%:

- **Core income** slightly dropped 0.9%, marked by the performance of the Net interest income (-2.9%) and Fee and commission income (-1.7%), which are partially compensated by the increase of Income from Bancassurance equity investments (+50.1%) and Income and expenses under insurance or reinsurance contracts (+5.3%).
- The dividend income drops, due to including in the second quarter **Dividend income** for €151 million from BFA and Telefónica.
- **Trading income** increased to €50 million.
- **Other operating income and expense** include in the second quarter the contribution of €-181 million paid to the Single Resolution Fund (SRF).

Recurring administrative expenses, depreciation and amortisation slightly grew (+0.5%).

Allowances for insolvency risk is in line with the previous quarter (+6.5%) and decrease of **Other charges to provisions** (-8.2%).

The change in attributable profit in the third quarter of 2021 (€744 million), when compared to the same quarter of the previous year (€559 million), was mainly due to the following:

Gross income dropped 2.0% with respect to the same period of the previous year.

- **Core income** was down 2.4% as a result of the performance of **Net interest income** (-7.3%), counterbalancing the growth of all other core items.
- Income from equity investments grew.
- Lower contribution of **Other operating income and expense**.

Higher **Recurring administrative expenses, depreciation and amortisation** (+2.4%).

The performance of **Allowances for insolvency risk** is impacted in the third quarter of 2020 by the increased provisions associated with Covid-19 (€-161 million).

Proforma returns on average total assets¹

	3Q21	2Q21	1Q21	4Q20	3Q20
%					
Interest income	1.20	1.25	1.34	1.39	1.37
Interest expense	(0.28)	(0.27)	(0.33)	(0.34)	(0.34)
Net interest income	0.92	0.98	1.01	1.05	1.03
Dividend income	0.00	0.09	0.00	0.03	0.00
Share of profit/(loss) of entities accounted for using the equity method	0.08	0.07	0.05	0.08	0.08
Net fee and commission income	0.55	0.59	0.58	0.60	0.56
Trading income	0.03	0.02	0.03	0.04	0.02
Income and expense under insurance or reinsurance contracts	0.09	0.09	0.10	0.09	0.09
Other operating income and expense	(0.05)	(0.16)	(0.07)	(0.21)	(0.04)
Gross income	1.62	1.68	1.70	1.68	1.75
Recurring administrative expenses, depreciation and amortisation	(0.92)	(0.95)	(0.97)	(0.92)	(0.95)
Pre-impairment income	0.70	0.73	0.73	0.76	0.80
Allowances for insolvency risk	(0.09)	(0.09)	(0.18)	(0.33)	(0.36)
Other charges to provisions	(0.04)	(0.05)	(0.04)	(0.04)	0.04
Gains/(losses) on disposal of assets and others	(0.01)	(0.01)	(0.02)	0.09	(0.05)
Profit/(loss) before tax	0.56	0.58	0.49	0.48	0.43
Income tax expense	(0.13)	(0.12)	(0.13)	(0.06)	(0.09)
Profit/(loss) after tax	0.43	0.46	0.36	0.42	0.34
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	0.43	0.46	0.36	0.42	0.34
Average total net assets (€ million)	690,460	671,368	660,552	668,680	661,993

(1) Annualised quarterly proforma income/cost to average total assets.

Net interest income

• **Net interest income** totalled €4,864 million (down 4.0% with respect to the same period in 2020). In an environment of negative interest rates, this decrease is due to:

- Lower income from loans due to the interest rate decline, impacted by the drop of the rate curve, change of structure of the lending portfolio resulting from the increase of ICO loans and loans to the public sector, and the lower income from consumer lending. This rate reduction has been partially compensated by a higher average volume.
- Lower contribution of the fixed-income portfolio due to lower volumes and the reduction of the average rate, mainly as a result of the remeasurement of assets at market value within the framework of the CaixaBank and Bankia integration.

These effects have been partially compensated by:

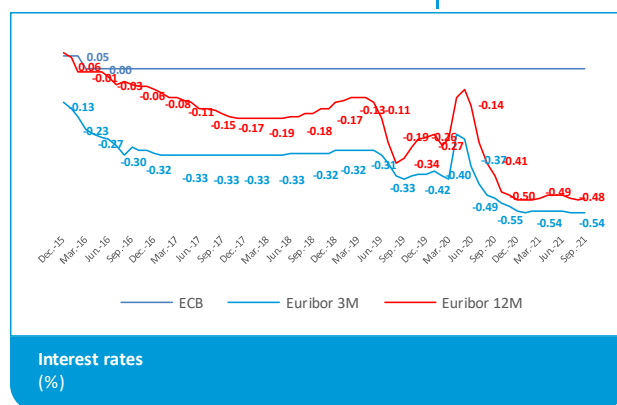
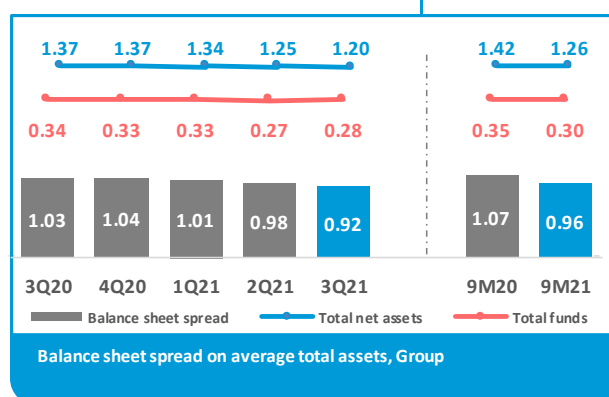
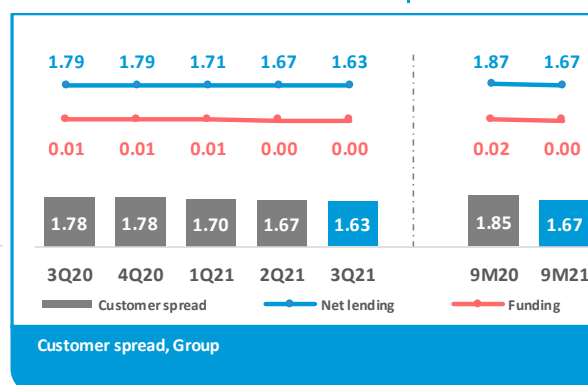
- Reduction of costs for financial institutions, aided by the increase of financing taken from the ECB at better conditions.
- Savings in the costs of institutional financing due to a lower price, mainly as a result of the revaluation of liabilities at market value within the framework of the CaixaBank and Bankia integration and a drop in the curve. The net interest income is also positively impacted by a lower average volume.
- Lower retail funding costs due to the drop in the rate, which compensate the higher volumes (increase in demand deposits and decrease of time deposits).

• Net interest income in the **quarter** declines 2.9% with respect to the previous quarter due to:

- Decline in the income of loans and advances due to a lower portfolio interest rate, resulting from the negative repricing effect as a consequence of a drop of the rate curve. A lower average volume is added to this rate reduction.
- Higher costs for financial institutions due to the increase of liquidity penalised with negative interest rates.
- Lower contribution of the fixed-income portfolio due to lower volumes and the reduction of the average rate.

The **customer spread** fell by 4 basis points in the quarter to 1.63%, in spite of the stable performance of the cost of deposits, due to a reduction in the return on lending activity.

The **balance sheet spread** is 6 basis points below the previous quarter, reaching 0.92%.



Quarterly cost and income

€ million	3Q21			2Q21			1Q21		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	114,742	252	0.87	90,624	237	1.05	74,982	213	1.15
Loans and advances (a)	336,605	1,386	1.63	339,866	1,418	1.67	343,818	1,448	1.71
Debt securities	78,021	46	0.23	81,848	49	0.24	86,985	106	0.49
Other assets with returns	63,755	392	2.44	63,497	379	2.40	66,739	413	2.51
Other assets	97,337	9	-	95,533	4	-	88,028	2	-
Total average assets (b)	690,460	2,085	1.20	671,368	2,087	1.25	660,552	2,182	1.34
Financial Institutions	115,452	(126)	0.43	109,060	(96)	0.35	103,939	(76)	0.30
Retail customer funds (c)	371,366	2	-	362,009	(2)	-	354,718	(6)	0.01
Wholesale marketable debt securities & other	48,122	(37)	0.30	47,690	(35)	0.29	47,226	(87)	0.75
Subordinated liabilities	9,841	(8)	0.34	9,727	(7)	0.30	9,179	(32)	1.41
Other funds with cost	83,215	(313)	1.49	75,907	(297)	1.57	76,773	(328)	1.73
Other funds	62,464	(14)	-	66,975	(14)	-	68,717	(14)	-
Total average funds (d)	690,460	(496)	0.28	671,368	(451)	0.27	660,552	(543)	0.33
Net interest income		1,589			1,636			1,639	
Customer spread (%) (a-c)		1.63			1.67			1.70	
Balance sheet spread (%) (b-d)		0.92			0.98			1.01	

€ million	4Q20			3Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	78,399	223	1.13	74,146	198	1.06
Loans and advances (a)	345,967	1,557	1.79	343,973	1,549	1.79
Debt securities	88,763	111	0.50	90,447	116	0.51
Other assets with returns	67,415	413	2.44	65,856	410	2.48
Other assets	88,136	5	-	87,571	4	-
Total average assets (b)	668,680	2,309	1.37	661,993	2,277	1.37
Financial Institutions	107,934	(84)	0.31	108,150	(82)	0.30
Retail customer funds (c)	357,931	(5)	0.01	354,728	(9)	0.01
Wholesale marketable debt securities & other	49,332	(95)	0.77	49,636	(106)	0.85
Subordinated liabilities	8,939	(34)	1.49	8,356	(34)	1.62
Other funds with cost	76,547	(323)	1.68	74,518	(318)	1.70
Other funds	67,997	(18)	-	66,604	(14)	-
Total average funds (d)	668,680	(559)	0.33	661,993	(563)	0.34
Net interest income		1,750			1,714	
Customer spread (%) (a-c)		1.78			1.78	
Balance sheet spread (%) (b-d)		1.04			1.03	

To help readers interpret the information contained in this report, the following aspects should be taken into account:

- According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being income from ECB funding measures (TLTRO and MRO). Conversely, the heading financial intermediaries on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.
- "Other assets with returns" and "Other funds with cost" relate largely to the Group's life insurance activity.
- The balances of all headings except "Other assets" and "Other funds" correspond to balances with returns/cost. "Other assets" and "Other funds" incorporate balance items that do not have an impact on the Net interest income and on returns and costs that are not assigned to any other item.

Fees and commissions

• **Fee and commission income grew to €2,886 million**, up 5.2% on the same period of 2020 (+4.8% with respect to the same quarter of the previous year). The quarterly performance (-1.7%) is impacted by the negative seasonal nature in the quarter and, especially, the lower wholesale banking activity, which have been partially compensated by the good performance of the fees and commissions from managing long-term saving products.

- **Banking services, securities and other fees** includes income on securities transactions, transactions, risk activities, deposit management, payment methods and wholesale banking.

Recurring fees and commissions grew 1.4% with respect to the same period of the previous year. The quarterly change (-2.0%) is impacted by the usual drop in transactions in the third quarter, while remaining practically stable with respect to the same quarter of the previous year.

Fees and commissions from wholesale banking drop 17.3% when compared to the same period of the previous year and 20.4% with respect to the same quarter of 2020, a year marked by high activity in investment banking. With respect to the previous quarter (-35.0%), their performance is impacted by the negative seasonal nature in the third quarter.

- **Fees and commissions from the sale of insurance products** grew when compared to the same period in 2020 (+6.7%) and the same quarter of the previous year (+0.3%), mainly due to the higher commercial activity. With respect to the previous quarter (-6.9%), their performance is impacted by the negative seasonal nature in August.
- **Fees and commissions from managing long-term savings products** (investment funds, pension plans and Unit Link) stand at €990 million, due to managing higher asset volumes following the good performance of both markets and sales. Growth of 16.3% with respect to the same period of 2020, +6.8% with respect to the second quarter of 2021 and +20.0% with respect to the same quarter of the previous year:
 - **Commissions from mutual funds, managed accounts and SICAVs** came to €619 million, with a year-on-year increase of 16.5% and a growth of 7.5% in the quarter (+20.9% with respect to the same quarter of the previous year).
 - **Commissions from managing pension plans** stand at €229 million, showing a positive performance of 6.4% year-on-year and of 4.7% in the quarter (+7.3% with respect to the same quarter of 2020).
 - **Unit Link fees and commissions** reached €142 million, +35.3% on the same period of 2020 and +6.9% on the previous quarter (+41.4% with respect to the same quarter of the previous year).

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Banking services, securities and other fees	1,634	1,645	(0.7)	536	569	529	574	550
<i>Recurring</i>	1,483	1,463	1.4	493	503	488	519	496
<i>Wholesale banking</i>	151	183	(17.3)	43	66	43	55	54
Sale of insurance products	263	246	6.7	79	85	98	89	79
Long-term savings products	990	851	16.3	350	327	312	329	291
<i>Mutual funds, managed accounts and SICAVs</i>	619	531	16.5	220	204	195	196	182
<i>Pension plans</i>	229	215	6.4	79	76	75	89	74
<i>Unit Link and other¹</i>	142	105	35.3	51	47	43	44	36
Net fee and commission income	2,886	2,743	5.2	964	981	941	993	921

(1) Includes income corresponding to Unit Link and Flexible Investment Life Annuity (the part managed).

Income from equity investments

- The **Dividend income** (€153 million) includes, in the second quarter of 2021, the dividends from Telefónica for €51 million and BFA¹ for €98 million (€50 million and €40 million, respectively in 2020). With regard to BFA, it includes an extraordinary dividend for €54.5 million, which explains the year-on-year change.
- **Attributable profit of entities accounted for using the equity method** (€367 million) recovered as a result of an improvement of the economic situation, up 45.8% with respect to the same period of the previous year. With respect to the previous quarter, up 16.3%, impacted by the positive seasonal nature of SegurCaixa Adeslas in the third quarter.

(1) The total dividend approved by BFA net of the tax effect totalled €119 million, of which €79 million are extraordinary dividends charged to its reserves. Out of the total dividend, gross, €98 million have been recognised as income in the income statement (€43.4 million as recurring income and €54.5 million as one-off income) and the rest have been recognised against the cost of the investment, considering them as reserves generated prior to classifying the investment as "Financial assets at fair value with changes in other comprehensive income".

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Dividend income	153	97	57.6	1	151	0	53	2
Share of profit/(loss) of entities accounted for using the equity method	367	251	45.8	150	129	89	115	130
Income from equity investments	520	348	49.1	150	280	89	167	132

Trading income

- **Trading income** stands at €140 million at the end of the third quarter of 2021. Its year-on-year change (-57.1%) includes the materialisation of unrealised gains from fixed-income assets in the second quarter of 2020.

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Trading income	140	327	(57.1)	50	38	52	71	41

Income and expense under insurance or reinsurance contracts

- The **income and expense under insurance or reinsurance contracts** stands at €479 million, showing a solid year-on-year growth of 8.6% (+7.9% with respect to the same quarter of 2020).

The quarterly performance (+5.3%) is impacted by the recognition in the previous quarter of increased provisions for claims and higher expenses. On the other hand, the first quarter of the year included the recognition of one-off income.

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Income and expense under insurance or reinsurance contracts	479	441	8.6	162	154	164	156	150

Other operating income and expense

• **Other operating income and expense** includes, among other items, income and expenses of non-real estate subsidiaries, income from rentals and expenses incurred in managing foreclosed properties and contributions, levies and taxes. With regard to the contributions and levies, its timing generates a seasonal impact on the quarterly performance under this heading:

- Recognition in the first quarter of the contribution to the Portuguese banking sector for €18.8 million (€15.5 million in 2020).
- The contribution to the SRF¹ of €181 million stands out in the second quarter of 2021, higher than the contribution recognised in the same quarter of the previous year (€171 million).
- Contribution to the Deposit Guarantee Fund (DGF) of €418 million in the fourth quarter of 2020.

Other real estate operating income and expense included in the first quarter an estimation of Spanish property tax for €19 million (€20 million in 2020).

The line Other includes €135 million in the fourth quarter of 2020 due to the recognition of income associated with the final earnout of SegurCaixa Adeslas.

(1) Including BPI's contribution to the Portuguese Resolution Fund of €8.5 million.

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Contributions and levies	(200)	(187)	7.3		(181)	(19)	(418)	
Other real estate operating income and expense (including Spanish property tax in Q1)	(62)	(50)	23.5	(18)	(14)	(29)	(14)	(8)
Other	(205)	(175)	17.7	(69)	(73)	(63)	91	(64)
Other operating income and expense	(468)	(412)	13.7	(88)	(268)	(111)	(341)	(73)

Administration expenses, depreciation and amortisation

• Slight year-on-year growth of the **Recurring administrative expenses, depreciation and amortisation** of 0.4% (+0.5% with respect to the previous quarter).

Increase of personnel expenses (+1.6%) and depreciation and amortisation (+2.0%). General expenses dropped by 2.9%.

The core cost-to-income ratio (12 months) improved by 0.9 percentage points with respect to the end of the third quarter of the previous year.

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Gross income	8,421	8,513	(1.1)	2,828	2,820	2,774	2,798	2,885
Personnel expenses	(2,995)	(2,948)	1.6	(1,009)	(997)	(989)	(959)	(957)
General expenses	(1,257)	(1,294)	(2.9)	(413)	(423)	(421)	(402)	(430)
Depreciation and amortisation	(545)	(534)	2.0	(184)	(178)	(182)	(174)	(181)
Recurring administrative expenses, depreciation and amortisation	(4,797)	(4,777)	0.4	(1,606)	(1,598)	(1,593)	(1,535)	(1,568)
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	56.4	57.2	(0.8)	56.4	55.8	55.4	55.8	57.2
Core income	8,450	8,453	(0.0)	2,809	2,833	2,808	3,003	2,878
Recurring administrative expenses, depreciation and amortisation	(4,797)	(4,777)	0.4	(1,606)	(1,598)	(1,593)	(1,535)	(1,568)
Core cost-to-income ratio (12 months)	55.3	56.2	(0.9)	55.3	54.6	54.6	55.1	56.2

Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk** amounted to €-616 million, versus €-2,406 million in the same period of 2020, which included the recognition of €-1,611 million made to anticipate future impacts associated with Covid-19.

Throughout 2020, within the framework of the pandemic, the Group changed the macroeconomic scenarios and the weighting established for each scenario employed in the estimate of expected loss due to credit risk. Given the uncertainty in the macroeconomic forecasts regarding its performance in a context of potential end of the pandemic, the scenarios and weightings to calculate the provisions under the forward-looking approach required by IFRS 9 have not been altered with respect to the end of 2020.

