

Business activity and results

January-December

2021



[Contents]

04	Key Group figures
05	Key information
11	Macroeconomic trends and state of the financial markets
13	Income statement and comparative proforma income statement
27	Business Activity
31	Risk management
38	Liquidity and financing structure
40	Capital management
43	Segment reporting
56	The CaixaBank share
58	Investment portfolio
58	Ratings
59	Appendices
60	<i>Alternative performance measures</i>
69	<i>Reconciliation between the accounting and management information</i>
72	<i>Breakdown of the performance of the income statement by item</i>
76	<i>Adapting Bankia's financial information using CaixaBank management criteria</i>
77	<i>Historical income statement figures for the CABK and BPI perimeters</i>
80	<i>Activity indicators by region</i>

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 the Group's directors, 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

20.7
million

BUSINESS ACTIVITY

680,036
in total assets (€ million)

619,971
in customer funds (€ million)

352,951
in loans and advances to
customers (€ million)

Balance sheet indicators

RISK MANAGEMENT

3.6%
NPL ratio

63%
NPL
coverage ratio

0.23%
Cost of risk (12 months)

CAPITAL ADEQUACY

13.2%
CET1

17.9%
Total capital

26.2%
MREL

LIQUIDITY

168,349
in total liquid assets (€ million)

320%
liquidity coverage ratio (LCR),
trailing 12 months

154%
NSFR

Results, profitability and cost-to-income

ATTRIBUTABLE PROFIT/(LOSS)

(millions of euros)



COST-TO-INCOME

57.7%
cost-to-income ratio stripping out
extraordinary expenses (12 months)

PROFITABILITY

7.6%
12-month ROTE
ex M&A impacts

Key Group figures

€ million / %	January - December		Change	4Q21	Quarter-on-quarter
	2021	2020			
PROFIT/(LOSS)					
Net interest income	5,975	4,900	21.9%	1,559	(1.9%)
Net fee and commission income	3,705	2,576	43.8%	1,101	14.1%
Core income	10,597	8,310	27.5%	2,889	2.8%
Gross income	10,274	8,409	22.2%	2,563	(9.3%)
Recurring administrative expenses, depreciation and amortisation	(5,930)	(4,579)	29.5%	(1,577)	(1.9%)
Pre-impairment income	2,225	3,830	(41.9%)	888	(24.2%)
Pre-impairment income stripping out extraordinary expenses	4,344	3,830	13.4%	987	(19.2%)
Profit/(loss) attributable to the Group	5,226	1,381	-	425	(31.5%)
Profit/(loss) attributable to the Group ex M&A impacts	2,359	1,381	70.8%	337	(54.7%)
MAIN RATIOS (last 12 months)					
Cost-to-income ratio	78.3%	54.5%	23.9	78.3%	2.6
Cost-to-income ratio stripping out extraordinary expenses	57.7%	54.5%	3.3	57.7%	2.5
Cost of risk ¹ (last 12 months)	0.23%	0.75%	(0.52)	0.23%	(0.02)
ROE ¹	6.4%	5.0%	1.4	6.4%	(1.7)
ROTE ¹	7.6%	6.1%	1.5	7.6%	(2.1)
ROA ¹	0.3%	0.3%	0.1	0.3%	(0.1)
RORWA ¹	1.1%	0.8%	0.2	1.1%	(0.3)
BALANCE SHEET					
Total assets	680,036	451,520	50.6%	685,738	(0.8%)
Equity	35,425	25,278	40.1%	35,124	0.9%
BUSINESS ACTIVITY					
Customer funds	619,971	415,408	49.2%	607,331	2.1%
Customer funds, excluding the Bankia integration	458,980	415,408	10.5%	-	-
Loans and advances to customers, gross	352,951	243,924	44.7%	355,929	(0.8%)
Loans and advances to customers, gross, excluding the Bankia integration	231,935	243,924	(4.9%)	-	-
RISK MANAGEMENT					
Non-performing loans (NPL)	13,634	8,601	5,032	13,955	(322)
Non-performing loans (NPL), excluding the Bankia integration	8,207	8,601	(394)	-	-
Non-performing loan ratio	3.6%	3.3%	0.3	3.6%	0.0
Provisions for insolvency risk	8,625	5,755	2,870	8,955	(330)
Provisions for insolvency risk, excluding the Bankia integration	5,006	5,755	(748)	-	-
NPL coverage ratio	63%	67%	(4)	64%	(1)
Net foreclosed available for sale real estate assets	2,279	930	1,349	2,289	(10)
Foreclosed available for sale real estate assets, ex. Bankia integration	1,096	930	166	-	-
LIQUIDITY					
Total Liquid Assets	168,349	114,451	53,898	173,125	(4,777)
Liquidity Coverage Ratio (last 12 months)	320%	248%	72	304%	16
Net Stable Funding Ratio (NSFR)	154%	145%	9	151%	3
Loan to deposits	89%	97%	(8)	91%	(2)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	13.2%	13.6%	(0.4)	13.0%	0.2
Tier 1	15.5%	15.7%	(0.2)	15.3%	0.2
Total capital	17.9%	18.1%	(0.2)	17.9%	-
MREL	26.2%	26.3%	(0.1)	25.6%	0.6
Risk-weighted assets (RWAs) ²	215,429	144,073	71,356	220,201	(4,772)
Leverage ratio	5.3%	5.6%	(0.3)	5.2%	0.1
SHARE INFORMATION³					
Share price (€/share)	2.414	2.101	0.313	2.684	(0.270)
Market capitalisation	19,441	12,558	6,883	21,615	(2,174)
Book value per share (€/share)	4.39	4.22	0.17	4.36	0.04
Tangible book value per share (€/share)	3.73	3.49	0.24	3.72	0.01
Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.28	0.21	0.07	0.35	(0.07)
PER (Price/Profit, ex M&A impacts; times)	8.65	10.14	(1.49)	7.74	0.90
Tangible PBV (Market value/book value of tangible assets)	0.65	0.60	0.05	0.72	(0.07)
OTHER DATA (units)					
Employees ^{4,5}	49,762	35,434	14,328	50,980	(1,218)
Branches ⁴	5,317	4,210	1,107	6,145	(828)
Of which: retail branches in Spain	4,615	3,571	1,044	5,415	(800)
ATMs ⁴	12,952	10,283	2,669	15,118	(2,166)