The **cost of risk (last 12 months)** came to **0.30%**.

- **Other charges to provisions** shows mainly the coverage of future contingencies and impairment of other assets.

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Allowances for insolvency risk	(616)	(2,406)	(74.4)	(165)	(155)	(297)	(553)	(592)
Other charges to provisions	(226)	(150)	50.6	(73)	(80)	(72)	(64)	59
Allowances for insolvency risk and other charges to provisions	(842)	(2,556)	(67.1)	(238)	(235)	(369)	(617)	(532)

Gains/(losses) on disposal of assets and others

- **Gains/(losses) on disposal of assets and others** includes, essentially, the results of completed one-off transactions and proceeds on asset sales and write-downs.

Higher results from real estate sales in 2021. In addition, the real estate results in 2020 is impacted by higher provisions for real estate assets.

The quarterly change in the item Other is affected by one-off income recognised in the fourth quarter of 2020:

- Gains on the partial sale of Comercia (€+420 million).
- Gains on the sale of the deposit business of Bankia to Cecabank (€+155 million).
- A provision, with conservative criteria, associated with the Erste Group Bank as a result of the impact of Covid-19 on the economic context and the extended scenario of low interest rates (€-311 million).

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Real estate results	(2)	(92)	(97.4)	1	(5)	2	(99)	(46)
Other	(48)	(52)	(9.2)	(13)	(13)	(22)	243	(33)
Gains/(losses) on disposal of assets and others	(50)	(145)	(65.6)	(12)	(18)	(20)	145	(79)

Business Activity

Balance sheet

The Group's total assets reached €685,738 million on 30 September 2021, up 1.7% in the quarter. Excluding the balances transferred from Bankia as a result of the business combination, the organic change was +6.7% in the year.

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %	Organic change %
- Cash and cash balances at central banks and other demand deposits	117,252	94,326	24.3	51,611		
- Financial assets held for trading	11,852	11,813	0.3	6,357	86.4	(7.5)
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	244	255	(4.1)	317	(23.0)	(27.4)
Equity instruments	173	172	0.4	180	(3.9)	(5.6)
Debt securities	5	5	3.0	52	(89.9)	(89.9)
Loans and advances	66	77	(14.6)	85	(22.4)	(35.3)
- Financial assets at fair value with changes in other comprehensive income	17,135	17,520	(2.2)	19,309	(11.3)	(62.0)
- Financial assets at amortised cost	417,272	428,151	(2.5)	267,509	56.0	(3.6)
Credit institutions	7,654	7,703	(0.6)	5,851	30.8	(33.2)
Customers	348,037	355,132	(2.0)	236,988	46.9	(3.2)
Debt securities	61,581	65,315	(5.7)	24,670		(0.4)
- Derivatives - Hedge accounting	1,089	1,129	(3.5)	515		(73.4)
- Investments in joint ventures and associates	4,333	4,160	4.2	3,443	25.9	7.0
- Assets under the insurance business ¹	75,355	75,645	(0.4)	77,241	(2.4)	(2.4)
- Tangible assets	8,743	8,887	(1.6)	6,957	25.7	(6.4)
- Intangible assets	4,517	4,512	0.1	3,949	14.4	0.4
- Non-current assets and disposal groups classified as held for sale	2,838	2,880	(1.5)	1,198		5.9
- Other assets	25,107	24,810	1.2	13,114	91.5	11.1
Total assets	685,738	674,088	1.7	451,520	51.9	6.7
Liabilities	650,613	639,517	1.7	426,242	52.6	7.1
- Financial liabilities held for trading	5,514	5,361	2.9	424		
- Financial liabilities at amortised cost	558,004	547,604	1.9	342,403	63.0	8.9
Deposits from central banks and credit institutions	100,808	97,466	3.4	55,356	82.1	9.5
Customer deposits	394,239	384,605	2.5	245,167	60.8	9.6
Debt securities issued	53,958	53,089	1.6	35,813	50.7	0.1
Other financial liabilities	8,998	12,445	(27.7)	6,067	48.3	28.6
- Liabilities under the insurance business ¹	73,998	73,965	0.0	75,129	(1.5)	(1.5)
- Provisions	6,850	6,807	0.6	3,195		56.6
- Other liabilities	6,248	5,781	8.1	5,091	22.7	(9.3)
Equity	35,124	34,571	1.6	25,278	39.0	0.9
- Shareholders' equity	36,708	36,271	1.2	27,118	35.4	(0.1)
- Minority interest	29	29	1.6	25	16.5	16.5
- Accumulated other comprehensive income	(1,613)	(1,729)	(6.7)	(1,865)	(13.5)	(13.5)
Total liabilities and equity	685,738	674,088	1.7	451,520	51.9	6.7

1- In accordance with the Amendments to IFRS 4 and subsequent reviews, the Group has decided to apply temporary exemption from applying IFRS 9 to the financial investments of the Group's insurance firms for all periods that come before 1 January 2023, aligning its first application with the entry into force of the new IFRS 17: Insurance Contracts (expected on 1 January 2023), which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, these investments are measured in accordance with IAS 39 and grouped under the heading "Assets under the insurance business" on the balance sheet. To make the information more readily comparable, the Group has also grouped together the technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed), which are now reported jointly under 'Liabilities under the insurance business'.

Loans and advances to customers

- **Loans and advances to customers, gross** stands at **€355,929 million**, up 45.9% in the year following the merger with Bankia (-3.7% organic change, that is, excluding the balances transferred from Bankia in the merger).

Loans and advances drop 1.1% in the quarter when excluding the advance of double payments made to pension holders in June for €3,000 million (-2.0% when included).

Changes by segment include:

- **Loans for home purchases** (-1.1% in the quarter and -4.2% organic change in the year) continues to be marked by the portfolio's repayments.
- **Loans to individuals - Other** has dropped 7.8% in the quarter (-1.7% excluding the seasonal effect related to the advance of double payments made to pension holders). The organic change in the year is -5.3%.

Consumer lending drops 1.3% in the quarter, affected by the sale of portfolios, among others. The organic change in the year (-4.4%) is also impacted by a €140 million loan write-off, due to the unification of criteria for the portfolio transferred from Bankia.

- Financing for **Corporates and SMEs drops 1.2% in the quarter with a -4.5% organic change in the year**, following the growth registered in the previous year, in a context where companies were managing their expected liquidity requirements.
- Loans to the **public sector** grew 7.6% in the year (organic), marked by one-off transactions, remaining practically stable in the quarter.

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %	Organic change %
Loans to individuals	187,177	192,592	(2.8)	120,648	55.1	(4.5)
Home purchases	141,960	143,564	(1.1)	85,575	65.9	(4.2)
Other	45,217	49,028	(7.8)	35,074	28.9	(5.3)
of which: Consumer lending ¹	18,525	18,775	(1.3)	14,170	30.7	(4.4)
Loans to business	144,642	146,337	(1.2)	106,425	35.9	(4.5)
Corporates and SMEs	138,601	140,102	(1.1)	100,705	37.6	(4.1)
Real estate developers	6,041	6,234	(3.1)	5,720	5.6	(11.4)
Public sector	24,110	24,083	0.1	16,850	43.1	7.6
Loans and advances to customers, gross²	355,929	363,012	(2.0)	243,924	45.9	(3.7)
Of which:						
Performing loans	342,629	349,689	(2.0)	235,655	45.4	(3.9)
Provisions for insolvency risk	(8,554)	(8,609)	(0.6)	(5,620)	52.2	(7.6)
Loans and advances to customers, net	347,375	354,402	(2.0)	238,303	45.8	(3.6)
Contingent liabilities	26,872	26,377	1.9	16,871	59.3	5.4

(1) After reviewing the segmentation criteria for the portfolio of consumer loans and in accordance with CaixaBank criteria, €138 million at June 2021 and €140 million at March 2021 have been reclassified, with respect to the information published in 2Q21, from Consumer lending to Other.

(2) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices'.

Breakdown of government guaranteed loans

Below is the detail of government guaranteed loans based on the public guarantee schemes implemented within the framework of Covid-19:

Amounts drawn, in € million	30 Sep. 2021		30 Jun. 2021		31 Dec. 2020	
	Total	Spain (ICO)	Total	Spain (ICO)	Total	Spain (ICO)
Loans to individuals	1,500	1,468	1,534	1,505	1,216	1,196
Other (self-employed workers)	1,500	1,468	1,534	1,505	1,216	1,196
Loans to business	21,220	20,275	21,296	20,498	11,967	11,437
Corporates and SMEs	21,067	20,193	21,155	20,414	11,925	11,396
Real estate developers	153	83	141	84	42	41
Public sector	10	10	11	10	6	6
Loans and advances to customers, gross¹	22,731	21,753	22,841	22,013	13,191	12,640

(1) Refers to the amount of loans and advances disposed by clients.

Customer funds

Customer funds reached €607,331 million on 30 September 2021, up 46.2% after the integration of Bankia (+7.5% organic change, excluding the balances transferred from Bankia in the merger). Growth of 1.1% in the quarter.

- On-balance sheet funds stood at €441,278 million (+1.5% in the quarter and +5.5% in the year, organic).
 - **Demand deposits** amounted to €341,194 million (+2.3% in the quarter and +8.9% in the year, organic).
 - **Time deposits** totalled €36,357 million (-3.7% in the quarter and -23.9% in the year, organic). Their performance continues to be marked by the reduction of deposits on the renewal of maturities against a backdrop of historically low interest rates.
 - The **increase of liabilities under insurance contracts**, up 0.4% in the quarter and 3.8% in the year (organic), includes the positive net subscriptions and the impact of the favourable market effect on Unit Links.
- **Assets under management** stand at €153,223 million. Its performance (+1.2% in the quarter and +12.0% in the year, organic) is due to increased sales and the favourable market effect.
 - The **assets managed in mutual funds, managed accounts and SICAVs** stood at €106,521 million, up 1.4% in the quarter and 14.2% in the year (organic).
 - **Pension plans** reached €46,701 million, up 0.6% in the quarter and 7.5% in the year (organic).
- **Other accounts** includes the amount of Savings insurance marketed by Bankia (€4,971 million), which largely corresponds to the joint venture with Mapfre, in addition to temporary funds associated with transfers and collections.

With regard to the quarterly change, of the latter, the second quarter higher balance is due to tax campaign collections at the end of June.

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %	Organic change %
Customer funds	377,551	371,191	1.7	242,234	55.9	5.9
Demand deposits	341,194	333,438	2.3	220,325	54.9	8.9
Time deposits ¹	36,357	37,754	(3.7)	21,909	65.9	(23.9)
Insurance contract liabilities ²	61,641	61,384	0.4	59,360	3.8	3.8
of which: Unit Link and other ³	17,740	17,144	3.5	14,607	21.4	21.4
Reverse repurchase agreements and other	2,085	2,096	(0.5)	2,057	1.4	1.3
On-balance sheet funds	441,278	434,672	1.5	303,650	45.3	5.5
Mutual funds, managed accounts and SICAVs	106,521	105,040	1.4	71,315	49.4	14.2
Pension plans	46,701	46,416	0.6	35,328	32.2	7.5
Assets under management	153,223	151,456	1.2	106,643	43.7	12.0
Other accounts	12,830	14,865	(13.7)	5,115		37.3
Total customer funds⁴	607,331	600,993	1.1	415,408	46.2	7.5

(1) Includes retail debt securities amounting to €1,400 million at 30 September 2021.

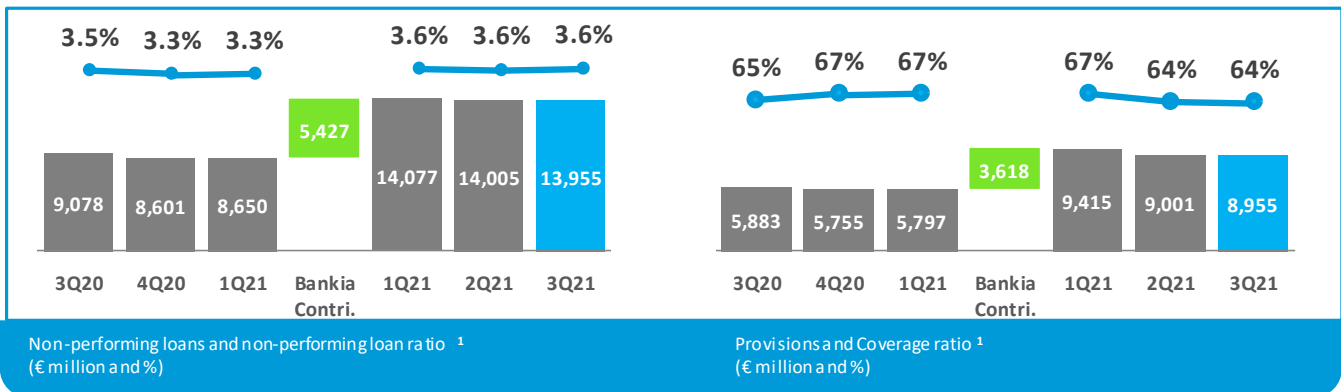
(2) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

(3) Includes technical provisions corresponding to Unit Link and Flexible Investment Life Annuity products (the part managed).

(4) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices'.

Risk management

Credit risk quality



Non-performing loans amounted to **€13,955 million** at the end of the third quarter versus €8,601 million at the end of 2020, with their organic performance down €73 million. €50 million drop in the quarter.

The **NPL ratio** stood at **3.6%** on 30 September versus 3.3% in December 2020, mainly due to the +28 basis points from the integration of Bankia.

Provisions for insolvency risk on 30 September stood at **€8,955 million** compared to €5,755 at the end of 2020.

The **coverage ratio** at 30 September stood at **64%** versus 67% at December 2020.

(1) Calculations include loans and contingent liabilities.

Changes in non-performing loans

€ million	3Q20	4Q20	1Q21	2Q21	3Q21
Opening balance	9,220	9,078	8,601	14,077	14,005
Exposures recognized as non-performing (NPL-inflows)	672	690	610	1,509	1,292
Derecognitions from non-performing exposures	(814)	(1,167)	(561)	(1,582)	(1,341)
of which: written off	(133)	(199)	(129)	(435)	(151)
Exposures recognized as non-performing (NPL-inflows), net, Bankia at 31 Mar. 2021			5,427		
Closing balance	9,078	8,601	14,077	14,005	13,955

NPL ratio by segment

	31 Dec. 2020	30 Jun. 2021	30 Sep. 2021
Loans to individuals	4.5%	4.4%	4.5%
Home purchases	3.5%	3.7%	3.7%
Other	6.9%	6.4%	6.8%
of which: Consumer lending	4.2%	4.8%	4.8%
Loans to business	2.7%	3.3%	3.4%
Corporates and SMEs	2.4%	3.1%	3.2%
Real estate developers	6.7%	6.5%	6.6%
Public sector	0.1%	0.3%	0.3%
NPL Ratio (loans and contingent liabilities)	3.3%	3.6%	3.6%

The NPL ratio for “Other” dropped at the end of the second quarter due to the advance made to pension holders. Stripping out this effect it would have been 6.8%.

Changes in provisions for insolvency risk¹

(1) Including loans and contingent liabilities.

€ million	3Q20	4Q20	1Q21	2Q21	3Q21
Opening balance	5,786	5,883	5,755	9,415	9,001
Allowances for insolvency risk	260	321	174	155	165
Amounts used	(163)	(440)	(125)	(560)	(206)
Transfers and other changes		(9)	(7)	(8)	(5)
Provisions for insolvency risk, Bankia at 31 Mar. 2021			3,618		-
Closing balance	5,883	5,755	9,415	9,001	8,955

Classification by stages of gross lending and provisions

The following tables show loan book exposure as well as associated provisions, segmented by credit risk stage as per the applicable IFRS 9 regulation.

30 Sep. 2021	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
€ million								
Loans and advances	308,300	34,329	13,300	355,929	(1,205)	(1,849)	(5,500)	(8,554)
Contingent liabilities	24,335	1,882	655	26,872	(29)	(29)	(342)	(401)
Total loans and contingent liabilities	332,635	36,211	13,955	382,801	(1,234)	(1,878)	(5,842)	(8,955)

30 Jun. 2021	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
€ million								
Loans and advances	315,230	34,459	13,323	363,012	(1,213)	(1,883)	(5,514)	(8,609)
Contingent liabilities	23,854	1,841	682	26,377	(22)	(28)	(341)	(392)
Total loans and contingent liabilities	339,084	36,300	14,005	389,389	(1,235)	(1,911)	(5,855)	(9,001)

31 Dec. 2020	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
€ million								
Loans and advances	215,681	19,973	8,269	243,924	(918)	(1,069)	(3,633)	(5,620)
Contingent liabilities	15,691	847	332	16,871	(15)	(19)	(101)	(135)
Total loans and contingent liabilities	231,373	20,820	8,601	260,794	(933)	(1,088)	(3,734)	(5,755)

Provisions for insolvency risk Covid-19

The **Covid-19 fund stands at €1,395 million on 30 September 2021**, remaining stable in the quarter (€1,252 million on 31 December 2020, which increased to €1,803 million on 31 March 2021 after the integration of Bankia).

In 2021 the recurrent recalibration of specific provision models was resumed. These parameters had remained unchanged in the Group since March 2020, albeit they had been complemented by a collective accounting adjustment (Post Model Adjustment).

In the second quarter of 2021, following the recurrent recalibration of the provision models, a certain amount of the Covid-19 fund was specifically allocated, and it will be reviewed as new information becomes available.

Breakdown of moratoria

Below is the **breakdown of loans in moratoria outstanding** related to Covid-19, as per the specified date:

	30 Sep. 2021					
	Spain		Portugal		Total	
	No. of contracts	Amount	No. of contracts	Amount	Amount	% on portfolio
Moratoria to individuals	15,672	759	22,774	1,538	2,297	1.2
Home purchases	6,122	597	21,101	1,438	2,035	1.4
Other	9,550	161	1,673	101	262	0.6
<i>of which: consumer lending</i>	7,144	36	73	1	37	0.2
Moratoria to business	663	529	26,699	2,170	2,699	1.9
Corporates and SMEs	601	500	25,531	1,935	2,435	1.8
Real estate developers	62	29	1,168	235	265	4.4
Moratoria to the public sector	-	-	9	38	38	0.2
Total moratoria outstanding	16,335	1,288	49,482	3,746	5,034	1.4

	30 Jun. 2021					
	Spain		Portugal		Total	
	No. of contracts	Amount	No. of contracts	Amount	Amount	% on portfolio
Moratoria to individuals	37,946	2,026	25,373	1,594	3,621	1.9
Home purchases	16,802	1,635	21,737	1,466	3,101	2.2
Other	21,144	392	3,636	128	520	1.1
<i>of which: consumer lending</i>	15,499	94	1,990	22	116	0.6
Moratoria to business	1,071	897	27,431	2,233	3,131	2.1
Corporates and SMEs	987	852	26,215	1,994	2,847	2.0
Real estate developers	84	45	1,216	239	284	4.6
Moratoria to the public sector	-	-	10	38	38	0.2
Total moratoria outstanding	39,017	2,924	52,814	3,866	6,789	1.9

	31 Dec. 2020					
	Spain		Portugal		Total	
	No. of contracts	Amount	No. of contracts	Amount	Amount	% on portfolio
Moratoria to individuals	122,213	8,204	68,722	2,932	11,136	9.2
Home purchases	71,597	6,473	39,233	2,495	8,968	10.5
Other	50,616	1,732	29,489	437	2,168	6.2
<i>of which: consumer lending</i>	17,743	80	27,675	329	409	2.9
Moratoria to business	1,206	532	28,762	2,656	3,188	3.0
Corporates and SMEs	988	479	27,219	2,393	2,872	2.9
Real estate developers	218	54	1,543	263	316	5.5
Moratoria to the public sector	-	-	4	32	32	0.2
Total moratoria outstanding	123,419	8,737	97,488	5,620	14,356	5.9
Moratoria in analysis	21	1			1	

Out of a total of €5,034 million in moratoria outstanding at 30 September 2021, practically the entire amount expires before the end of the year:

€ million	4Q21	1Q22	2Q22	Total
Individuals	2,167	128	2	2,297
Business	2,655	40	4	2,699
Public sector	38	-	-	38
Total moratoria outstanding	4,860	168	7	5,034

Below is the **outstanding balance** (i.e. deducting the principal repaid) of loans that have been in moratoria and by 30 September 2021 are expired (i.e. no longer considered moratoria):

	30 Sep. 2021			30 Jun. 2021		
	Spain	Portugal	Total	Spain	Portugal	Total
Moratoria to individuals	14,100	1,483	15,583	13,276	1,506	14,782
Home purchases	10,696	1,128	11,824	9,915	1,156	11,071
Other	3,404	354	3,759	3,361	350	3,711
<i>of which: consumer lending</i>	1,196	336	1,532	1,257	336	1,593
Moratoria to business	509	464	973	144	513	657
Corporates and SMEs	479	446	926	129	491	619
Real estate developers	30	18	48	15	22	38
Moratoria to the public sector	-	-	-	-	-	-
Total moratoria expired	14,609	1,947	16,556	13,420	2,019	15,439

Breakdown of total moratoria, outstanding and expired (pending amount), according to categories of credit risk established in IFRS 9:

€ million	30 Sep. 2021			
	Stage 1	Stage 2	Stage 3	TOTAL
Individuals	10,804	5,424	1,652	17,880
Business	2,543	995	135	3,673
Public sector	35	3	-	38
Total moratoria outstanding and expired	13,382	6,422	1,787	21,591

€ million	30 Jun. 2021			
	Stage 1	Stage 2	Stage 3	TOTAL
Individuals	10,992	5,736	1,674	18,403
Business	2,703	955	130	3,788
Public sector	35	3	-	38
Total moratoria outstanding and expired	13,730	6,694	1,804	22,228

€ million	31 Dec. 2020			
	Stage 1	Stage 2	Stage 3	TOTAL
Individuals	7,986	4,572	859	13,417
Business	2,677	616	82	3,375
Public sector	34	-	-	34
Total moratoria outstanding and expired	10,697	5,188	941	16,826

Loan-to-value¹ breakdown of the moratoria, outstanding and expired (pending amount), in the home purchases segment:

30 Sep. 2021					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	2,722	4,863	4,118	2,156	13,859

30 Jun. 2021					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	2,695	4,957	4,307	2,214	14,172

31 Dec. 2020					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	1,954	3,680	3,057	1,124	9,814

Loan-to-value¹ breakdown of the Group's home purchases portfolio

Below is the breakdown of the Loan-to-value of the portfolio of home purchases with mortgage guarantee:

30 Sep. 2021					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	41,517	49,181	34,279	15,826	140,802
of which: Non-performing	465	698	944	3,107	5,215

30 Jun. 2021					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	42,046	49,698	35,059	15,371	142,174
of which: Non-performing	654	689	934	3,016	5,293

31 Dec. 2020					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	25,548	31,184	20,692	7,449	84,873
of which: Non-performing	259	445	617	1,627	2,948

(1) Loan-to-value calculated on the basis of latest appraisals according to the criteria set out in Circular 4/2016.

Refinancing operations

€ million	31 Dec. 2020		30 Jun. 2021		30 Sep. 2021	
	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	4,093	3,288	6,821	4,804	6,748	4,743
Corporates and SMEs	2,084	1,261	4,934	2,403	5,410	2,414
Real estate developers	489	243	586	236	558	231
Public sector	209	2	197	16	194	16
Total	6,874	4,796	12,537	7,460	12,910	7,404
Provisions	1,648	1,564	2,664	2,464	2,634	2,426

Foreclosed real estate assets

- The portfolio of **Net foreclosed available for sale real estate assets**¹ in Spain amounts to €2,289 million, of which €1,183 million from the integration of Bankia. The organic change in the year is €+176 million (including €+145 million, net from foreclosed assets held for rent). €8 million drop in the quarter.

The **coverage ratio with accounting provisions**² is **32%**, and **including write-downs, the coverage ratio**^{2,3} is **42%**.

- Net foreclosed assets **held for rent**¹ in Spain stand at €1,681 million, of which €358 million stemming from the integration of Bankia. The organic change in the year is €-424 million (partially impacted by the aforementioned portfolio reclassification) and €-109 million in the quarter.
- Total properties sold**⁴ in 2021 amounts to €527 million.

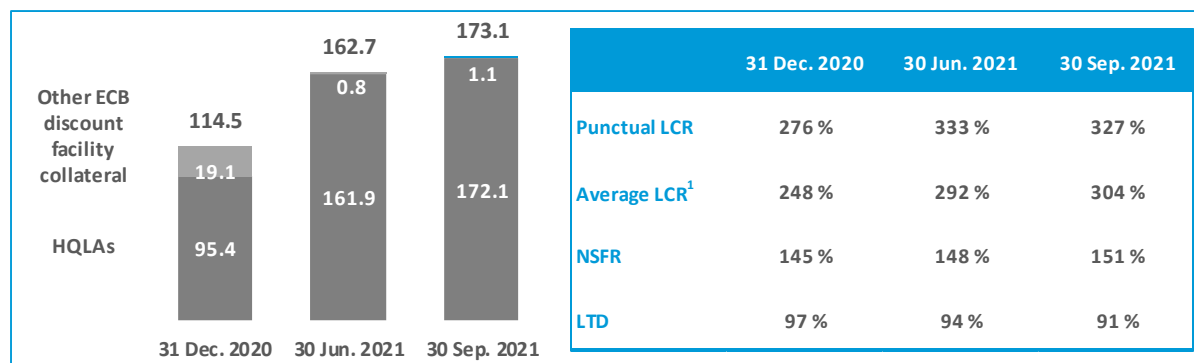
(1) Does not include real estate assets in the process of foreclosure for €176 million, net, at 30 September 2021.

(2) See definition in 'Appendices'.

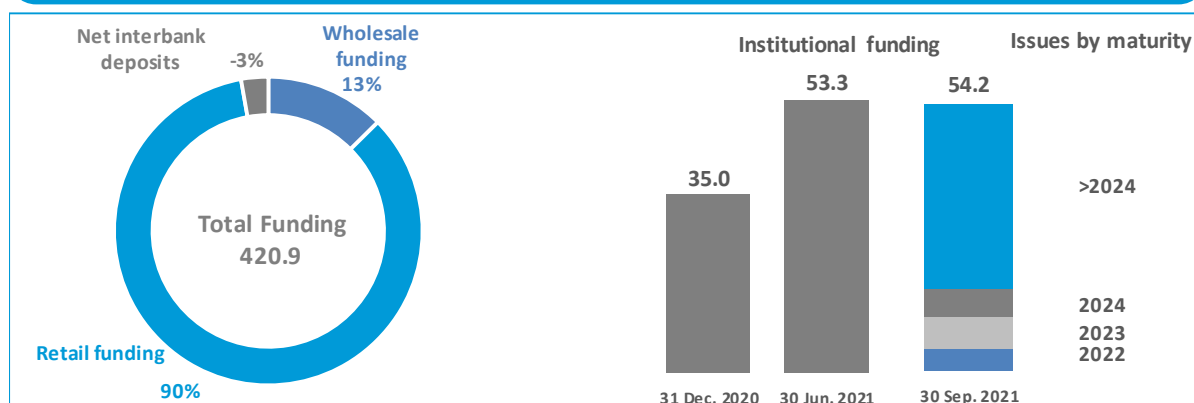
(3) There is only information to calculate the coverage ratio with accounting provisions for CaixaBank's portfolio. In process of implementation for Bankia's portfolio.

(4) At sale price. It does not include the sales made by Bankia in the first quarter of 2021 due to taking 31 March 2021 as the date of reference for the integration.

Liquidity and financing structure



Total liquid assets, Liquidity metrics and Balance sheet structure
(€ thousand million and %)



Financing structure
(€ thousand million)

- **Total liquid assets amounted to €173,125 million** at 30 September 2021, up €58,674 million in the year, mainly due to the integration of Bankia.
- The Group's **Liquidity Coverage Ratio (LCR)** at 30 September 2021 was 327%, showing an ample liquidity position (**304%** LCR average last 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio (NSFR)** stood at 151% at 30 September 2021, above the 100% regulatory minimum required as of June 2021.
- Solid retail financing structure with a **loan-to-deposit ratio of 91%**.
- The **balance drawn** under the ECB facility at 30 September 2021 amounted to €80,752 million, corresponding to TLTRO III. The total balance drawn increased by €31,027 million in the year, mainly due to the incorporation of Bankia drawdowns and the additional use of TLTRO III.
- **Wholesale funding²** amounted to €54,234 million, diversified by investments, instruments and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €20,713 million at 30 September 2021.

(1) Trailing 12 months (includes Bankia's contribution as of March 2021).

(2) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices'.

Information on issuances in 2021

€ million						
Issue	Amount	Issue date	Maturity	Cost ¹	Demand	Issuer
Senior non-preferred debt ²	1,000	09 Feb. 2021	8 years	0.571% (mid-swap +0.90%)	3,700	CaixaBank
Senior non-preferred debt ³	1,000	26 May 2021	7 years	0.867% (mid-swap +1.00%)	2,100	CaixaBank
Senior non-preferred debt GBP ^{2,4}	€500	03 Jun. 2021	5 years and 6 months	1.523% (UKT +1.32%)	€1,800	CaixaBank
Senior non preferred debt CHF ⁵	CHF 200	01 Jul. 2021	6 years	0.477% (CHF mid-swap +0.87%)	CHF 235	CaixaBank
Tier 2 subordinated debt ²	1,000	18 Mar. 2021	10 years and 3 months	1.335% (mid-swap +1.63%)	2,200	CaixaBank
Additional Tier 1	750	14 Sep. 2021	Perpetual	3.675% (mid-swap +3.857%)	3,500	CaixaBank

(1) Meaning the yield on the issuance.

(2) Green bond.

(3) Social bond.

(4) Equivalent amount in euros: €579 million.

(5) Equivalent amount in euros: €182 million.

The issuances included in the table are callable, meaning that the option to redeem them early can be executed before the maturity date.

Collateralisation of mortgage covered bonds of CaixaBank, S.A.

€ million		30 Sep. 2021
Mortgage covered bonds issued	a	66,392
Loans and credits (collateral for mortgage covered bonds)	b	142,693
Collateralisation	b/a	215%
Overcollateralisation	b/a -1	115%
Mortgage covered bond issuance capacity⁶		17,105

(6) There is also the ability to issue €3,608 million in regional public sector covered bonds.

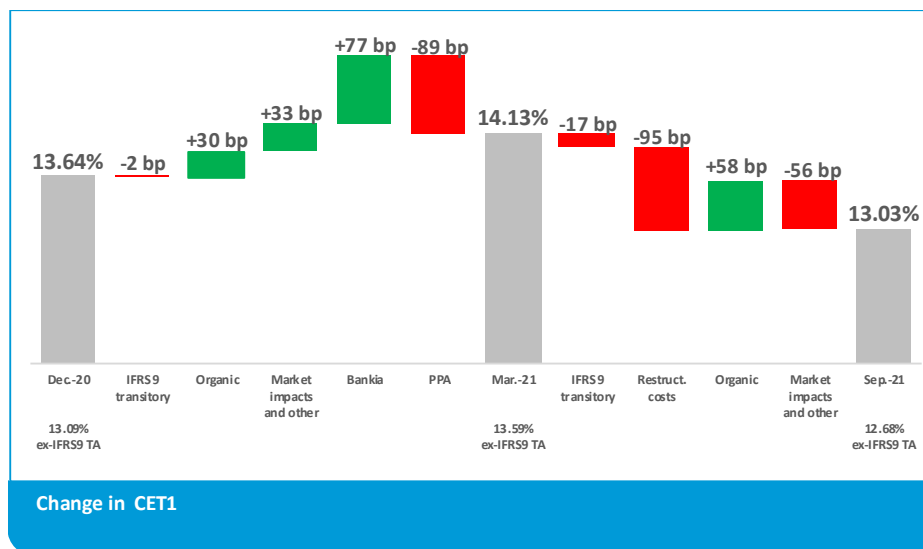
Capital management

- The **Common Equity Tier 1 (CET1) ratio stands at 13.0%**.

The year includes the one-off impacts of Bankia's integration (+77 basis points from the integration and -89 basis points from the effect of the PPA¹) and the recognition of restructuring costs and charges to provisions (-95 basis points, of which -83 correspond to the labour integration agreement registered in June²).

The organic change in the first nine months was of +88 basis points and -23 basis points caused by the performance of the markets and other factors (of which -71 basis points from regulatory impacts recognised in the second quarter). The impact of IFRS 9 phase in was of -19 basis points.

- The CET1 ratio without applying the IFRS 9 transitional period reaches **12.7%**.
- The internal CET1 target ratio approved by the Board of Directors is set between 11% and 11.5% (excluding IFRS 9) and a margin of between 250 and 300 basis points in relation to the SREP requirements.
- The **Tier 1** ratio reaches **15.3%** following the issue³ of €750 million in additional Tier 1 instruments.
- The **Total Capital** ratio stood at **17.9%**. In September an issue of €175 million of Tier 2 instruments was no longer eligible; authorisation has been received to amortise it in November.
- The leverage ratio stands at 5.2%.



- As for the MREL requirement, CaixaBank had a ratio of 25.6% on RWA and 8.7% on LRE, meeting the level required for 2024 (22.95% of RWAs and 6.09% of LRE). At a subordinated level, excluding the Senior preferred debt and other *pari-passu* liabilities, the MREL ratio reached 22.7% of RWAs and 8.3% of LRE, comfortably above the regulatory requirements of 16.26% of RWAs and 6.09% of LRE.
- Similarly, CaixaBank is subject to minimum capital requirements on a non-consolidated basis. The CET1 ratio under this perimeter reached 13.4%.
- BPI is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 14.5%, Tier1 of 16.0% and Total Capital of 17.6%.

(1) See section 'Key information - CaixaBank and Bankia merger'.

(2) See section 'Key information - Labour agreement'. Lower impact than anticipated in the Insider Information communication of 1 July of 7 basis points as a result of a better estimate of the fiscal impact of costs.

(3) See section 'Liquidity'.

- In terms of capital requirements following the integration of Bankia, the European Central Bank communicated a new P2R requirement of 1.65%. As a result, the Group must maintain capital requirements of 8.19% for CET1, 9.99% for Tier 1 and 12.41% for Total Capital. At 30 September, CaixaBank has a margin of 484 basis points, equating to €10,667 million, until the Group's MDA trigger.
- In addition, the Group's domestic systemic risk buffer after the integration of Bankia remains at 0.25% for this year, rising to 0.375% in 2022 and 0.50% in 2023. As a result, the estimated new MREL requirements, according to current regulations, is 23.78% for Total MREL and 18.03% for Subordinated MREL, which will be applicable as of January 2024.
- The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities.

As regards the dividend policy, and following the European Central Bank's announcement on 23 July 2021 of not extending its recommendation on dividend distributions beyond September 2021, the Board of Directors approved on 29 July 2021 the Dividend Policy for 2021, establishing the distribution of a cash dividend of 50% of the consolidated net profit adjusted by the extraordinary impacts from the merger with Bankia in a single payout in 2022.

Performance and key capital adequacy indicators

€ million	30 Sep. 2020	31 Dec. 2020	31 Mar. 2021	30 Jun. 2021	30 Sep. 2021	Quarter-on-quarter
CET1 Instruments	24,657	25,546	36,017	34,528	34,828	300
Shareholders' equity	26,475	27,118	37,172	36,271	36,708	437
Capital	5,981	5,981	8,061	8,061	8,061	
Profit/(loss) attributable to the Group	726	1,381	4,786	4,181	4,801	620
Reserves and other	19,768	19,756	24,326	24,029	23,846	(183)
Other CET1 instruments ¹	(1,818)	(1,572)	(1,155)	(1,743)	(1,880)	(137)
Deductions from CET1	(6,464)	(5,892)	(6,547)	(6,135)	(6,125)	10
(CET1)	18,192	19,654	29,470	28,393	28,703	310
AT1 instruments	2,237	2,984	4,235	4,237	4,984	747
AT1 Deductions						
TIER 1	20,430	22,637	33,705	32,630	33,687	1,057
T2 instruments	3,324	3,407	5,837	5,888	5,720	(168)
T2 Deductions						
TIER 2	3,324	3,407	5,837	5,888	5,720	(168)
TOTAL CAPITAL	23,754	26,045	39,542	38,518	39,407	889
Other computable subordinated instruments	5,664	6,665	8,842	10,598	10,603	5
MREL						
MREL, subordinated	29,417	32,709	48,384	49,116	50,010	894
Other computable instruments. MREL	5,111	5,111	6,375	6,378	6,379	1
MREL	34,528	37,820	54,759	55,494	56,389	895
Risk-weighted assets	145,731	144,073	208,585	220,881	220,354	(527)
CET1 Ratio	12.5%	13.6%	14.1%	12.9%	13.0%	0.1%
Tier 1 Ratio	14.0%	15.7%	16.2%	14.8%	15.3%	0.5%
Total Capital Ratio	16.3%	18.1%	19.0%	17.4%	17.9%	0.5%
MDA Buffer ²	5,891	7,984	12,571	10,314	10,667	353
MREL Ratio, subordinated	20.2%	22.7%	23.2%	22.2%	22.7%	0.5%
MREL Ratio	23.7%	26.3%	26.3%	25.1%	25.6%	0.5%
Leverage ratio	5.1%	5.6%	5.4%	5.1%	5.2%	0.1%
CET1 Ratio - CABK (non-consolidated basis)	14.1%	15.1%	15.9%	13.4%	13.4%	
Tier 1 Ratio CABK (non-consolidated basis)	15.7%	17.4%	18.1%	15.5%	15.9%	0.4%
Total Capital Ratio - CABK (non-consolidated basis)	18.2%	19.9%	21.2%	18.4%	18.7%	0.3%
Risk-weighted assets (non-consolidated basis)	134,979	132,806	189,616	203,417	201,915	(1,502)
Profit/loss (non-consolidated basis)	254	688	4,601	3,490	3,565	
ADIs ³	2,919	3,308	7,655	6,572	6,466	(106)
MDA Buffer- CABK (non-consolidated basis) ²	9,541	10,778	16,842	12,986	12,921	(65)
Leverage Ratio - CABK (non-consolidated basis)	5.7%	6.2%	5.8%	5.2%	5.2%	

Data at June 2021 updated using the latest official information.