(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.

(5) Early in the fourth quarter of 2021, 1,201 employees terminated their employment within the framework of the labour agreement (2,721 additional employees at the beginning of 2022).

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 close to 21 million customers through a network of more than 5,000 branches in Spain and Portugal and exceeds €680,000 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.

Furthermore, CaixaBank has obtained the highest acknowledgement in Spain for the first time from the three major international financial publications in the sector: **"Bank of the Year 2021 in Spain"** awarded by *The Banker*, and **"Best Bank in Spain 2021"** awarded by *Euromoney* and *Global Finance*, recognising CaixaBank's commitment to society, its financial robustness and leadership position following the merger with Bankia.

Meanwhile, in the private banking sector, CaixaBank has been acknowledged as **"Best Private Bank in Spain"** for the third consecutive year by UK magazines *The Banker* and *PWM (Financial Times Group)*.

(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) Includes -77 basis points versus the third quarter of 2021 as a result of unifying the criteria to calculate the market share of Bankia's portfolio following the technological integration (a part of the portfolio of consumer loans is now considered home purchases).

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

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 ²	Deposits by individuals and business	Investment funds	Pension plans	Long-term saving	Card turnover
24.4%	21.0%	25.3%	24.5%	33.9%	29.4%	32.7%

- BPI boasts a market share³ of 11.1% in lending activity and 11.3% in customer funds.

At the beginning of 2022, BPI was named **"Most Reputed Bank"** and recognised with the **"Best Social Responsibility Index in Portugal"**, according to the latest study by the consultancy firm *OnStrategy*. Furthermore, BPI has been acknowledged with the **"Five Stars Award"**, leading the Banking-Prestige Products, Financial Planning Simulator and Retirement Savings Plans categories.

In addition, it has been selected **"Brand of Excellence"** by *Superbrands* and **"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.

Digital transformation

- CaixaBank continues to strengthen its **leadership of the digital banking market**, with a proportion of digital customers¹ of 73.1%, 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 Banking Website Design in Western Europe 2021**".