(1) Mainly includes the forecast for dividends, IFRS 9 transitional adjustment and OCIs.

(2) MDA (Maximum Distributable Amount) Buffer: the capital threshold below which limitations exist on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments. It is defined as Pillar 1 + Pillar 2 capital requirements + capital buffers + possible AT1 and T2 deficits. Either the non-consolidated or the consolidated, whichever is lower.

(3) Does not include the issue premium.

Segment reporting

This section shows financial information on the different business segments of the CaixaBank Group, set up as follows:

- **Banking and Insurance:** shows earnings from the Group's banking, insurance and asset management activity mainly in Spain, as well as the real estate business and ALCO's activity in liquidity management and income from financing the other businesses.

Most of the activity and results generated by Bankia are included in the banking and insurance business. Given that the recognition date of the merger for accounting purposes is 31 March 2021, the financial statements included Bankia's assets and liabilities on that date at fair value. As of the second quarter, the results generated by Bankia are included in the various lines of CaixaBank's income statement on the Group's business segments.

Likewise, as the banking and insurance business includes the Group-wide corporate centre, the extraordinary income related to the merger has been recognised in this activity, including the negative consolidation difference.

The insurance, asset management and cards business acquired by CaixaBank from BPI during 2018 is also part of this business.

- **Equity investments:** this line of business shows earnings, net of funding expenses, from the stakes held in Erste Group Bank, Telefónica, BFA, BCI and Coral Homes. Similarly, it includes the significant impacts on income of other relevant stakes in various sectors integrated in past acquisitions.

As of 31 March, the stake held in Gramina Homes from Bankia is added, the results of which are included in the Group as of the second quarter.

- **BPI:** covers the income from BPI's domestic banking business. The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination and excludes the results and balance sheet figures associated with the assets of BPI assigned to the equity investments business (essentially BFA and BCI).

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

The allocation of capital to the investment business in both exercises take into account the 11.5% consumption of capital for risk-weighted assets, as well as any applicable deductions.

The allocation of capital to BPI is at sub-consolidated level, i.e. taking into account the subsidiary's own funds. The capital consumed in BPI by the investees allocated to the investment business is allocated consistently to this business.

The difference between the Group's total shareholders' equity and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

Results for the first nine months of 2021 arranged by business are as follows:

€ million	Banking & insurance			Equity Investments	BPI	Group
	Total	M&A impacts	Income ex M&A			
Net interest income	4,109		4,109	(30)	337	4,416
Dividend income and share of profit/(loss) of entities accounted for using the equity method	208		208	282	18	507
Net fee and commission income	2,400		2,400		204	2,604
Trading income	105		105	14	11	130
Income and expense under insurance or reinsurance contracts	479		479			479
Other operating income and expense	(391)		(391)	(8)	(28)	(427)
Gross income	6,911		6,911	258	542	7,711
Recurring administrative expenses, depreciation and amortisation	(4,011)		(4,011)	(3)	(340)	(4,353)
Extraordinary expenses	(2,019)	(2,019)			(1)	(2,020)
Pre-impairment income	881	(2,019)	2,900	255	201	1,337
Pre-impairment income stripping out extraordinary expenses	2,900		2,900	255	202	3,357
Allowances for insolvency risk	(488)		(488)		(5)	(493)
Other charges to provisions	(343)	(157)	(186)		(16)	(359)
Gains/(losses) on disposal of assets and others	4,275	4,303	(28)		1	4,275
Profit/(loss) before tax	4,325	2,127	2,197	255	180	4,760
Income tax expense	78	652	(574)	7	(44)	41
Profit/(loss) after tax	4,402	2,779	1,623	262	137	4,801
Profit/(loss) attributable to minority interest and others	(0)		(0)			(0)
Profit/(loss) attributable to the Group	4,403	2,779	1,623	262	137	4,801

The proforma results for the first nine months of 2021 arranged by business are as follows:

€ million	Banking & insurance	Equity Investments	BPI	Group
Net interest income	4,557	(30)	337	4,864
Dividend income and share of profit/(loss) of entities accounted for using the equity method	220	281	18	519
Net fee and commission income	2,682		204	2,886
Trading income	115	14	11	140
Income and expense under insurance or reinsurance contracts	479			479
Other operating income and expense	(432)	(8)	(28)	(468)
Gross income	7,622	258	542	8,421
Recurring administrative expenses, depreciation and amortisation	(4,455)	(3)	(340)	(4,797)
Extraordinary expenses			(1)	(1)
Pre-impairment income	3,167	255	201	3,623
Pre-impairment income stripping out extraordinary expenses	3,167	255	202	3,624
Allowances for insolvency risk	(611)		(5)	(616)
Other charges to provisions	(210)		(16)	(226)
Gains/(losses) on disposal of assets and others	(50)		1	(50)
Profit/(loss) before tax	2,296	255	180	2,731
Income tax expense	(607)	7	(44)	(644)
Profit/(loss) after tax	1,689	261	137	2,087
Profit/(loss) attributable to minority interest and others	(0)			(0)
Comparative proforma Profit/(loss)	1,689	261	137	2,087
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net	(66)	1		(65)
+ M&A impacts, net	2,779			2,779
Profit/(loss) attributable to the Group (accounting profit/(loss))	4,403	262	137	4,801

Banking and insurance business

The performance in the first nine months of 2021 stands at €4,403 million, impacted by the extraordinary expenses associated with the merger. Without considering this impact, the result stands at €1,623 million. In the same period of 2020 the result was €558 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

The Comparative proforma Profit/(loss) stands at €1,689 million (€740 million, net, in the same period of the previous year, impacted by the provisions associated with Covid-19).

€ million				Proforma		
	9M21	9M20	Change %	9M21	9M20	Change %
INCOME STATEMENT						
Net interest income	4,109	3,385	21.4	4,557	4,804	(5.1)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	208	174	19.5	220	210	4.9
Net fee and commission income	2,400	1,727	39.0	2,682	2,565	4.6
Trading income	105	198	(47.1)	115	343	(66.4)
Income and expense under insurance or reinsurance contracts	479	441	8.6	479	441	8.6
Other operating income and expense	(391)	(207)	88.5	(432)	(390)	10.8
Gross income	6,911	5,718	20.9	7,622	7,973	(4.4)
Recurring administrative expenses, depreciation and amortisation	(4,011)	(3,142)	27.7	(4,455)	(4,434)	0.5
Extraordinary expenses	(2,019)					
Pre-impairment income	881	2,576	(65.8)	3,167	3,539	(10.5)
Pre-impairment income stripping out extraordinary expenses	2,900	2,576	12.6	3,167	3,539	(10.5)
Allowances for insolvency risk	(488)	(1,582)	(69.1)	(611)	(2,394)	(74.5)
Other charges to provisions	(343)	(206)	66.4	(210)	(149)	40.8
Gains/(losses) on disposal of assets and others	4,275	(95)		(50)	(148)	(65.9)
Profit/(loss) before tax	4,325	694		2,296	849	
Income tax expense	78	(136)		(607)	(109)	
Profit/(loss) after tax	4,402	557		1,689	739	
Profit/(loss) attributable to minority interest and others	(0)	(1)	(65.4)	(0)	(1)	(83.6)
Profit/(loss) attributable to the Group	4,403	558		1,689	740	
INCOME STATEMENT BREAKDOWN						
Core income	7,181	5,704	25.9	7,923	8,000	(1.0)
Banking services, securities and other fees	1,333	980	36.1	1,513	1,540	(1.7)
Recurring	1,190	837	42.1	1,364	1,359	0.4
Wholesale banking	143	142	0.5	150	181	(17.4)
Sale of insurance products	182	109	66.6	224	209	7.2
Long-term savings products	885	638	38.7	944	816	15.8
Mutual funds, managed accounts and SICAVs	546	381	43.2	590	507	16.3
Pension plans	213	163	30.7	228	215	6.3
Unit Link and other	126	94	34.3	126	94	34.1
Net fee and commission income	2,400	1,727	39.0	2,682	2,565	4.6
Personnel expenses	(2,541)	(1,965)	29.3	(2,815)	(2,761)	2.0
General expenses	(1,026)	(811)	26.4	(1,149)	(1,184)	(3.0)
Depreciation and amortisation	(444)	(366)	21.5	(490)	(489)	0.3
Recurring administrative expenses, depreciation and amortisation	(4,011)	(3,142)	27.7	(4,455)	(4,434)	0.5
Extraordinary expenses	(2,019)					
OTHER INDICATORS						
ROTE ¹	8.4%	4.3%	4.1			
Cost-to-income ratio stripping out ext. exp. (12 months)	56.8%	55.8%	1.0			
Cost of risk (12 months)	0.27%	0.80%	(0.5)			
Customers	18.9	13.5	40.0			
Employees	46,442	30,851	50.5			
Branches	5,769	3,886	48.5			
of which Retail	5,415	3,672	47.5			
ATMs	13,678	8,851	54.5			

(1) The ratio excludes the net extraordinary income associated with the merger for €2,779 million and the gains on the partial sale of Comercia in 4Q20 for €420 million. The coupon for the part of the AT1 issue assigned to this business has also been deducted.

The following highlights shaped the year-on-year **proforma performance** of the banking and insurance business (€1,689 million):

- **Gross income stands at €7,622 million (-4.4%):**
 - Core income dropped 1.0% with respect to the first nine months of 2020:
 - **Net interest income stands at €4,557 million (-5.1%)** due to the lower return on loans and on the fixed-income portfolio and to the lower income from financing the Equity investments business. This drop in income is partially offset by higher income from the measures established by the ECB, a higher volume of loans and lower wholesale funding expenses.
 - **Income from Bancassurance equity investments amounted to €206 million**, up 8.0%.
 - **Fee and commission income reached €2,682 million (+4.6%** with respect to the same period of 2020).
 - Reduction in banking fees and commissions (-1.7%). Recurring fees and commissions (+0.4%) remain practically stable, with lower non-recurring fees and commissions (-17.4%) following a 2020 marked by higher activity in investment banking.
 - Higher fees and commissions from the sale of insurance products (+7.2%) mainly due to the recovery of commercial activity.
 - Increase in commissions from long-term savings products of 15.8%, mainly due to managing more assets. Specifically, rise of Mutual funds, managed accounts and SICAVs of 16.3%, Pension plans of 6.3% and Unit Link of 34.1%
 - **Income and expense under insurance or reinsurance contracts**, which reached **€479 million**, shows a solid growth with respect to the same period of 2020 (+8.6%).
 - **Trading income** stands at €+115 million, €+343 million in the same period of 2020, which included the materialisation of unrealised gains from fixed-income assets.
 - **Other operating income and expense** totalled €-432 million (€-390 million in the same period of 2020). They include, among others, the contribution to the Single Resolution Fund (SRF) of €-162 million (€-151 million in 2020) in the second quarter of each year.
- **Recurring administrative expenses, depreciation and amortisation** slightly increased and amounted to €-4,455 million, up 0.5%.
- **Allowances for insolvency risk** amounted to €-611 million in the first nine months of 2021. In the same period of 2020, €-2,394 million following the establishment of **a provision for credit risk of €1,563 million to anticipate future impacts associated with Covid-19**.
- **Other charges to provisions** stood at €-210 million (€-149 million in the same period of 2020).
- **Gains/(losses) on disposal of assets and others** stood at €-50 million (€-148 million in the same period of 2020, impacted by provisions for real estate assets).

The following table shows the **proforma quarterly performance** of the banking and insurance business:

€ million	3Q21	2Q21	1Q21	4Q20	3Q20
INCOME STATEMENT					
Net interest income	1,483	1,534	1,540	1,646	1,622
Dividend income and share of profit/(loss) of entities accounted for using the equity method	95	63	62	105	99
Net fee and commission income	890	915	877	926	861
Trading income	39	34	42	67	40
Income and expense under insurance or reinsurance contracts	162	154	164	156	150
Other operating income and expense	(91)	(242)	(98)	(344)	(72)
Gross income	2,579	2,456	2,587	2,556	2,700
Recurring administrative expenses, depreciation and amortisation	(1,489)	(1,487)	(1,479)	(1,435)	(1,453)
Extraordinary expenses					
Pre-impairment income	1,090	969	1,109	1,121	1,247
Pre-impairment income stripping out extraordinary expenses	1,090	969	1,109	1,121	1,247
Allowances for insolvency risk	(151)	(148)	(312)	(545)	(598)
Other charges to provisions	(63)	(75)	(71)	(45)	59
Gains/(losses) on disposal of assets and others	(12)	(19)	(20)	430	(81)
Profit/(loss) before tax	863	728	705	961	627
Income tax expense	(213)	(199)	(195)	(64)	(135)
Profit/(loss) after tax	650	529	510	897	492
Profit/(loss) attributable to minority interest and others	0	(0)	(0)	1	1
Profit/(loss) attributable to the Group	650	529	510	896	492
INCOME STATEMENT BREAKDOWN					
Core income	2,623	2,660	2,640	2,827	2,721
Banking services, securities and other fees	492	528	493	538	515
Recurring	450	463	451	483	462
Wholesale banking	42	66	42	55	53
Sale of insurance products	66	73	85	70	66
Long-term savings products	332	314	299	317	280
Mutual funds, managed accounts and SICAVs	208	196	186	187	174
Pension plans	79	75	74	89	74
Unit Link and other	45	42	39	41	32
Net fee and commission income	890	915	877	926	861
Personnel expenses	(947)	(939)	(929)	(903)	(895)
General expenses	(377)	(387)	(384)	(374)	(393)
Depreciation and amortisation	(165)	(160)	(165)	(158)	(166)
Recurring administrative expenses, depreciation and amortisation	(1,489)	(1,487)	(1,479)	(1,435)	(1,453)
Extraordinary expenses					

The following table shows business activity and asset quality indicators at 30 September 2021:

- **Loans and advances to customers, gross stood at €328,796 million in the year, up 50.6% following the merger with Bankia.** Considering the organic change, the total portfolio dropped 4.8%.
- **Customer funds stood at €572,490 million** (+49.6% in the year, +7.6% organic change). Its organic evolution is impacted by the increase of on-balance sheet funds (+5.3%) and the growth of assets under management (+11.9%), marked by the positive net subscriptions and the performance of the markets.
- The **NPL ratio** reached 3.8%, while the **coverage ratio stood at 63%.**

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %	Organic change %
BALANCE SHEET						
Assets	642,092	631,151	1.7	410,690	56.3	6.7
Liabilities	611,188	600,652	1.8	389,083	57.1	7.2
Assigned capital	30,875	30,470	1.3	21,582	43.1	(1.3)
LOANS AND ADVANCES TO CUSTOMERS						
Loans to individuals	172,660	178,398	(3.2)	106,941	61.5	(5.9)
Home purchases	129,224	131,130	(1.5)	73,586	75.6	(5.9)
Other	43,435	47,269	(8.1)	33,355	30.2	(5.8)
of which: Consumer lending	17,047	17,350	(1.7)	12,753	33.7	(5.4)
Loans to business	134,113	136,056	(1.4)	96,331	39.2	(5.4)
Corporates and SMEs	128,235	129,985	(1.3)	90,767	41.3	(5.1)
Real estate developers	5,878	6,070	(3.2)	5,564	5.6	(11.9)
Public sector	22,024	22,116	(0.4)	15,005	46.8	6.9
Loans and advances to customers, gross	328,796	336,570	(2.3)	218,277	50.6	(4.8)
of which: Performing loans	316,074	323,779	(2.4)	210,584	50.1	(5.0)
of which: Non-performing loans	12,722	12,791	(0.5)	7,693	65.4	1.1
Provisions for insolvency risk	(8,030)	(8,100)	(0.9)	(5,105)	57.3	(8.5)
Loans and advances to customers, net	320,766	328,470	(2.3)	213,172	50.5	(4.7)
Contingent liabilities	25,171	24,729	1.8	15,254	65.0	5.4
CUSTOMER FUNDS						
Customer funds	349,784	343,869	1.7	216,432	61.6	5.7
Demand deposits	321,865	314,549	2.3	202,980	58.6	8.7
Time deposits	27,919	29,320	(4.8)	13,451		(38.7)
Insurance contract liabilities	61,641	61,384	0.4	59,360	3.8	3.8
of which: Unit Link and other	17,740	17,144	3.5	14,607	21.4	21.4
Reverse repurchase agreements and other	2,077	2,087	(0.5)	2,044	1.6	1.6
On-balance sheet funds	413,502	407,340	1.5	277,835	48.8	5.3
Mutual funds, managed accounts and SICAVs	100,316	99,052	1.3	65,852	52.3	14.2
Pension plans	46,701	46,416	0.6	35,328	32.2	7.5
Assets under management	147,018	145,468	1.1	101,180	45.3	11.9
Other accounts	11,971	13,813	(13.3)	3,778		63.1
Total customer funds	572,490	566,621	1.0	382,794	49.6	7.6
ASSET QUALITY						
Non-performing loan ratio (%)	3.8%	3.7%		3.4%	0.4	0.1
Non-performing loan coverage ratio (%)	63%	63%		65%	(2)	(5)

Insurance activity

The banking and insurance business includes the results of the activity carried out by the Group's various insurance firms, mainly VidaCaixa de Seguros y Reaseguros and BPI Vida e Pensões. These companies offer a highly specialised range of life insurance, pensions and general insurance products, all of which are marketed to the Group's customer base.

In addition to VidaCaixa's results, the income from Bankia investees has been included following the merger with Bankia: Bankia Vida (49%), Bankia Pensiones (100%), Bankia Mediación (100%), SegurBankia (100%) and Sa Nostra Vida (18.7%).

The following table shows the income statement of the VidaCaixa Group and the proforma income statement that includes the income from investees incorporated from Bankia:

€ million	VidaCaixa ¹			Proforma		
	9M21	9M20	Change %	9M21	9M20	Change %
Net interest income	241	257	(6.2)	241	257	(6.2)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	173	152	13.9	206	190	8.0
Net fee and commission income	(49)	(70)	(29.6)	(11)	(33)	(66.2)
Trading income	6	3	115.0	6	3	
Income and expense under insurance or reinsurance contracts	483	441	9.3	483	441	9.3
Other operating income and expense	0	1		0	0	(25.7)
Gross income	855	784	8.9	925	860	7.6
Recurring administrative expenses, depreciation and amortisation	(103)	(97)	6.4	(112)	(107)	4.9
Extraordinary expenses	(2)					
Pre-impairment income	750	688	9.0	813	753	8.0
Pre-impairment income stripping out extraordinary expenses	751	688	9.3	813	753	8.0
Allowances for insolvency risk				0		
Other charges to provisions						
Gains/(losses) on disposal of assets and others						
Profit/(loss) before tax	750	688	9.0	813	753	8.0
Income tax expense	(169)	(160)	5.6	(178)	(168)	6.3
Profit/(loss) after tax	581	528	10.1	635	585	8.5
Profit/(loss) attributable to minority interest and others						
Profit/(loss) attributable to the Group	581	528	10.1	635	585	8.5

The profit attributable to the VidaCaixa Group¹ stands at €+581 million, up 10.1% with respect to the same period of 2020:

- **Net interest income** includes the margin on life savings insurance products, which was down 6.2% with respect to the same period of the previous year.
- **Share of profit/(loss) of entities accounted for using the equity method** mainly shows the contribution made by SegurCaixa Adeslas, 49.9% of which is owned by VidaCaixa, with a significant year-on-year improvement of its attributable profit (+13.9%) given the negative impact on the valuation of financial assets in the first quarter of 2020.
- **Net fee and commission income**² is the net result of:
 - The fees and commissions received by VidaCaixa from managing Unit Linked products and pension plans.
 - The fees and commissions the insurance firms pay the banks for distributing their products.
- **Income and expense under insurance or reinsurance contracts**, which shows the margin obtained from the difference between premia and the technical provisions, claims and other expenses of life-risk products, grew 9.3% with respect to the same period of the previous year.

(1) At VidaCaixa level prior to consolidation adjustments.

(2) The commercial network in Spain also receives fees for distributing its insurance products through the branch network, although these fees are not included in the income statement for the insurance business, because they relate instead to the banking business ex insurance.

The following table shows the **proforma quarterly performance** of the insurance activity:

€ million	3Q21	2Q21	1Q21	4Q20	3Q20
Net interest income	81	79	81	85	87
Dividend income and share of profit/(loss) of entities accounted for using the equity method	89	58	59	99	89
Net fee and commission income	2	(4)	(9)	21	(12)
Trading income	4	1	2	2	1
Income and expense under insurance or reinsurance	162	157	164	156	150
Other operating income and expense ¹	0	0	0	136	(0)
Gross income	337	292	296	499	315
Recurring administrative expenses, depreciation and amortisation	(37)	(37)	(38)	(33)	(35)
Extraordinary expenses					
Pre-impairment income	300	255	258	466	279
Pre-impairment income stripping out extraordinary expenses	300	255	258	466	279
Allowances for insolvency risk	0				
Other charges to provisions	(0)		0		
Gains/(losses) on disposal of assets and others					
Profit/(loss) before tax	300	255	258	466	279
Income tax expense	(63)	(57)	(59)	(67)	(56)
Profit/(loss) after tax	238	198	199	399	223
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	238	198	199	399	223

(1) Other operating income and expense includes, in the fourth quarter of 2020, the one-off income associated with SegurCaixa Adeslas' final earnout for €135 million.

Equity investments business

The result in the first nine months of 2021 stood at €262 million (€+68 million in same period of 2020).

€ million	9M21	9M20	Change %	Proforma		
				9M21	9M20	Change %
Net interest income	(30)	(64)	(53.3)	(30)	(65)	(53.5)
Dividend income	149	90	65.5	149	90	65.5
Share of profit/(loss) of entities accounted for using the equity method	132	36		132	34	
Net fee and commission income						
Trading income	14	(8)		14	(8)	
Income and expense under insurance or reinsurance contracts						
Other operating income and expense	(8)			(8)		
Gross income	258	54		258	51	
Recurring administrative expenses, depreciation and amortisation	(3)	(3)		(3)	(3)	
Extraordinary expenses						
Pre-impairment income	255	51		255	48	
Pre-impairment income stripping out extraordinary expenses	255	51		255	48	
Allowances for insolvency risk						
Other charges to provisions						
Gains/(losses) on disposal of assets and others						
Profit/(loss) before tax	255	51		255	48	
Income tax expense	7	17	(61.3)	7	17	(61.5)
Profit/(loss) after tax	262	68		261	66	
Profit/(loss) attributable to minority interest and others						
Profit/(loss) attributable to the Group	262	68		261	66	
ROTE stripping out one-off impacts ¹	42.7%	7.8%	34.9			

(1) The ROTE for 9M21 excludes the provision corresponding to Erste Group Bank in the fourth quarter of 2020 (€-311 million, net). The coupon for the part of the AT1 issue assigned to this business has also been deducted.

The proforma result in the first nine months of 2021 stood at €261 million:

- The **Net interest income** corresponds to the cost of financing the investee business. The year-on-year fall is mainly due to the reduction of the average balance financed and lower funding rate due to adapting the yield to market conditions.
- The **Dividend income** amounted to €149 million and includes in the second quarter of 2021 the dividends from Telefónica for €51 million and BFA for €98 million (€50 million and €40 million, respectively in 2020). With regard to BFA, it includes income associated with an extraordinary dividend for €54 million.
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €132 million (€34 million in the same period of 2020 due to the lower results attributed in the context of the start of the pandemic). The proforma vision considers, in both years, the contribution of Gramina Homes, the impact of which is not significant.
- **Trading income** in both periods include the income from hedge contracts on investees.

The following table shows the **proforma quarterly performance** of the equity investments business:

€ million	3Q21	2Q21	1Q21	4Q20	3Q20
Net interest income	(8)	(10)	(13)	(13)	(18)
Dividend income		149		50	
Share of profit/(loss) of entities accounted for using the equity method	49	62	21	8	28
Net fee and commission income					
Trading income	12	1	1	(1)	(3)
Income and expense under insurance or reinsurance contracts					
Other operating income and expense		(8)		(3)	
Gross income	54	194	9	41	8
Recurring administrative expenses, depreciation and amortisation	(1)	(1)	(1)	(1)	(1)
Extraordinary expenses					
Pre-impairment income	53	193	8	40	7
Pre-impairment income stripping out extraordinary expenses	53	193	8	40	7
Allowances for insolvency risk					
Other charges to provisions					
Gains/(losses) on disposal of assets and others ¹				(311)	
Profit/(loss) before tax	53	193	8	(271)	7
Income tax expense	(1)	5	3	7	5
Profit/(loss) after tax	52	198	12	(264)	12
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	52	198	12	(264)	12

(1) In the quarterly performance of Gains/(losses) on disposal of assets and others, the recognition in the fourth quarter of 2020, of the provision, with conservative criteria, associated with the Erste Group Bank as a result of the impact of Covid-19 on the economic context stands out, as well as the extended scenario of low interest rates.

The following balance sheet shows the investee business indicators:

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %	Organic change %
BALANCE SHEET						
Assets						
Investments (Financial assets at fair value with changes in OCI and Investments in JVs and associates) and other ²	3,571	3,463	3.1	3,267	9.3	5.8
Liabilities						
Intra-group financing and other liabilities	2,765	2,697	2.5	2,565	7.8	4.8
Assigned capital³	807	766	5.3	702	14.9	9.8

(2) The figures at the end of 31 December 2020 do not include the investment in Gramina Homes, incorporated in the merger.

(3) The capital assigned to BFA and BCI is the amount required at sub-consolidated level for BPI for those interests.

BPI

Profit from the banking business of BPI amounted to €+137 million (€+101 million in the first nine months of 2020).

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
INCOME STATEMENT								
Net interest income	337	327	3.1	113	112	111	118	109
Dividend income and share of profit/(loss) of entities accounted for using the equity method	18	14	25.8	5	7	6	4	5
Net fee and commission income	204	178	15.0	74	67	64	67	59
Trading income	11	(8)		(2)	3	9	6	4
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(28)	(22)	31.5	4	(19)	(13)	7	(1)
Gross income	542	489	10.8	195	170	177	201	177
Recurring administrative expenses, depreciation and amortisation	(340)	(340)	(0.1)	(116)	(110)	(113)	(99)	(115)
Extraordinary expenses	(1)				(1)			
Pre-impairment income	201	149	34.8	79	58	64	103	62
Pre-impairment income stripping out extraordinary expenses	202	149	35.6	79	60	64	103	62
Allowances for insolvency risk	(5)	(12)	(59.0)	(13)	(7)	15	(8)	6
Other charges to provisions	(16)	(1)		(10)	(5)	(1)	(18)	0
Gains/(losses) on disposal of assets and others	1	3	(81.6)	0	0	0	25	2
Profit/(loss) before tax	180	138	30.2	55	47	78	101	71
Income tax expense	(44)	(38)	15.4	(13)	(10)	(20)	(28)	(15)
Profit/(loss) after tax	137	101	35.7	42	36	58	73	55
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	137	101	35.7	42	36	58	73	55
INCOME STATEMENT BREAKDOWN								
Core income	557	518	7.6	193	183	181	189	174
Banking services, securities and other fees	120	105	14.5	43	41	36	37	35
Recurring	119	104	14.8	43	40	36	36	35
Wholesale banking	1	1	(7.1)	0	0	0	1	
Sale of insurance products	39	37	4.0	13	12	14	19	13
Long-term savings products	45	35	28.1	18	14	14	11	11
Mutual funds, managed accounts and SICAVs	29	24	20.6	12	8	9	8	8
Pension plans	1	1	12.9	0	0	0	0	0
Unit Link and other	16	11	45.7	6	5	4	3	4
Net fee and commission income	204	178	15.0	74	67	64	67	59
Personnel expenses	(177)	(185)	(4.1)	(61)	(57)	(59)	(55)	(61)
General expenses	(108)	(110)	(2.1)	(36)	(36)	(36)	(27)	(37)
Depreciation and amortisation	(55)	(45)	21.4	(19)	(18)	(17)	(16)	(16)
Recurring administrative expenses, depreciation and amortisation	(340)	(340)	(0.1)	(116)	(110)	(113)	(99)	(115)
Extraordinary expenses	(1)				(1)			
OTHER INDICATORS								
ROTE stripping out one-off impacts ¹	6.3%	4.3%	2.0	6.3%	6.6%	5.8%	4.2%	4.3%
Cost-to-income ratio stripping out ext. exp. (12 months)	59.0%	67.0%	(8.0)	59.0%	60.2%	60.8%	63.5%	67.0%
Customers	1.8	1.9	(2.7)	1.8	1.9	1.9	1.9	1.9
Employees	4,538	4,766	(4.8)	4,538	4,562	4,597	4,622	4,766
Branches	374	429	(12.8)	374	385	403	422	429
of which retail	316	365	(13.4)	316	326	343	360	365
ATMs	1,440	1,484	(3.0)	1,440	1,458	1,460	1,456	1,484

(1) The different period's ratios (12 months) exclude the following amounts net of taxes:

- Extraordinary expenses of 2Q21
- Release of provisions corresponding to the quarterly recalculation carried out by the passing of time in relation to the expected losses associated with the funds due to credit risk adjustments made at the time BPI was acquired (€20 million in 9M21 and €131 million in 9M20).
- Deduction of the coupon for the part of the AT1 issue assigned to this business.

- **Gross income** stands at €542 million, up 10.8% with respect to the same period of 2020:
 - Core income up 7.6%.
 - **Net interest income** totalled €337 million, with a 3.1% increase compared to the same period in the previous year and a 1.3% rise with respect to the previous quarter.
 - **Fee and commission income** stand at €204 million, up 15.0% on the same period of the previous year, improving in the majority of income items. With respect to the second quarter of 2021, they rose by 11.2%, mainly due to the increase in banking fees and commissions and investment funds fees.
 - **Trading income** amounted to €11 million in the first nine months of 2021. In the same period of 2020, €-8 million, which mainly included the value update of financial assets.
 - **Other operating income and expense totalled** €-28 million and included the contribution paid to the SRF and the Portuguese *Fundo de Resolução* (€-19 million and €-21 million in 2021 and 2020, respectively).

The first quarter of 2021 includes the contribution to the banking sector for €-18.8 million (€-15.5 million in the previous year) and €-3.6 million from the solidarity tax on the banking sector (in 2020 recognised in the third quarter).

- **Recurring administrative expenses, depreciation and amortisation** remained fairly stable (-0.1%). Decline in personnel expenses (-4.1%) as a result of the savings associated with the early retirements at the end of 2020 and throughout 2021, and increase in depreciation and amortisation (+21.4%).
- **Allowances for insolvency risk** stood at €-5 million (€-12 million in the same period of 2020) after including one-off income associated with the sale of portfolios in the first quarter of 2021.

The first nine months of 2020 (€-12 million) included the provision recognised anticipating future impacts associated with Covid-19 for €-48 million.

- **Other charges to provisions** included, among other items, the recognition of the costs associated with the early retirement scheme¹ in the second and third quarters of 2021, as well as in the fourth quarter of 2020.

(1) The cost arising from BPI's voluntary departures and early retirements amounts to €13 million in 2021, of which €1 million were recognised as extraordinary personnel expenses and €12 million as charges to provisions.

With regard to the indicators on business activity and asset quality of BPI, the following stands out:

- **Loans and advances to customers, gross** stood at €27,133 million, up 5.8% in the year, showing a growth in all segments.
- **Customer funds stood at €34,840 million**, up 6.8% in the year as a result of the increase of On-balance sheet funds (+7.6%), especially Demand deposits (+11.4%). In addition, good performance of Assets under management (+13.6%).
- BPI's **NPL ratio** reached 2.2%, as per the CaixaBank Group's NPL classification criteria.
- The NPL coverage ratio came to 89% in the year (+1 percentage point).

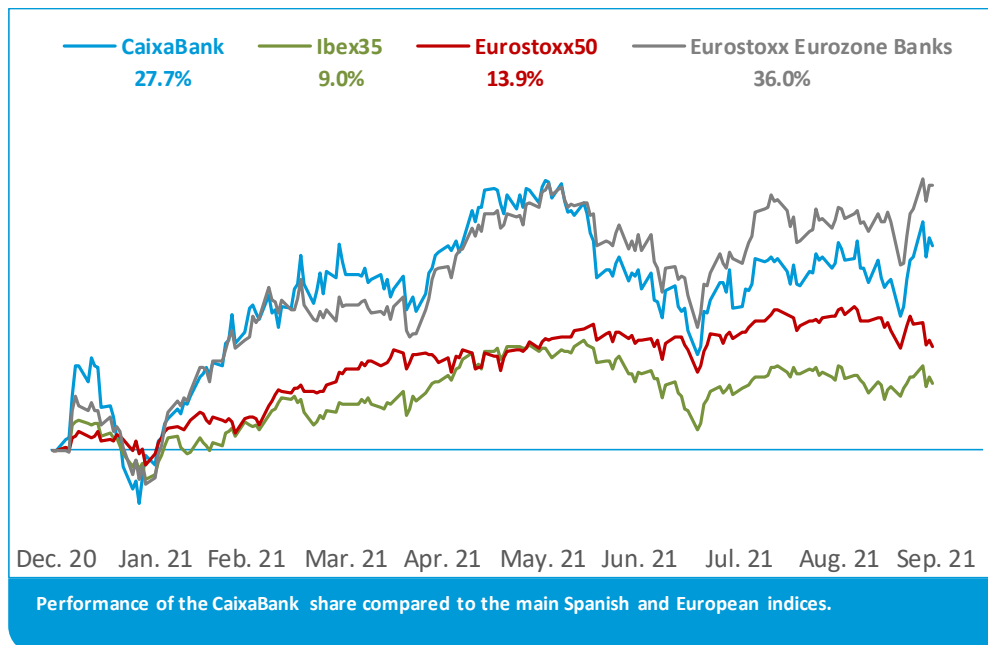
€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %
BALANCE SHEET					
Assets	40,075	39,474	1.5	37,564	6.7
Liabilities	36,661	36,168	1.4	34,595	6.0
Assigned capital	3,414	3,306	3.3	2,969	15.0
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	14,517	14,194	2.3	13,708	5.9
Home purchases	12,736	12,434	2.4	11,989	6.2
Other	1,782	1,760	1.3	1,719	3.7
of which: Consumer lending	1,478	1,425	3.7	1,417	4.3
Loans to business	10,529	10,281	2.4	10,094	4.3
Corporates and SMEs	10,366	10,117	2.5	9,938	4.3
Real estate developers	164	164	(0.3)	156	5.0
Public sector	2,086	1,966	6.1	1,845	13.1
Loans and advances to customers, gross	27,133	26,441	2.6	25,647	5.8
of which: Performing loans	26,555	25,910	2.5	25,070	5.9
of which: Non-performing loans	578	531	8.9	576	0.4
Provisions for insolvency risk	(524)	(509)	3.0	(515)	1.7
Loans and advances to customers, net	26,609	25,932	2.6	25,131	5.9
Contingent liabilities	1,701	1,648	3.2	1,616	5.2
CUSTOMER FUNDS					
Customer funds	27,767	27,322	1.6	25,802	7.6
Demand deposits	19,329	18,888	2.3	17,344	11.4
Time deposits	8,439	8,434	0.1	8,458	(0.2)
Reverse repurchase agreements and other	8	10	(15.7)	13	(35.2)
On-balance sheet funds	27,776	27,332	1.6	25,815	7.6
Mutual funds, managed accounts and SICAVs	6,205	5,988	3.6	5,463	13.6
Assets under management	6,205	5,988	3.6	5,463	13.6
Other accounts	860	1,052	(18.3)	1,336	(35.7)
Total customer funds	34,840	34,372	1.4	32,614	6.8
Memorandum items					
Insurance contracts sold ¹	4,336	4,256	1.9	4,334	-
ASSET QUALITY					
Non-performing loan ratio (%)	2.2%	2.1%	0.1	2.3%	(0.1)
Non-performing loan coverage ratio (%)	89%	94%	(5)	88%	1

(1) Relate to the insurance products of BPI Vida e Pensões, for which VidaCaixa is responsible under the Group's corporate structure. While reported under the banking and insurance business, the policies are marketed by BPI.