- CaixaBank was named "**Most innovative bank in the World 2021**" at the *EFMA&Accenture Banking Innovation Awards* and "**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**", whereas the magazine *Global Finance* has named it the "**Most Innovative Private Bank in Western Europe**" at the *World's Best Private Banks Awards 2022* for its digital transformation strategy and continuous innovation.

Sustainable banking and social commitment

- As part of its commitment towards society, CaixaBank is a **key figure in helping alleviate the effects** caused by the **Covid-19 health crisis** by providing all its resources in granting loans, as well as other actions to help families and the business fabric, especially SMEs and self-employed workers. This led the magazine *Global Finance* to highlight its "**Successful strategy as a liquidity provider during the pandemic in Western Europe 2021**".
- In 2021 CaixaBank **joined, as a founding member, the Net Zero Banking Alliance**, an initiative that promotes the climate goal of achieving zero net emission by 2050. Furthermore, **CaixaBank is a member of the Partnership for Carbon Accounting Financials (PCAF)**, which provides an internationally accepted framework for measuring internationally financed emissions and which involves including the bank on the "*Financial Institutions Taking Action*" list.
- CaixaBank ended the 2021 financial year **sixth on Refinitiv's ranking of sustainable financing in Europe and is the highest-ranking Spanish bank** in this classification.
- CaixaBank has received the award for "**Outstanding Leadership in Social Bonds in Western Europe 2021**" by the magazine *Global Finance* in its *Sustainable Finance Awards* for issuing, in the second quarter, a **social bond for €1,000 million linked to the SDGs** aimed at financing education and poverty reduction projects. In addition, its inaugural green bond was named "**Green Bond of the Year 2021 -issued by a bank**" by the magazine *Environmental Finance*.
- In 2021, CaixaBank published the first reports on the impact of its **green bond issuances and social portfolio**, which reflect the positive impact of the bank's commitment towards sustainability by reducing approximately 1.5 million tons of CO2 emissions and state that the loans granted to micro-companies and SMEs helped them face the impacts associated with Covid-19. Both impact reports have been verified by independent consultants.
- The **Dow Jones Sustainability Index** ranks CaixaBank as one of the world's most sustainable banks, and it has improved and/or maintained the ratings obtained from the main international ESG analysts: *MSCI, Sustainalytics, ISS and Vigeo*, among others.

Within the scope of climate change, **CaixaBank is the only Spanish bank included on the A list of the analyst CDP, thus considering it a leading company in fighting climate change and in environmental impact management**. CaixaBank is carbon neutral since 2018.

- 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.

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**.

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 will cover 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 (CABK) investees and after having obtained the relevant authorisations, the following is reported:

- In 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.
- In November 2021, CaixaBank formalised 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 have generated a consolidated net gain of €186 million, which has been recognised in the last quarter of the year.

Agreement with Mapfre

On 29 December 2021, CaixaBank reached the following agreements with Mapfre, S.A. ("MAP") Group subsidiaries concerning the bancassurance agreements signed between MAP and Bankia S.A. ("BKIA"), the latter having now merged with CABK:

- Acquisition of 51% of the company Bankia Vida, Sociedad Anónima de Seguros y Reaseguros ("BV"), for a consideration of €323.7 million, an amount corresponding to 110% of the market value of such life insurance company, as determined by the independent expert designated by the parties. CaixaBank had obtained the appropriate regulatory authorisations prior to this acquisition. CaixaBank is now 100% owner of the share capital of BV.
- A compensation agreement due to the termination of the agency contract to distribute non-life insurance, in which CaixaBank has paid MAP an amount of €247.1 million, corresponding to 110% of the value of the new production (excluding the existing portfolio) of the non-life insurance business, as determined by the independent expert designated by the parties.

MAP and CaixaBank had agreed to refer to arbitration in order to determine whether the latter is obliged, under the aforementioned bancassurance agreements, to pay the former an additional amount of €52 million, corresponding to 10% of the valuations of the life and non-life businesses as determined by the independent expert.

These agreements has had no significant impact on the Group's consolidated P&L in the 2021 fiscal year. During the first quarter of 2022, this company is expected to be sold to VidaCaixa, a 100% owned subsidiary of the CaixaBank Group which heads the insurance division.