The CaixaBank share

- The **CaixaBank share** closed trading on 30 September 2021 at €2.684/share, up 3.5% when compared to the end of June and a cumulative rise of 27.7% in the year. The selective bank benchmarks have continued their path to recovery in the third quarter (+7.1% EURO STOXX Banks and +4.3% IBEX 35 Banks quarter on quarter), but the general indices closed with slight losses (-0.4% EURO STOXX 50 and -0.3% IBEX 35 quarter on quarter). However, they all show clearly positive figures in the year (+36.0% EURO STOXX Banks, +34.3%, IBEX 35 Banks, +13.9% EURO STOXX 50, +9.0% IBEX 35).
- The ongoing progress in the vaccination process and the gradual withdrawal of restrictions has continued to reactivate the economy in a widespread and sustained manner, contributing to a pleasant summer in the financial markets. While the anticipation of the beginning of the Fed's pull back on the stimulus measures had a certain repercussion on the stock markets in August, it was not until late in the quarter that volatility hit the trading floors again with force: the constraints in the supply chains, reappearance of inflationary pressure, doubts regarding the future of the monetary policies and the *Evergrande* crisis again led to unease in investors.
- In the third quarter of 2021, the number of shares traded¹ dropped 35.1% with respect to the same period of the previous year and 18.5% on the second quarter of 2021. In addition, the trading volume¹ in euros was 15.3% down on the volume of shares traded in the third quarter of 2020 and 22.0% down on the previous quarter. Since January 2021, the trading volume in shares and euros were 31.8% and 15.5% down, respectively, when compared to the same period of 2020.

(1) Traded in trading platforms, such as: BME, BATS Chi-X, TURQUOISE and BATS Europe, among others, while excluding over-the-counter transactions. It does not include block transactions or applications.



Key performance indicators for the CaixaBank share

30 Sep. 2021

Market capitalisation (€ million)	21,615
Number of outstanding shares ¹	8,053,422
Share price (€/share)	
Share price at the beginning of the period (31 Dec. 2020)	2.101
Share price at closing of the period (30 Sep. 2021)	2.684
Maximum price ²	2.871
Minimum price ²	1.948
Trading volume in 2021 (number of shares, excluding special transactions, in thousands)	
Maximum daily trading volume	96,338
Minimum daily trading volume	4,238
Average daily trading volume	16,432
Stock market ratios	
Net income attributable per share ex M&A (EPS) (€/share)	0.35
Book value (€/share)	4.36
Tangible book value (€/share)	3.72
PER (Price / EPS ex M&A ³ ; times)	7.74
P/tangible BV (Market value / tangible book value)	0.72
Dividend yield ⁴	1.00%

(1) Number of shares, in thousands, excluding treasury shares.

(2) Price at close of trading.

(3) Does not include the extraordinary impacts related to the merger with Bankia.

(4) Calculated by dividing the remuneration for the financial year 2020 (0.0268 euros/share) by the closing price at the end of the period (2.684 euros/share).

Shareholder returns

- On 24 May 2021, 0.0268 euros were paid per share, corresponding to the dividend charged to 2020 profits. As a result, the shareholder remuneration for the 2020 Fiscal Year is equivalent to 15% of the proforma adjusted consolidated net profit of Bankia and CaixaBank⁵, in line with the recommendation issued by the European Central Bank.
- Following the European Central Bank's announcement on 23 July 2021 of not extending its recommendation on dividend distributions beyond September 2021, the Board of Directors approved on 29 July 2021 the Dividend Policy for 2021, establishing the distribution of a cash dividend of 50% of the consolidated net profit adjusted by the extraordinary impacts from the merger with Bankia in a single payout in 2022.

(5) Maximum distributable amount 15% of the profit of the CaixaBank Group and Bankia, adjusted by the payment of coupons of both companies, the reclassifications of OCIs against P&L and the amortisation of intangible assets with a neutral impact on capital adequacy.

Investment portfolio

Main investees at 30 September 2021:

CaixaBank	%	Business segment
Telefónica	4.6%	Equity Investments
Erste Group Bank	9.9%	Equity Investments
Coral Homes	20.0%	Equity Investments
Gramina Homes	20.0%	Equity Investments
SegurCaixa Adeslas	49.9%	Banking and insurance
Comercia Global Payments	20.0%	Banking and insurance
Bankia Vida	49.0%	Banking and insurance
BPI	100.0%	BPI
Banco de Fomento Angola (BFA)	48.1%	Equity Investments
Banco Comercial e de Investimentos (BCI)	35.7%	Equity Investments

Ratings

Agency	Issuer Rating			Senior Preferred Debt	Last review date	Mortgage covered bonds	Last review date mortgage covered bonds
	Long-Term	Short-Term	Outlook				
S&P Global	BBB+	A-2	Stable	BBB+	22 Apr. 2021	AA	29 Mar. 2021
Fitch Ratings	BBB+	F2	Stable	A-	02 Sep. 2021	-	-
Moody's	Baa1	P-2	Stable	Baa1	22 Sep. 2020	Aa1	04 Nov. 2020
DBRS	A	R-1 (low)	Stable	A	29 Mar. 2021	AAA	29 Mar. 2021

In the third quarter of 2021, the rating agency Fitch confirmed the long-term rating at BBB+ and improved the outlook from negative to stable.

Appendices

Additional information on the fair value adjustments

The Group recognised a positive amount equivalent to the **negative difference arising on consolidation of €4,300 million** under Gains/(losses) on disposal of assets and others of the consolidated income statement (before and after tax). Below is a breakdown of the negative consolidation difference and additional information on the fair value adjustments carried out in the business combination:

Bankia Group equity at 31 Mar. 2021 (a)	13,088
Fair value adjustments and other, net (b)	(3,474)
<i>Loans and advances (1)</i>	<i>(710)</i>
<i>Real estate tangible assets (2)</i>	<i>(140)</i>
<i>Other financial instruments (3)</i>	<i>(254)</i>
<i>Tax assets and liabilities (4)</i>	<i>(2,241)</i>
<i>Other assets and liabilities (5)</i>	<i>(129)</i>
Acquisition price (c)	5,314
Negative consolidation difference (a+b-c)	4,300

- 1- Including the fair value adjustments on the lending portfolio classified at amortised cost compared with the provisions constituted by the Bankia Group at 31 March 2021. This adjustment includes the effect of adjusting the lifetime expected loss.
- 2- The value of the portfolio of real estate assets has been adjusted considering appraisals available and other parameters.
- 3- Mainly includes the adjustments of financial assets and liabilities at amortised cost, as a result of measuring them at their listed price or using methodologies based on market assumptions.
- 4- Within the framework of the business combination and merger with Bankia, and considering the alignment of criteria and judgment of the administrators and the negative impact of the current economic situation, as well as the ESMA statement of 2019¹, it has deemed appropriate not to recognise tax loss carryforwards for an amount of €2,023 million. Thus, on 31 March the CaixaBank Group had unrecognised tax loss carryforwards for a total amount of €2,909 million. The current recovery period for on-balance sheet tax assets is under 15 years.
- 5- Including, among others, the book value adjustment of non-controlling interest in associates based on generally accepted methodologies; compensations linked to certain commercial arrangements; the recognition of intangible assets that meet the criteria of separability or contractual legality; the derecognition of intangible assets that have not been assigned a market value; adjustments linked to the unification of assumptions on the value of defined benefit pension commitments and other long-term obligations with employees; and the measurement of contingent liabilities of a legal, fiscal or employment nature from past events in which Bankia is involved.

(1) Statement on the recognition of deferred tax assets of July 2019: "Considerations on recognition of deferred tax assets arising from the carry-forward of unused tax losses".

Alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA Guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the Group's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS. Figures are presented in millions of euros unless the use of another unit is stated explicitly.

Alternative Performance Measures used by the Group

1- Profitability and cost-to-income

a) Customer spread:

Explanation: difference between:

- average rate of return on loans (annualised quarterly income from loans and advances to customers divided by the net average balance of loans and advances to customers for the quarter).
- average rate for retail customer funds (annualised quarterly cost of retail customer funds divided by the average balance of those same retail customer funds for the quarter, excluding subordinated liabilities that can be classified as retail).

Note: The average balances of the analysed period are calculated on the basis of the daily closing balances of said period, except in the case of some subsidiaries, for which the average balances are calculated as the arithmetic average of the closing balances of each month. In 1Q21 the ratio does not include the results generated by Bankia in the first quarter or, for consistency purposes, the contribution of the balance items incorporated at 31 March.

Purpose: allows the Group to track the spread between interest income and costs for customers.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Annualised quarterly income from loans and advances to customers	4,364	4,352	4,177	5,688	5,559
Denominator	Net average balance of loans and advances to customers	227,006	229,195	227,891	339,866	336,605
(a)	Average yield rate on loans (%)	1.92	1.90	1.83	1.67	1.63
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	36	16	12	8	(8)
Denominator	Average balance of on-balance sheet retail customers funds	237,387	240,052	236,670	362,009	371,366
(b)	Average cost rate of retail customer funds (%)	0.02	0.01	0.01	0.00	0.00
	Customer spread (%) (a - b)	1.90	1.89	1.82	1.67	1.63

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Annualised quarterly income from loans and advances to customers	6,162	6,194	5,872	5,688	5,559
Denominator	Net average balance of loans and advances to customers	343,973	345,967	343,818	339,866	336,605
(a)	Average yield rate on loans (%)	1.79	1.79	1.71	1.67	1.63
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	36	20	24	8	(8)
Denominator	Average balance of on-balance sheet retail customers funds	354,728	357,931	354,718	362,009	371,366
(b)	Average cost rate of retail customer funds (%)	0.01	0.01	0.01	0.00	0.00
	Proforma customer spread (%) (a - b)	1.78	1.78	1.70	1.67	1.63

b) Balance sheet spread:

Explanation: difference between:

- average rate of return on assets (annualised interest income for the quarter divided by total average assets for the quarter).
- average cost of funds (annualised interest expenses for the quarter divided by total average funds for the quarter).

Note: The average balances of the analysed period are calculated on the basis of the daily closing balances of said period, except in the case of some subsidiaries, for which the average balances are calculated as the arithmetic average of the closing balances of each month. In 1Q21 the ratio does not include the results generated by Bankia in the first quarter or, for consistency purposes, the contribution of the balance items incorporated at 31 March.

Purpose: allows the Group to track the spread between interest income and cost for its on-balance sheet assets and liabilities.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Annualised quarterly interest income	6,767	6,863	6,708	8,371	8,363
Denominator	Average total assets for the quarter	450,730	456,953	454,329	671,368	690,460
(a)	Average return rate on assets (%)	1.50	1.50	1.48	1.25	1.20
Numerator	Annualised quarterly interest expenses	1,906	1,878	1,878	1,809	1,989
Denominator	Average total funds for the quarter	450,730	456,953	454,329	671,368	690,460
(b)	Average cost of fund rate (%)	0.42	0.41	0.41	0.27	0.28
	Balance sheet spread (%) (a - b)	1.08	1.09	1.07	0.98	0.92

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Annualised quarterly interest income	9,062	9,186	8,849	8,371	8,363
Denominator	Average total assets for the quarter	661,993	668,680	660,552	671,368	690,460
(a)	Average return rate on assets (%)	1.37	1.37	1.34	1.25	1.20
Numerator	Annualised quarterly interest expenses	2,244	2,224	2,202	1,809	1,989
Denominator	Average total funds for the quarter	661,993	668,680	660,552	671,368	690,460
(b)	Average cost of fund rate (%)	0.34	0.33	0.33	0.27	0.28
	Proforma balance sheet spread (%) (a - b)	1.03	1.04	1.01	0.98	0.92

c) ROE:

Explanation: Profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average shareholder equity plus valuation adjustments for the last 12 months (calculated as the average value of the monthly average balances).

ROE:

- Numerator: Attributable profit/(loss) for the last 12 months, including impacts from the merger.

- Denominator: Includes as of 31 March 2021 the increase of shareholder equity from the merger with Bankia.

ROE ex M&A impacts:

- The impacts associated with the merger in the numerator are eliminated in 2021.

Purpose: allows the Group to monitor the return on its shareholder equity.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Profit/(loss) attributable to the Group 12M	1,166	1,381	6,078	5,357	5,456
(b)	Additional Tier 1 coupon	(133)	(143)	(155)	(185)	(217)
Numerator	Adjusted profit/(loss) attributable to the Group 12M (a+b)	1,033	1,238	5,922	5,172	5,239
(c)	Average shareholder equity 12M	26,144	26,406	26,687	29,464	32,019
(d)	Average valuation adjustments 12M	(1,416)	(1,647)	(1,805)	(1,806)	(1,765)
Denominator	Average shareholder equity + valuation adjustments 12M (c+d)	24,728	24,759	24,882	27,657	30,254
	ROE (%)	4.2%	5.0%	23.8%	18.7%	17.3%
(e)	Extraordinary income from the merger	-	-	4,272	2,903	2,779
Numerator	Adjusted numerator 12M (a+b-e)	-	-	1,651	2,269	2,460
	ROE (%) ex M&A impacts	-	-	6.6%	8.2%	8.1%

d) ROTE:

Explanation: quotient between:

- o Profit/(loss) attributed to the Group (adjusted by the amount of the Additional Tier 1 coupon, registered in shareholder equity).
- o 12-month average shareholder equity plus valuation adjustments (calculated as the average value of the monthly average balances) deducting intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet).

ROTE:

- Numerator: Attributable profit/(loss) for the last 12 months, including impacts from the merger.

- Denominator: Includes as of 31 March 2021 the increase of shareholder equity from the merger with Bankia.

ROTE ex M&A impacts:

- The impacts associated with the merger in the numerator are eliminated in 2021.

Purpose: metric used to measure the return on a company's tangible equity.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Profit/(loss) attributable to the Group 12M	1,166	1,381	6,078	5,357	5,456
(b)	Additional Tier 1 coupon	(133)	(143)	(155)	(185)	(217)
Numerator	Adjusted profit/(loss) attributable to the Group 12M (a+b)	1,033	1,238	5,922	5,172	5,239
(c)	Average shareholder equity 12M	26,144	26,406	26,687	29,464	32,019
(d)	Average valuation adjustments 12M	(1,416)	(1,647)	(1,805)	(1,806)	(1,765)
(e)	Average intangible assets 12M	(4,266)	(4,295)	(4,353)	(4,555)	(4,752)
Denominator	Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)	20,462	20,463	20,529	23,102	25,501
	ROTE (%)	5.0%	6.1%	28.8%	22.4%	20.5%
(f)	Extraordinary income from the merger	-	-	4,272	2,903	2,779
Numerator	Adjusted numerator 12M (a+b-f)	-	-	1,651	2,269	2,460
	ROTE (%) ex M&A impacts	-	-	8.0%	9.8%	9.6%

e) **ROA:**

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total assets for the last 12 months (calculated as the average value of the daily balances of the analysed period).

ROA:

- Numerator: Attributable profit/(loss) for the last 12 months, including extraordinary impacts from the merger.

- Denominator: Includes as of 31 March 2021 the increase of average total assets from the merger with Bankia.

ROA ex M&A impacts:

- Numerator: The extraordinary impacts associated with the merger are eliminated in 2021.

Purpose: measures the level of return relative to assets.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Profit/(loss) after tax and before minority interest 12M	1,166	1,382	6,078	5,360	5,458
(b)	Additional Tier 1 coupon	(133)	(143)	(155)	(185)	(217)
Numerator	Adjusted net profit 12M (a+b)	1,032	1,238	5,922	5,174	5,241
Denominator	Average total assets 12M	421,331	433,785	446,487	506,854	568,619
	ROA (%)	0.2%	0.3%	1.3%	1.0%	0.9%
(c)	M&A impacts	-	-	4,272	2,903	2,779
Numerator	Adjusted numerator 12M (a+b-c)	-	-	1,651	2,271	2,462
	ROA (%) ex M&A impacts	-	-	0.4%	0.5%	0.4%

f) **RORWA:**

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total risk-weighted assets for the last 12 months (calculated as the average value of the quarterly average balances).

RORWA:

- Numerator: Attributable profit/(loss) for the last 12 months, including extraordinary impacts from the merger.

- Denominator: Includes as of 31 March 2021 the increase of average risk-weighted assets from the merger with Bankia.

RORWA ex M&A impacts:

- Numerator: The extraordinary impacts associated with the merger are eliminated in 2021.

Purpose: measures the return based on risk-weighted assets.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Profit/(loss) after tax and before minority interest 12M	1,166	1,382	6,078	5,360	5,458
(b)	Additional Tier 1 coupon	(133)	(143)	(155)	(185)	(217)
Numerator	Adjusted net profit 12M (a+b)	1,032	1,238	5,922	5,174	5,241
Denominator	Risk-weighted assets (regulatory) 12M	147,667	146,709	145,566	163,801	182,510
	RORWA (%)	0.7%	0.8%	4.1%	3.2%	2.9%
(c)	M&A impacts	-	-	4,272	2,903	2,779
Numerator	Adjusted numerator 12M (a+b-c)	-	-	1,651	2,271	2,460
	RORWA (%) ex M&A impacts	-	-	1.1%	1.4%	1.3%

h) Cost-to-income ratio:

Explanation: operating expenses (administrative expenses, depreciation and amortisation) divided by gross income (or core income for the core efficiency ratio) for the last 12 months.

Purpose: metric widely used in the banking sector to compare the cost to income generated.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Administrative expenses, depreciation and amortisation 12M	4,659	4,579	4,581	6,952	7,468
Denominator	Gross income 12M	8,255	8,409	8,489	9,175	9,860
	Cost-to-income ratio	56.4%	54.5%	54.0%	75.8%	75.7%

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,658	4,579	4,540	4,981	5,448
Denominator	Gross income 12M	8,255	8,409	8,489	9,175	9,860
	Cost-to-income ratio stripping out extraordinary expenses	56.4%	54.5%	53.5%	54.3%	55.3%

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,658	4,579	4,540	4,981	5,448
Denominator	Core income 12M	8,272	8,310	8,330	9,145	9,860
	Core cost-to-income ratio	56.3%	55.1%	54.5%	54.5%	55.3%

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Administrative expenses, depreciation and amortisation 12M	6,384	6,311	6,269	6,294	6,332
Denominator	Gross income 12M	11,159	11,311	11,325	11,276	11,219
	Proforma cost-to-income ratio	57.2%	55.8%	55.4%	55.8%	56.4%

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	6,384	6,311	6,269	6,294	6,332
Denominator	Core income 12M	11,367	11,456	11,475	11,521	11,453
	Proforma core cost-to-income ratio	56.2%	55.1%	54.6%	54.6%	55.3%

2- Risk Management

a) Cost of risk:

Explanation: total allowances for insolvency risk (12 months) divided by average of gross loans to customers plus contingent liabilities, using management criteria (calculated as the average value of the monthly closing balances).