Stake held in Erste Group Bank

On 5 November 2021, CaixaBank fully disposed of all of its 9.92% stake in Erste Group Bank AG ("EBS") as follows:

- Physical settlement of the equity swaps, representing 4.5% (approximately €19.3 million) of EBS shares.
- An accelerated book built offering for the remaining 5.42% (approximately €23.3 million) of EBS shares, at a price of €38 per share.

The sale amount for the full stake came to €1,503 million and implied a positive P&L impact of €54 million, gross.

Shareholder returns

On 27 January 2022, the Board of Directors has agreed to submit the distribution of a €0.1463 gross cash dividend per share against the 2021 Fiscal Year profits for approval at the next Annual General Meeting, which is expected to be paid in April of 2022. The payment of this dividend will entail that shareholder remuneration for the 2021 Fiscal Year is €1,179 million, which is equivalent to 50% of the consolidated net profit adjusted by the extraordinary impacts from the merger with Bankia, as per the dividend policy approved by the Board of Directors in July 2021.

Furthermore, the Board of Directors approved the Dividend Policy for the 2022 Fiscal Year, consisting of a cash distribution of 50-60% of consolidated net profit, to be paid in a single payment in April 2023, and subject to final approval from the Annual General Meeting .

It also stated the intention of CaixaBank, subject to the appropriate regulatory approval, to implement an open-market share buy-back programme during the 2022 Fiscal Year, in order to bring down the CET1 ratio closer to our target level.

Attractive return and solid financials

Results and business activity

- **Attributable profit in 2021 reached €5,226 million**, including the one-off impacts related to the merger with Bankia.

The **2021 result stands at €2,359 million without considering the extraordinary aspects** related to the merger (negative consolidation difference for €4,300 million and extraordinary expenses, charges to provisions, results from sales of business lines, write-downs and others for €-1,433 million, net of tax). The result in the same period of 2020 was €1,381 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

The **comparative proforma result** of 2021 amounted to **€2,424 million versus €1,611 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 €352,951 million, up 44.7% in the year (-4.9% ex Bankia integration).
- **Customer funds** increased by 49.2% in the year (+10.5% ex Bankia integration).

Risk management

- The **NPL ratio** stands at **3.6%** and the **coverage ratio** at **63%** (3.3% and 67%, respectively at 2020 year-end).
- The **cost of risk (last 12 months)** came to **0.23%**.

Liquidity management

- **Total liquid assets** amounted to **€168,349 million**, up €53,898 million in the year, mainly due to the integration of Bankia.
- The Group's **Liquidity Coverage Ratio (LCR)** was **336%** at 31 December 2021, showing an ample liquidity position (320% LCR average last 12 months) well clear of the minimum requirement of 100%.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio stands at **13.2%**.

The year includes the one one-off impacts of Bankia's integration (+77 basis points corresponding to the integration; -89 basis points from the effect of the PPA and -97 basis points for the restructuring costs, the sale of Bankia business lines, and the acquisition of Bankia Vida).

The organic change in the year was of +106 basis points and -24 basis points caused by the performance of the markets and other factors (includes the regulatory impacts recognised in the second quarter and the sale of the stake held in Erste in the fourth quarter). The impact of IFRS 9 phase in was of -20 basis points.

- The CET1 ratio without applying the IFRS 9 transitional period reaches **12.8%**.
- The **Tier 1** ratio reaches **15.5%**, the **Total Capital 17.9%** and the **leverage ratio 5.3%**.
- The proforma MREL ratio¹ stood at 26.2% on RWAs, meeting the level required for 2024.

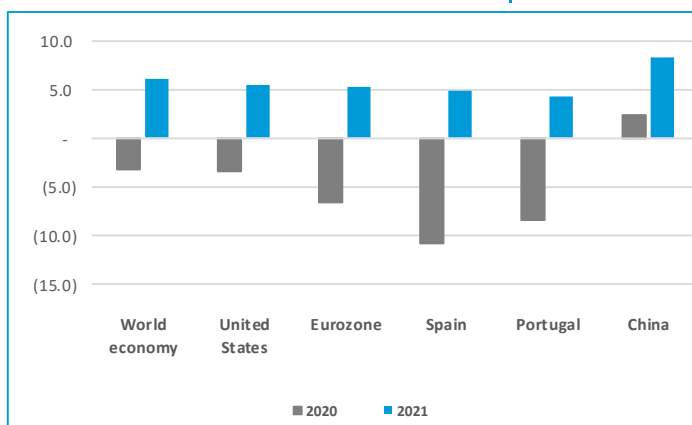
(1) Considering the issuance of €1,000 million in Senior preferred debt in 2022.