Cost of risk:

- Numerator: Allowances for insolvency risk (12 months).

- Denominator: Includes as of 31 March 2021 the increase of loans to customers plus contingent liabilities from the merger with Bankia.

Purpose: indicator used to monitor and track the cost of allowances for insolvency risk on the loan book.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Allowances for insolvency risk 12M	1,682	1,915	1,574	910	814
Denominator	Average of gross loans + contingent liabilities 12M	251,400	255,548	259,335	291,750	322,911
	Cost of risk (%)	0.67%	0.75%	0.61%	0.31%	0.25%

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Allowances for insolvency risk 12M	-	2,959	2,545	1,596	1,169
Denominator	Average of gross loans + contingent liabilities 12M	-	386,425	390,581	390,043	388,318
	Proforma cost of risk (%)	-	0.77%	0.65%	0.41%	0.30%

b) Non-performing loan ratio:

Explanation: quotient between:

- non-performing loans and advances to customers and contingent liabilities, using management criteria.
- total gross loans and advances to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor and track the change in the quality of the loan portfolio.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Non-performing loans and contingent liabilities	9,078	8,601	14,077	14,005	13,955
Denominator	Total gross loans and contingent liabilities	259,034	260,794	390,097	389,389	382,801
	Non-performing loan ratio (%)	3.5%	3.3%	3.6%	3.6%	3.6%

c) Coverage ratio:

Explanation: quotient between:

- total credit loss provisions for loans and advances to customers and contingent liabilities, using management criteria.
- non-performing loans and advances to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor NPL coverage via provisions.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Provisions on loans and contingent liabilities	5,883	5,755	9,415	9,001	8,955
Denominator	Non-performing loans and contingent liabilities	9,078	8,601	14,077	14,005	13,955
	Coverage ratio (%)	65%	67%	67%	64%	64%

d) Real estate available for sale coverage ratio:

Explanation: quotient between:

- o gross debt cancelled at the foreclosure or surrender of the real estate asset less the present net book value of the real estate asset.
- o gross debt cancelled at the foreclosure or surrender of the real estate asset.

Note: Coverage solely available for real estate exposure from CaixaBank.

Purpose: reflects the coverage level via write-downs and accounting provisions on foreclosed real estate assets available for sale.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Gross debt cancelled at the foreclosure	1,634	1,613	1,887	1,917	1,933
(b)	Net book value of the foreclosed assets	973	930	1,084	1,109	1,117
Numerator	Total coverage of the foreclosed asset (a - b)	661	683	803	808	816
Denominator	Gross debt cancelled at the foreclosure	1,634	1,613	1,887	1,917	1,933
	Real estate available for sale coverage ratio (%)	40%	42%	43%	42%	42%

e) Real estate available for sale coverage ratio with accounting provisions:

Explanation: quotient between:

- o Accounting coverage: charges to provisions of foreclosed assets.
- o Book value of the foreclosed asset: sum of net carrying amount and the accounting provision.

Purpose: indicator of accounting provisions covering foreclosed real estate assets available for sale.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Accounting provisions of the foreclosed assets	456	488	1,126	1,103	1,087
(a)	Net book value of the foreclosed assets	973	930	2,267	2,297	2,289
(b)	Accounting provisions of the foreclosed assets	456	488	1,126	1,103	1,087
Denominator	Gross book value of the foreclosed asset (a + b)	1,429	1,418	3,393	3,400	3,376
	Real estate available for sale accounting coverage (%)	32%	34%	33%	32%	32%

3- Liquidity

a) Total Liquid Assets

Explanation: Sum of HQLAs (High Quality Liquid Assets within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA).

Purpose: shows the Bank's liquidity position.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	High Quality Liquid Assets (HQLAs)	92,385	95,367	146,339	161,929	172,066
(b)	Available balance under the ECB facility (non-HQLAs)	18,344	19,084	807	802	1,059
	Total liquid assets (a + b)	110,729	114,451	147,146	162,731	173,125

b) Loan-to-deposits:**Explanation:** quotient between:

- o net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions).
- o on-balance sheet customer funds.

Purpose: metric showing the retail funding structure (enables us to measure the proportion of retail lending being funded by customer funds).

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Loans and advances to customers, net (a-b-c)	232,635	234,877	348,498	350,468	343,506
(a)	Loans and advances to customers, gross	241,877	243,924	363,821	363,012	355,929
(b)	Provisions for insolvency risk	5,756	5,620	9,027	8,609	8,554
(c)	Brokered loans	3,485	3,426	6,296	3,935	3,869
Denominator	On-balance sheet customer funds	237,860	242,234	361,031	371,191	377,551
	Loan to Deposits (%)	98%	97%	97%	94%	91%

4- Stock market ratios**a) EPS (Earnings per share):** Profit/(loss) attributed to the Group (adjusted by the amount of the *Additional Tier 1* coupon, registered in shareholder equity) divided by the average number of shares outstanding.

Note: The average number of shares outstanding is calculated as average number of shares less the average number of treasury shares. The average is calculated as the average number of shares at the closing of each month of the analysed period. The impacts associated with the merger in the numerator are eliminated in 2021.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Profit/(loss) attributable to the Group 12M	1,166	1,381	6,078	5,357	5,456
(b)	Additional Tier 1 coupon	(133)	(143)	(155)	(185)	(217)
Numerator	Adjusted profit attributable to the Group (a+b)	1,033	1,238	5,922	5,172	5,239
Denominator	Average number of shares outstanding, net of treasury shares (c)	5,978	5,978	5,977	6,670	7,096
	EPS (Earnings per share)	0.17	0.21	0.99	0.78	0.74
(d)	Extraordinary impact from the merger	-	-	4,272	2,903	2,779
Numerator	Adjusted numerator (a+b-d)	-	-	1,651	2,269	2,460
	EPS (Earnings per share) ex M&A impacts	-	-	0.28	0.34	0.35

b) **PER (Price-to-earnings ratio):** share price at the closing of the analysed period divided by earnings per share (EPS).

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Share price at the end of the period	1.813	2.101	2.639	2.594	2.684
Denominator	Earnings per share (EPS)	0.17	0.21	0.99	0.78	0.74
	PER (Price-to-earnings ratio)	10.49	10.14	2.67	3.33	3.64
Denominator	Earnings per share (EPS) ex M&A impacts	-	-	0.28	0.34	0.35
	PER (Price-to-earnings ratio) ex M&A impacts	-	-	9.43	7.63	7.74

c) **Dividend yield:** dividends paid (in shares or cash) corresponding to the last fiscal year divided by the period-end share price.

		3Q20	4Q20	1Q21	2Q21	3Q21
Numerator	Dividends paid (in shares or cash) last year	0.07	0.07	0.03	0.03	0.03
Denominator	Share price at the end of the period	1.813	2.101	2.639	2.594	2.684
	Dividend yield	3.86%	3.33%	1.02%	1.03%	1.00%

d) **BVPS (Book value per share):** equity less minority interests divided by the number of fully diluted shares outstanding at a specific date.

Fully-diluted outstanding shares equals shares issued (less treasury shares) plus the shares resulting from a theoretical redemption/conversion of the issued exchangeable debt instruments, at a specific date.

TBVPS (Tangible book value per share): quotient between:

- o equity less minority interests and intangible assets.
- o the number of fully-diluted outstanding shares at a specific date.

P/BV: share price at the end of the period divided by book value.

P/TBV: share price at the end of the period divided by tangible book value.

		3Q20	4Q20	1Q21	2Q21	3Q21
(a)	Equity	24,551	25,278	35,552	34,571	35,124
(b)	Minority interests	(26)	(26)	(28)	(29)	(29)
Numerator	Adjusted equity (c = a+b)	24,525	25,252	35,524	34,542	35,095
Denominator	Shares outstanding, net of treasury shares (d)	5,977	5,977	8,056	8,053	8,053
e= (c/d)	Book value per share (€/share)	4.10	4.22	4.41	4.29	4.36
(f)	Intangible assets (reduce adjusted equity)	(4,313)	(4,363)	(5,086)	(5,102)	(5,104)
g=((c+f)/d)	Tangible book value per share (€/share)	3.38	3.49	3.78	3.66	3.72
(h)	Share price at end the period	1.813	2.101	2.639	2.594	2.684
h/e	P/BV (Share price divided by book value)	0.44	0.50	0.60	0.60	0.62
h/g	P/TBV tangible (Share price divided by tangible book value)	0.54	0.60	0.70	0.71	0.72

Reconciliation between the accounting and management information

Adapting the public income statement to management format

Net fee and commission income. Includes the following line items:

- Fee and commission income.
- Fee and commission expenses.

Trading income. Includes the following line items:

- Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets not designated for trading compulsorily measured fair value through profit or loss (net).
- Gains/(losses) on financial assets and liabilities held for trading, net.
- Gains/(losses) from hedge accounting, net.
- Exchange differences (net).

Administrative expenses, depreciation and amortisation. Includes the following line items:

- Administrative expenses.
- Depreciation and amortisation.

Pre-impairment income.

- (+) Gross income.
- (-) Operating expenses.

Impairment losses on financial assets and other provisions. Includes the following line items:

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss or gains/(losses) on adjustments.
- Provisions/(reversal) of provisions.

Of which: Allowances for insolvency risk.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

Of which: Other charges to provisions.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

Gains/(losses) on derecognition of assets and others. Includes the following line items:

- Impairment or reversal of impairment on investments in joint ventures or associates.
- Impairment or reversal of impairment on non-financial assets.
- Gains/(losses) on derecognition of non-financial assets and investments, net.
- Negative goodwill recognised in profit or loss.
- Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net).

Profit/(loss) attributable to minority interests and others. Includes the following line items:

- Profit/(loss) for the period attributable to minority interests (non-controlling interests).
- Profit/(loss) after tax from discontinued operations.

Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

September 2021

€ million

Financial assets at amortised cost - Customers (Public Balance Sheet)	348,037
Reverse repurchase agreements (public and private sector)	(1,240)
Clearing houses	(1,942)
Other, non-retail, financial assets	(548)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	66
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	2,838
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	164
Provisions for insolvency risk	8,554
Loans and advances to customers (gross) using management criteria	355,929

Insurance contract liabilities

September 2021

€ million

Liabilities under the insurance business (Public Balance Sheet)	73,998
Capital gains/(losses) under the insurance business (excluding unit link and other)	(12,357)
Liabilities under insurance contracts, using management criteria	61,641

Customer funds

September 2021

€ million

Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	394,239
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	(16,003)
Multi-issuer covered bonds and subordinated deposits	(5,671)
Counterparties and other	(10,332)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	1,400
Retail issues and other	1,400
Liabilities under insurance contracts, using management criteria	61,641
Total on-balance sheet customer funds	441,278
Assets under management	153,223
Other accounts¹	12,830
Total customer funds	607,331

(1) In addition to transitional funds associated with transfers and collection activity, it includes the amount of Savings insurance marketed by Bankia, which largely corresponds to the joint venture with Mapfre.

Institutional issuances for banking liquidity purposes

September 2021

€ million

Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)	53,958
Institutional financing not considered for the purpose of managing bank liquidity	(5,395)
Securitised bonds	(1,704)
Value adjustments	(2,535)
Retail	(1,400)
Issues acquired by companies within the group and other	245
Customer deposits for the purpose of managing bank liquidity¹	5,671
Institutional financing for the purpose of managing bank liquidity	54,234

(1) A total of €5,638 million in multi-issuer covered bonds (net of retained issues) and €33 million in subordinated deposits.

Foreclosed real estate assets (available for sale and held for rent)

September 2021

€ million

Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	2,838
Other non-foreclosed assets	(592)
Inventories under the heading - Other assets (Public Balance Sheet)	42
Foreclosed available for sale real estate assets	2,289
Tangible assets (Public Balance Sheet)	8,743
Tangible assets for own use	(6,753)
Other assets	(309)
Foreclosed rental real estate assets	1,681

Breakdown of the performance of the income statement by item

Returns on average total assets ex M&A impacts

Below is a breakdown of the annualised quarterly income/cost to average total assets. In 1Q21 the extraordinary expenses and the negative consolidation difference were excluded from the numerator and Bankia's balances from the denominator, to ensure consistency.

%	3Q21	2Q21	1Q21	4Q20	3Q20
Interest income	1.20	1.25	1.48	1.50	1.50
Interest expense	(0.28)	(0.27)	(0.41)	(0.41)	(0.42)
Net interest income	0.92	0.98	1.07	1.09	1.08
Dividend income	0.00	0.09	0.00	0.05	0.00
Share of profit/(loss) of entities accounted for using the equity method	0.08	0.07	0.05	0.07	0.11
Net fee and commission income	0.55	0.59	0.59	0.58	0.56
Trading income	0.03	0.02	0.04	0.05	0.04
Income and expense under insurance or reinsurance contracts	0.09	0.09	0.15	0.14	0.13
Other operating income and expense	(0.05)	(0.16)	(0.06)	(0.11)	(0.03)
Gross income	1.62	1.68	1.84	1.87	1.89
Recurring administrative expenses, depreciation and amortisation	(0.92)	(0.95)	(1.02)	(0.95)	(1.00)
Pre-impairment income	0.70	0.73	0.82	0.92	0.89
Allowances for insolvency risk	(0.09)	(0.09)	(0.16)	(0.28)	(0.23)
Other charges to provisions	(0.04)	(0.05)	(0.04)	(0.03)	(0.02)
Gains/(losses) on disposal of assets and others	(0.01)	(0.01)	0.00	0.02	(0.04)
Profit/(loss) before tax	0.56	0.58	0.62	0.63	0.60
Income tax expense	(0.13)	(0.12)	(0.16)	(0.06)	(0.14)
Profit/(loss) after tax	0.43	0.46	0.46	0.57	0.46
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	0.43	0.46	0.46	0.57	0.46
Average total net assets (€ million)	690,460	671,368	454,329	456,953	450,730

Quarterly cost and income

Below is the breakdown of the quarterly cost and income. The information for 1Q21 does not include the results generated by Bankia in the first quarter or, for consistency purposes, the contribution of the balance items incorporated at 31 March.

€ million	3Q21			2Q21			1Q21		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	114,742	252	0.87	90,624	237	1.05	58,905	149	1.03
Loans and advances (a)	336,605	1,386	1.63	339,866	1,418	1.67	227,891	1,030	1.83
Debt securities	78,021	46	0.23	81,848	49	0.24	41,416	61	0.59
Other assets with returns	63,755	392	2.44	63,497	379	2.40	66,103	413	2.53
Other assets	97,337	9	-	95,533	4	-	60,014	1	-
Total average assets (b)	690,460	2,085	1.20	671,368	2,087	1.25	454,329	1,654	1.48
Financial Institutions	115,452	(126)	0.43	109,060	(96)	0.35	65,016	(62)	0.38
Retail customer funds (c)	371,366	2	-	362,009	(2)	-	236,670	(3)	0.01
Wholesale marketable debt securities & other	48,122	(37)	0.30	47,690	(35)	0.29	29,113	(44)	0.61
Subordinated liabilities	9,841	(8)	0.34	9,727	(7)	0.30	6,218	(16)	1.07
Other funds with cost	83,215	(313)	1.49	75,907	(297)	1.57	76,136	(327)	1.74
Other funds	62,464	(14)	-	66,975	(14)	-	41,176	(11)	-
Total average funds (d)	690,460	(496)	0.28	671,368	(451)	0.27	454,329	(463)	0.41
Net interest income		1,589			1,636			1,191	
Customer spread (%) (a-c)		1.63			1.67			1.82	
Balance sheet spread (%) (b-d)		0.92			0.98			1.07	

€ million	4Q20			3Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	59,461	154	1.03	56,521	130	0.91
Loans and advances (a)	229,195	1,094	1.90	227,006	1,097	1.92
Debt securities	42,706	62	0.58	43,819	63	0.57
Other assets with returns	66,736	412	2.45	65,052	410	2.51
Other assets	58,855	3	-	58,332	1	-
Total average assets (b)	456,953	1,725	1.50	450,730	1,701	1.50
Financial Institutions	64,159	(66)	0.41	64,467	(64)	0.39
Retail customer funds (c)	240,052	(4)	0.01	237,387	(9)	0.02
Wholesale marketable debt securities & other	30,433	(47)	0.62	30,621	(59)	0.76
Subordinated liabilities	5,983	(18)	1.18	5,400	(18)	1.36
Other funds with cost	75,884	(322)	1.69	73,730	(318)	1.71
Other funds	40,442	(15)	-	39,125	(11)	-
Total average funds (d)	456,953	(472)	0.41	450,730	(479)	0.42
Net interest income		1,253			1,222	
Customer spread (%) (a-c)		1.89			1.90	
Balance sheet spread (%) (b-d)		1.09			1.08	

Fees and commissions

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Banking services, securities and other fees	1,453	1,085	34.0	536	569	349	358	360
<i>Recurring</i>	1,309	941	39.1	493	503	314	321	317
<i>Wholesale banking</i>	144	144	0.4	43	66	36	37	43
Sale of insurance products	221	146	50.7	79	85	56	56	49
Long-term savings products	930	674	38.1	350	327	253	256	229
<i>Mutual funds, managed accounts and SICAVs</i>	575	405	41.8	220	204	151	141	138
<i>Pension plans</i>	214	163	30.6	79	76	59	71	56
<i>Unit Link and other¹</i>	142	105	35.5	51	47	43	44	36
Net fee and commission income	2,604	1,905	36.7	964	981	659	671	638

Income from equity investments

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Dividend income	152	96	59.3	1	151		52	2
Share of profit/(loss) of entities accounted for using the equity method	355	218	62.5	150	129	77	88	122
Income from equity investments	507	314	61.5	150	280	77	140	123

Trading income

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Trading income	130	182	(28.6)	50	38	42	56	40

Income and expense under insurance or reinsurance contracts

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Income and expense under insurance or reinsurance contracts	479	441	8.6	162	154	164	156	150

Other operating income and expense

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Contributions and levies	(200)	(127)	57.9		(181)	(19)	(243)	
Other real estate operating income and expense (including Spanish property tax in Q1)	(53)	(22)		(18)	(14)	(20)	(1)	1
Other	(173)	(80)		(69)	(73)	(31)	117	(31)
Other operating income and expense	(427)	(229)	86.4	(88)	(268)	(70)	(127)	(30)

Administration expenses, depreciation and amortisation

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Gross income	7,711	6,260	23.2	2,828	2,820	2,063	2,149	2,143
Personnel expenses	(2,721)	(2,152)	26.4	(1,009)	(997)	(715)	(689)	(698)
General expenses	(1,134)	(922)	23.0	(413)	(423)	(298)	(277)	(303)
Depreciation and amortisation	(499)	(411)	21.5	(184)	(178)	(136)	(129)	(139)
Recurring administrative expenses, depreciation and amortisation	(4,353)	(3,485)	24.9	(1,606)	(1,598)	(1,149)	(1,095)	(1,140)
Extraordinary expenses	(2,020)			(49)	(1,930)	(40)		
Cost-to-income ratio (%) (12 months)	75.7	56.4	19.3	75.7	75.8	54.0	54.5	56.4
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	55.3	56.4	(1.2)	55.3	54.3	53.5	54.5	56.4
Core income	7,708	6,158	25.2	2,809	2,833	2,066	2,152	2,094
Recurring administrative expenses, depreciation and amortisation	(4,353)	(3,485)	24.9	(1,606)	(1,598)	(1,149)	(1,095)	(1,140)
Core cost-to-income ratio (12 months)	55.3	56.3	(1.1)	55.3	54.5	54.5	55.1	56.3

Allowances for insolvency risk and other charges to provisions

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Allowances for insolvency risk	(493)	(1,594)	(69.1)	(165)	(155)	(174)	(321)	(260)
Other charges to provisions	(359)	(207)	73.4	(204)	(106)	(49)	(40)	(23)
Allowances for insolvency risk and other charges to provisions	(852)	(1,801)	(52.7)	(369)	(261)	(223)	(361)	(283)

Gains/(losses) on disposal of assets and others

€ million	9M21	9M20	Change %	3Q21	2Q21	1Q21	4Q20	3Q20
Extraordinary expenses Bankia integration	4,303			3		4,300		
Real estate results	8	(47)		1	(5)	12	(88)	(23)
Other	(35)	(45)		(12)	(13)	(10)	112	(19)
Gains/(losses) on disposal of assets and others	4,275	(92)		(9)	(18)	4,303	25	(42)

Adapting Bankia's financial information using CaixaBank management criteria¹

Income statement

Below is Bankia's income statement for the first quarter of 2021 and the year 2020 and its quarterly performance in accordance with the CaixaBank Group's presentation criteria.