Macroeconomic trends and state of the financial markets

Global economic outlook

Following the historic recession in 2020 (a world GDP drop of 3.1%), the **global economy** recorded an intense recovery in 2021, with an estimated GDP rise of around 6%. The rapid and forceful economic policies launched in 2020 and continued during 2021, along with the gradual withdrawal of many of the restrictions, provided support for recovery in the year. However, the recovery's momentum progressively waned at the end of the year due to the impact of new Covid-19 variants and the disruptions in the global supply chains, generating inflationary pressure. Due to both these factors, the risks to the global outlook are biased on the downside.

All in all, it has been an unequal recovery. Thus, while China did not contract in the 2020 annual assessment (+2.3%) and will have grown by around 8% in 2021 and the United States recovered its pre-pandemic levels of GDP in the second quarter of 2021 (-3.4% in 2020 and an estimated 5.4% in 2021), the eurozone area will not reach its pre-Covid levels until mid-2022 (-6.5% in 2020 and an estimated 5%, approximately, in 2021).



GDP¹, main economies
Annual change (%)

Economic scenario - Europe, Spain and Portugal

In the **eurozone**, after a remarkable recovery of activity in the second and third quarters of 2021, the latest indicators suggest a weaker performance in the fourth quarter. Specifically, economic activity has been negatively impacted by the shortage of supplies, which is affecting significantly countries like Germany, given their high exposure to the industrial sector (especially the automotive industry, highly integrated in the global value chains). In addition, the increase of Covid-19 cases in central and northern Europe has also led to new mobility restrictions, with clear effects on the economy. Even so, the eurozone's GDP is estimated to have grown by around 5% in 2021. In 2022, annual growth will slip to around 4.1%, with clear differences between countries: contracting in Italy and France; and growing in Germany and Spain. The main countries in the eurozone area will recover their lost GDP levels by mid-2022, except Spain. The inflation rate averaged 2.6% in 2021 (1.5% underlying inflation), mainly pushed by factors related to the pandemic (base effects, increase in energy prices or bottlenecks). We estimate that these factors will continue exerting an upward pressure in 2022, albeit more subdued in the upcoming months. Specifically, the headline and underlying inflation is expected to average 2.8% and 1.7%, respectively, both ending the year below 2%.

In 2021, the **Spanish economy** recorded a strong recovery in activity and, mainly, in employment, which returned to pre-pandemic levels. However, the growth experienced fluctuations throughout the year. After a hesitant start of the year due to the effects of the third wave of infections and the adverse weather conditions, the economic activity was back on the path of recovery thanks to the rapid deployment of vaccinations and the resulting containment of infections and ease of the pressure on the health system. This, in turn, contributed to the reactivation of tourism flows and household spending, especially in activities that require further social interaction and that were most affected by the previous restrictive measures, such as food services, leisure and tourism. In the last part of the year, activity continued to expand, albeit at a more moderate pace, in a context of an aggravation of the epidemiological situation and a sharp rise in inflation due to higher energy prices and difficulties in some supplies due to bottlenecks in supply chains. In 2021 as a whole, GDP is estimated to have increased by 4.8%, such that, at year-end, it would still be 4.6% below pre-

(1) CaixaBank
Research forecasts for
2021.

crisis levels (fourth quarter of 2019). Inflation rose to 6.5% in December (2.1% underlying inflation), the energy component significantly adding thereto.

In 2022, the economic recovery is expected to consolidate and GDP growth is projected to accelerate to 5.5%, such that GDP would reach the pre-crisis level of the fourth quarter of 2019 in the last quarter of 2022. The pandemic may still generate new waves, but its impact on the health system is expected to be limited thanks to advances in vaccines, and there will be no need to reintroduce severe restrictions on activity. Growth in 2022 will be largely supported by three drivers: the recovery of the tourism sector, the impact of European funds and the pent-up demand. However, the year will be subject to uncertainties. On the one hand, the current energy crisis in Europe has led to sharp increases in energy prices which reduce households' purchasing power and put pressure on business margins. The impact of this crisis, although acute, should be temporary, and its effects should moderate after spring. On the other hand, the disruptions to global supply chains will continue to hamper the industrial sector's ability to recover, especially during the first half of 2022. In addition, a streamlined deployment of NGEU investments will also be a key factor.

In **Portugal**, 2021 was a year of partial recovery from the crisis caused by the Covid-19 pandemic. The GDP grew by approximately 4.3%, with private consumption and exports as the main drivers of growth. This speed of the vaccination roll-out allowed a recovery, although incomplete, of the tourism. The year was also marked by the approval of the Recovery and Resilience Plan, which should lead to significant investments and the development of important reforms within the framework of NGEU in the coming years. A GDP growth to around 5% is expected for 2022, supported by the recovery of tourism and domestic demand, highlighting an increased investment stimulated by the European funds. The pandemic will continue to pose a risk, but the swift response of administering booster shots and new medication will make it less of a decisive factor. The supply difficulties and shortage of labour in some sectors may hamper the expansion.

State of the financial markets

The emerging-country central banks have taken a much more proactive approach against the inflationary pressures and, in general, a hawkish stance in the monetary policy. On the one hand, the Federal Reserve decided in December to intensify the tapering pace with a view to ending the net purchases in mid-March (instead of June, as initially announced). This way, the Fed will be able to start the cycle of rate hikes earlier than anticipated (three rate hikes are expected in 2022, in line with the dot plot). On the other hand, the ECB announced a tapering on net asset purchases, which involves an end to net purchases under the PEPP¹ in March and a temporary increase of net purchases within the framework of the APP² to partially offset the purchases no longer made under the PEPP. The ECB is expected to make net asset purchases of €0.48 billion in 2022 (€1.09 billion in 2021). On the other hand, the institution's projections for inflation in the medium term (1.8% in 2023 and 2024) suggest that the first rate increase will come in December 2023 the earliest.

In this context, the **financial markets** have focused their attention on the decisions of the central banks and the evolution of the pandemic, which continues to be the main driver of risk assets. Thus, at the end of 2021, due to the rise in Covid-19 cases, investors preferred low-risk assets such as the German and US sovereign bonds. This situation, however, reversed at the beginning of the year. The 10-year bonds have climbed to record levels since the beginning of the pandemic, around -0.05% the German bund and 1.75% the US bond. Meanwhile, there has been a moderate decline in the main stock markets, as a result of the recent portfolio rotation towards value securities. However, it has been a good year for the stock markets, as the eurozone and the United States recorded sizeable gains between 10% and 20%.

(1) *Pandemic Emergency Purchase Programme.*

(2) *Asset Purchase Programme.*

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 2021 includes extraordinary impacts related to the merger.

Year-on-year performance

Attributable profit for 2021 amounts to €5,226 million.

The **2021 result stands at €2,359 million, stripping out the extraordinary aspects related to the merger** (negative consolidation difference for €4,300 million and extraordinary expenses, charges to provisions, results from sales of business lines, write-downs and others for €-1,433 million, net of tax).

In the same period of 2020, the result was €1,381 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

€ million	2021	M&A one offs ⁽¹⁾	2021 ex M&A	2020	Change	Change %
Net interest income	5,975		5,975	4,900	1,075	21.9
Dividend income	192		192	147	44	30.1
Share of profit/(loss) of entities accounted for using the equity method	425		425	307	118	38.5
Net fee and commission income	3,705		3,705	2,576	1,129	43.8
Trading income	220		220	238	(18)	(7.6)
Income and expense under insurance or reinsurance contracts	651		651	598	53	8.9
Other operating income and expense	(893)		(893)	(356)	(537)	
Gross income	10,274		10,274	8,409	1,865	22.2
Recurring administrative expenses, depreciation and amortisation	(5,930)		(5,930)	(4,579)	(1,351)	29.5
Extraordinary expenses	(2,119)	(2,118)	(1)		(1)	
Pre-impairment income	2,225	(2,118)	4,343	3,830	512	13.4
Pre-impairment income stripping out extraordinary expenses	4,344		4,344	3,830	513	13.4
Allowances for insolvency risk	(838)		(838)	(1,915)	1,078	(56.3)
Other charges to provisions	(478)	(93)	(384)	(247)	(137)	55.6
Gains/(losses) on disposal of assets and others	4,405	4,464	(59)	(67)	8	(12.1)
Profit/(loss) before tax	5,315	2,252	3,062	1,601	1,461	91.3
Income tax expense	(88)	614	(702)	(219)	(483)	
Profit/(loss) after tax	5,227	2,867	2,360	1,382	979	70.8
Profit/(loss) attributable to minority interest and others	1		1	0	1	
Profit/(loss) attributable to the Group	5,226	2,867	2,359	1,381	977	70.8