With regard to the information reported by Bankia to the market in relation to its performance in 2020, line items have been reclassified without changing the published total results.

€ million	1Q21	2020		2020 CABK criterion	1Q20	2Q20	3Q20	4Q20
		reported by Bankia	Reclass.					
Net interest income	448	1,904	12	1,916	461	467	491	497
Dividend income		2		2			1	1
Share of profit/(loss) of entities accounted for using the equity method	12	60		60	12	12	9	27
Net fee and commission income	282	1,213	(53)	1,160	269	287	282	322
Trading income	10	160		160	72	71	2	15
Other operating income and expense	(41)	(250)	(146)	(396)	(39)	(101)	(43)	(214)
Gross income	711	3,088	(187)	2,902	776	736	742	649
Recurring administrative expenses, depreciation and amortisation	(444)	(1,781)	48	(1,732)	(447)	(416)	(429)	(440)
Extraordinary expenses	(17)							
Pre-impairment income	250	1,308	(138)	1,169	329	319	313	208
Pre-impairment income stripping out extraordinary expenses	267	1,308	(138)	1,169	329	319	313	208
Allowances for insolvency risk	(123)	(1,044)		(1,044)	(195)	(285)	(331)	(232)
Other charges to provisions	(23)	24	9	34	(14)	(11)	82	(24)
Gains/(losses) on disposal of assets and others	(23)	23	43	66	(19)	3	(37)	120
Profit/(loss) before tax	81	311	(86)	225	100	26	27	72
Income tax expense	(27)	(81)	86	5	(6)	22	11	(22)
Profit/(loss) after tax	54	230		230	94	48	38	50
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	54	230		230	94	48	37	50

The main reclassifications carried out to unify the presentation criteria in the total for 2020 are:

- Net fee and commission income: €-53 million, mainly from the recognition of certain expenses associated with e-payment fees and commissions (€-41 million, previously recognised as higher operating expenses).
- Other operating income and expense: €-146 million, of which the following stand out:
 - o €-39 million of expenses associated with the real estate activity, which were recognised in Gains/(losses) on disposal of assets and others.
 - o €-86 million of guarantee cost of monetisable DTAs, which were recognised in Income tax expense.

(1) See the unification of loans and advances to customers and customer funds in accordance with the CaixaBank Group's presentation criteria in the 1Q21 Business Activity and Results Report.

Historical income statement figures for the CABK and BPI perimeters

a) Quarterly performance of the income statement and solvency ratios

€ million	CABK				
	3Q21	2Q21	1Q21	4Q20	3Q20
Net interest income	1,476	1,524	1,080	1,136	1,114
Dividend income	1	52		51	2
Share of profit/(loss) of entities accounted for using the equity method	138	120	65	83	112
Net fee and commission income	890	915	595	603	579
Trading income	39	34	32	54	38
Income and expense under insurance or reinsurance contracts	162	154	164	156	150
Other operating income and expense	(91)	(242)	(57)	(131)	(29)
Gross income	2,615	2,555	1,880	1,953	1,965
Recurring administrative expenses, depreciation and amortisation	(1,490)	(1,488)	(1,036)	(996)	(1,025)
Extraordinary expenses	(49)	(1,929)	(40)		
Pre-impairment income	1,076	(861)	803	957	940
Pre-impairment income stripping out extraordinary expenses	1,125	1,068	844	957	940
Allowances for insolvency risk	(151)	(148)	(189)	(313)	(267)
Other charges to provisions	(194)	(101)	(48)	(22)	(23)
Gains/(losses) on disposal of assets and others	(9)	(19)	4,302		(44)
Profit/(loss) before tax	721	(1,129)	4,869	623	606
Income tax expense	(157)	393	(147)	(38)	(142)
Profit/(loss) after tax	564	(736)	4,722	585	465
Profit/(loss) attributable to minority interest and others				1	1
Profit/(loss) attributable to the Group	564	(736)	4,722	584	464
Risk-weighted assets	201,964	202,532	190,471	126,082	128,073
Common Equity Tier 1 (CET1)	12.9%	12.7%	14.1%	13.6%	12.3%
Total capital	17.9%	17.4%	19.1%	18.2%	16.2%

€ million	BPI				
	3Q21	2Q21	1Q21	4Q20	3Q20
Net interest income	113	111	111	117	109
Dividend income		100			
Share of profit/(loss) of entities accounted for using the equity method	11	9	12	6	10
Net fee and commission income	74	67	64	67	59
Trading income	11	4	10	2	2
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	4	(26)	(13)	4	(1)
Gross income	213	265	183	196	178
Recurring administrative expenses, depreciation and amortisation	(116)	(110)	(113)	(99)	(115)
Extraordinary expenses		(1)			
Pre-impairment income	96	153	70	97	63
Pre-impairment income stripping out extraordinary expenses	96	154	70	97	63
Allowances for insolvency risk	(13)	(7)	15	(8)	6
Other charges to provisions	(10)	(5)	(1)	(18)	
Gains/(losses) on disposal of assets and others	0			25	2
Profit/(loss) before tax	73	141	85	95	72
Income tax expense	(17)	(11)	(21)	(24)	(15)
Profit/(loss) after tax	56	131	63	71	57
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	56	131	63	71	57
Risk-weighted assets	18,390	18,349	18,113	17,991	17,657
Common Equity Tier 1 (CET1)	14.5%	14.3%	14.4%	14.1%	13.9%
Total capital	17.6%	17.4%	17.6%	17.3%	17.1%

b) Quarterly cost and income as part of net interest income

€ million	CAIXABANK														
	3Q21			2Q21			1Q21			4Q20			3Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	107,992	239	0.88	84,242	224	1.06	53,109	139	1.06	54,169	139	1.02	51,444	122	0.94
Loans and advances (a)	313,015	1,291	1.64	316,909	1,322	1.67	205,378	935	1.85	206,898	996	1.91	204,992	999	1.94
Debt securities	72,231	39	0.21	75,573	43	0.23	35,201	53	0.61	36,598	54	0.59	37,729	56	0.59
Other assets with returns	63,755	392	2.44	63,497	379	2.40	66,103	413	2.53	66,736	412	2.45	65,052	410	2.51
Other assets	98,139	6	-	96,248	2	-	60,638	1	-	59,320	3	-	58,759	1	-
Total average assets (b)	655,132	1,967	1.19	636,469	1,970	1.24	420,429	1,541	1.49	423,721	1,604	1.51	417,976	1,588	1.51
Financial Institutions	109,581	(121)	0.44	103,196	(91)	0.35	59,397	(59)	0.40	58,583	(63)	0.43	58,829	(61)	0.41
Retail customer funds (c)	343,716	(1)	-	335,029	(5)	0.01	210,507	(6)	0.01	214,664	(5)	0.01	212,470	(10)	0.02
Wholesale marketable debt securities & other	47,371	(35)	0.29	46,689	(34)	0.29	28,061	(43)	0.62	29,382	(45)	0.61	29,569	(56)	0.76
Subordinated liabilities	9,841	(8)	0.34	9,727	(7)	0.30	6,218	(16)	1.07	5,983	(18)	1.18	5,400	(18)	1.36
Other funds with cost	83,201	(313)	1.49	75,901	(297)	1.57	76,130	(327)	1.74	75,884	(322)	1.69	73,730	(318)	1.71
Other funds	61,422	(13)	-	65,927	(12)	-	40,116	(10)	-	39,224	(15)	-	37,978	(11)	-
Total average funds (d)	655,132	(491)	0.30	636,469	(446)	0.28	420,429	(461)	0.44	423,721	(468)	0.44	417,976	(474)	0.45
Net interest income		1,476		1,524		1,080		1,136		1,114					
Customer spread (%) (a-c)		1.64		1.66		1.84		1.90		1.92					
Balance sheet spread (%) (b-d)		0.89		0.96		1.05		1.07		1.06					

€ million	BPI														
	3Q21			2Q21			1Q21			4Q20			3Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	6,965	13	0.74	6,584	13	0.78	6,017	12	0.79	5,512	15	1.11	5,264	8	0.60
Loans and advances (a)	23,595	95	1.60	22,959	96	1.68	22,516	94	1.70	22,298	98	1.75	22,015	98	1.77
Debt securities	6,813	12	0.70	7,334	12	0.63	7,238	13	0.71	7,133	13	0.71	7,115	13	0.72
Other assets with returns	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,670	2	-	2,687	-	-	2,624	-	-	2,623	-	-	2,695	-	-
Total average assets (b)	40,043	122	1.22	39,564	121	1.22	38,396	119	1.25	37,566	126	1.33	37,090	119	1.27
Financial Institutions	5,961	(5)	0.34	5,912	(5)	0.33	5,626	(4)	0.26	5,584	(3)	0.23	5,648	(3)	0.22
Retail customer funds (c)	27,779	2	(0.03)	27,172	3	(0.04)	26,384	3	(0.04)	25,588	2	(0.03)	25,099	1	(0.01)
Wholesale marketable debt securities & other	1,200	(3)	0.97	1,451	(3)	0.81	1,500	(3)	0.77	1,500	(3)	0.85	1,502	(3)	0.91
Subordinated liabilities	300	(4)	5.30	300	(4)	5.30	300	(4)	5.34	300	(4)	5.36	300	(4)	5.51
Other funds with cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other funds	4,803	-	-	4,730	(1)	-	4,586	-	-	4,594	(1)	-	4,541	(1)	-
Total average funds (d)	40,043	(9)	0.09	39,564	(10)	0.10	38,396	(8)	0.08	37,566	(9)	0.10	37,090	(10)	0.11
Net interest income		113		111		111		117		109					
Customer spread (%) (a-c)		1.63		1.72		1.74		1.78		1.78					
Balance sheet spread (%) (b-d)		1.13		1.12		1.17		1.23		1.16					

c) Quarterly change in fees and commissions

€ million	CAIXABANK				
	3Q21	2Q21	1Q21	4Q20	3Q20
Banking services, securities and other fees	492	528	313	322	325
Sale of insurance products	66	73	43	37	36
Mutual funds, managed accounts and SICAVs	208	196	142	133	130
Pension plans	79	75	59	71	56
Unit Link and other	45	42	39	41	32
Net fee and commission income	890	915	595	603	579

€ million	BPI				
	3Q21	2Q21	1Q21	4Q20	3Q20
Banking services, securities and other fees	43	41	36	37	35
Sale of insurance products	13	12	14	19	13
Mutual funds, managed accounts and SICAVs	12	8	9	8	8
Pension plans	-	-	-	-	-
Unit Link and other	6	5	4	3	4
Net fee and commission income	74	67	64	67	59

d) Quarterly change in administrative expenses, depreciation and amortisation

€ million	CAIXABANK				
	3Q21	2Q21	1Q21	4Q20	3Q20
Gross income	2,615	2,555	1,880	1,953	1,965
Personnel expenses	(948)	(940)	(656)	(634)	(636)
General expenses	(377)	(387)	(261)	(249)	(265)
Depreciation and amortisation	(165)	(160)	(119)	(113)	(123)
Recurring administrative expenses, depreciation and amortisation	(1,490)	(1,488)	(1,036)	(996)	(1,025)
Extraordinary expenses	(49)	(1,929)	(40)		

€ million	BPI				
	3Q21	2Q21	1Q21	4Q20	3Q20
Gross income	213	265	183	196	178
Personnel expenses	(61)	(57)	(59)	(55)	(61)
General expenses	(36)	(36)	(36)	(27)	(37)
Depreciation and amortisation	(19)	(18)	(17)	(16)	(16)
Recurring administrative expenses, depreciation and amortisation	(116)	(110)	(113)	(99)	(115)
Extraordinary expenses		(1)			

e) Changes in the NPL ratio (figures for the CaixaBank perimeter include the contribution of Bankia)

	CAIXABANK		BPI	
	30 Sep. 2021	30 Jun. 2021	30 Sep. 2021	30 Jun. 2021
Loans to individuals	4.6%	4.6%	2.2%	2.1%
Home purchases	3.9%	3.9%	1.9%	1.9%
Other	6.9%	6.5%	4.7%	3.8%
Loans to business	3.5%	3.4%	2.4%	2.3%
Corporates and SMEs	3.3%	3.2%	2.4%	2.3%
Real estate developers	6.8%	6.7%	0.0%	0.0%
Public sector	0.3%	0.3%	0.0%	0.0%
NPL Ratio (loans and contingent liabilities)	3.8%	3.7%	2.2%	2.1%

Activity indicators by region

This additional view of the Group's activities has been included to show loans and funds by the region in which they originated (for instance, loans and funds of BPI Vida, BPI Gestao de Activos, BPI Global Investment Fund and the cards business are reported in Portugal and not in Spain, to which they would otherwise relate under the Group's corporate structure).

Spain

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %	Organic change %
LOANS AND ADVANCES TO CUSTOMERS						
Loans to individuals	172,503	178,253	(3.2)	106,792	61.5	(5.9)
Home purchases	129,224	131,130	(1.5)	73,586	75.6	(5.9)
Other	43,279	47,123	(8.2)	33,206	30.3	(5.8)
of which: Consumer lending	16,965	17,275	(1.8)	12,675	33.8	(5.4)
Loans to business	133,918	135,805	(1.4)	96,115	39.3	(5.4)
Corporates and SMEs	128,041	129,735	(1.3)	90,550	41.4	(5.0)
Real estate developers	5,878	6,070	(3.2)	5,564	5.6	(11.9)
Public sector	22,024	22,116	(0.4)	15,005	46.8	6.9
Loans and advances to customers, gross	328,445	336,174	(2.3)	217,911	50.7	(4.8)
CUSTOMER FUNDS						
Customer funds	349,784	343,869	1.7	216,432	61.6	5.7
Demand deposits	321,865	314,549	2.3	202,980	58.6	8.7
Time deposits	27,919	29,320	(4.8)	13,451		(38.7)
Insurance contract liabilities	57,305	57,129	0.3	55,025	4.1	4.1
of which: Unit Link and other	14,277	13,828	3.2	11,653	22.5	22.5
Reverse repurchase agreements and other	2,077	2,087	(0.5)	2,044	1.6	1.6
On-balance sheet funds	409,167	403,085	1.5	273,501	49.6	5.4
Mutual funds, managed accounts and SICAVs	100,316	99,052	1.3	65,852	52.3	14.2
Pension plans	43,367	43,121	0.6	32,168	34.8	7.7
Assets under management	143,683	142,172	1.1	98,020	46.6	12.1
Other accounts	11,971	13,813	(13.3)	3,778		63.1
Total customer funds	564,820	559,070	1.0	375,300	50.5	7.7

Portugal

€ million	30 Sep. 2021	30 Jun. 2021	Change %	31 Dec. 2020	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	14,674	14,339	2.3	13,856	5.9
Home purchases	12,736	12,434	2.4	11,989	6.2
Other	1,938	1,905	1.7	1,867	3.8
of which: Consumer lending	1,560	1,500	4.0	1,495	4.3
Loans to business	10,724	10,532	1.8	10,311	4.0
Corporates and SMEs	10,560	10,367	1.9	10,155	4.0
Real estate developers	164	164	(0.3)	156	5.0
Public sector	2,086	1,966	6.1	1,845	13.1
Loans and advances to customers, gross	27,484	26,837	2.4	26,012	5.7
CUSTOMER FUNDS					
Customer funds	27,767	27,322	1.6	25,802	7.6
Demand deposits	19,329	18,888	2.3	17,344	11.4
Time deposits	8,439	8,434	0.1	8,458	(0.2)
Insurance contract liabilities	4,336	4,256	1.9	4,334	
of which: Unit Link and other	3,463	3,316	4.4	2,954	17.2
Reverse repurchase agreements and other	8	10	(15.7)	13	(35.2)
On-balance sheet funds	32,111	31,587	1.7	30,149	6.5
Mutual funds, managed accounts and SICAVs	6,205	5,988	3.6	5,463	13.6
Pension plans	3,334	3,296	1.2	3,160	5.5
Assets under management	9,539	9,284	2.8	8,623	10.6
Other accounts	860	1,052	(18.3)	1,336	(35.7)
Total customer funds	42,510	41,923	1.4	40,108	6.0

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