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

- Extraordinary expenses: estimated cost of the labour agreement (€-1,884 million) and other integration expenses (€-234 million).
- Other charges to provisions: €-93 million to cover asset write-downs mainly from the plan to restructure the commercial network in 2022.
- Gains/losses on disposal of assets: €+4,300 million due to negative consolidation difference; €+266 million from profits before tax related to the sale of certain lines of business directly pursued by Bankia; €-105 million due to asset write-downs (mainly associated with the commercial network's restructuring in the fourth quarter of 2021); and €+3 million others.

Core income	2021	2020	Change	Change %
Net interest income	5,975	4,900	1,075	21.9
Income from Bancassurance equity investments	267	236	30	12.8
Net fee and commission income	3,705	2,576	1,129	43.8
Income and expenses under insurance or reinsurance contracts	651	598	53	8.9
Total core income	10,597	8,310	2,288	27.5

Core income stands at €10,597 million (+27.5%), 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 €5,975 million, up 21.9% with respect to the same period of the previous year. The customer spread reached 1.68% and the balance sheet spread 0.96% in 2021.
- **Fee and commission income** grew 43.8% to €3,705 million.
- **Income from Bancassurance equity investments** amounted to €267 million, up 12.8%, and includes the incorporation of insurance investees of Bankia.
- **Income and expenses under insurance or reinsurance contracts** reached €651 million, up 8.9% on the previous year as a result of the increase of commercial activity.

Dividend income, which mainly includes dividends from Telefónica and BFA, totalled €192 million in 2021. The 30.1% 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 €425 million, up 38.5% 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. The fourth quarter of 2021 does not include the results attributed to Erste Group Bank after the divestment of the stake.

Trading income stands at €220 million. In 2020 it amounted to €238 million, including 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 (including the contribution to the Single Resolution Fund¹ for €181 million in the second quarter of 2021 versus the €111 million made in the previous year and the contribution to the Deposit Guarantee Fund for €396 million in the fourth quarter of 2021 versus the €243 million made in the previous year). In addition, this item included €135 million in 2020 due to the recognition of income associated with the final earnout of SegurCaixa Adeslas.

Gross income €10,274 million, up 22.2%. **Recurring administrative expenses, depreciation and amortisation** increased by 29.5% (€-5,930 million). The recurring cost-to-income ratio (12 months) stood at 57.7% versus 54.5% in the same period of the previous year.

Extraordinary expenses (€-2,119 million) include €-1,884 million, gross, associated with the cost of the labour agreement and €-234 million of other expenses incurred in the integration process.

Allowances for insolvency risk reached €-838 million, down 56.3% 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 (€-1,252 million).

The **cost of risk** (last 12 months) came to **0.23%**.

Other charges to provisions include, in addition to the coverage of future contingencies and impairment of other assets, a provision for €-93 million to cover asset write-downs from the plan to restructure the commercial network, among others.

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

Gains/losses on disposal of assets and others is impacted by:

- In 2021 the recognition of aspects related to the merger for €4,464 million: €+4,300 million due to negative consolidation difference; €+266 million from profits related to the sale of certain lines of business directly pursued by Bankia to investees; €-105 million due to asset write-downs (mainly associated with the commercial network's restructuring in the fourth quarter of 2021); and €+3 million others.

This item also includes the gains on the sale of the stake held in Erste Group Bank for €54 million.

- In 2020 it included, among others, the recognition of the gains on the partial sale of Comercia (€+420 million) and the provision associated with the stake held in Erste Group Bank (€-311 million).

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

Quarterly performance

Below is the quarterly performance of the two last quarters as well as the fourth quarter of last year, differentiating the extraordinary expenses related to the merger for 2021. The change with respect to the fourth 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 aspects in 2021 and including Bankia's results in the fourth quarter of 2020).

€ million	4Q21			3Q21			4Q20		
	4Q21	M&A one offs	4Q21 ex M&A	3Q21	M&A one offs	3Q21 ex M&A	Change %	4Q20	Change %
Net interest income	1,559		1,559	1,589		1,589	(1.9)	1,253	24.4
Dividend income	39		39	1		1		52	(23.9)
Share of profit/(loss) of entities accounted for using the equity method	70		70	150		150	(53.4)	88	(21.0)
Net fee and commission income	1,101		1,101	964		964	14.1	671	64.1
Trading income	90		90	50		50	79.9	56	60.6
Income and expense under insurance or reinsurance contracts	172		172	162		162	6.1	156	9.7
Other operating income and expense	(466)		(466)	(88)		(88)		(127)	
Gross income	2,563		2,563	2,828		2,828	(9.3)	2,149	19.3
Recurring administrative expenses, depreciation and amortisation	(1,577)		(1,577)	(1,606)		(1,606)	(1.9)	(1,095)	44.1
Extraordinary expenses	(99)	(99)	0	(49)	(49)	(0)			
Pre-impairment income	888	(99)	987	1,172	(49)	1,221	(19.2)	1,055	(6.4)
Pre-impairment income stripping out extraordinary expenses	987		987	1,221		1,221	(19.2)	1,055	(6.4)
Allowances for insolvency risk	(344)		(344)	(165)		(165)		(321)	7.2
Other charges to provisions	(118)	63	(182)	(204)	(130)	(73)		(40)	
Gains/(losses) on disposal of assets and others	129	161	(32)	(9)	3	(12)		25	
Profit/(loss) before tax	554	125	429	794	(177)	971	(55.8)	718	(40.2)
Income tax expense	(128)	(38)	(91)	(174)	53	(227)	(60.0)	(62)	45.7
Profit/(loss) after tax	426	88	339	620	(124)	744	(54.5)	656	(48.4)
Profit/(loss) attributable to minority interest and others	2		2	0		0		1	63.6
Profit/(loss) attributable to the Group	425	88	337	620	(124)	744	(54.7)	655	(48.5)

Other charges to provisions include a net release of €63 million in the quarter, comprising:

- Release of provisions of €131 million constituted in previous quarters, of which €26 million for the cancellation of contracts with suppliers (against extraordinary expenses) and €105 million for asset write-downs (against Gains/(losses) on disposal of assets and others).
- Charges to provisions for €-68 million to cover additional asset write-downs from the plan to restructure the commercial network.

Gains/(losses) on the disposal of assets and others includes a positive result in the quarter of €161 million, comprising:

- Results related to the sale of certain lines of business directly pursued by Bankia for €266 million.
- Asset write-downs from provisions constituted in previous quarters for €-105 million (mainly associated with the commercial network's restructuring in the fourth quarter of 2021).

Core income	4Q21	3Q21	Change %	4Q20	Change %
Net interest income	1,559	1,589	(1.9)	1,253	24.4
Income from Bancassurance equity investments	58	94	(38.3)	72	(18.9)
Net fee and commission income	1,101	964	14.1	671	64.1
Income and expenses under insurance or reinsurance contracts	172	162	6.1	156	9.7
Total core income	2,889	2,809	2.8	2,152	34.3

Comparative proforma income statement

Below is the comparative proforma income statement, which is presented with the aim of providing information on the evolution 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 2021 stands at **€2,424 million**. In the same period of 2020, it reached €1,611 million, impacted by the provisions made to anticipate future losses associated with Covid-19.

€ million	2021	2020	Change	Change %
Net interest income	6,422	6,816	(394)	(5.8)
Dividend income	192	149	43	28.7
Share of profit/(loss) of entities accounted for using the equity method	436	366	70	19.1
Net fee and commission income	3,987	3,736	251	6.7
Trading income	230	398	(168)	(42.2)
Income and expense under insurance or reinsurance contracts	651	598	53	8.9
Other operating income and expense	(934)	(752)	(182)	24.2
Gross income	10,985	11,311	(326)	(2.9)
Recurring administrative expenses, depreciation and amortisation	(6,374)	(6,311)	(63)	1.0
Extraordinary expenses	(1)	(1)	(1)	
Pre-impairment income	4,610	5,000	(390)	(7.8)
Pre-impairment income stripping out extraordinary expenses	4,611	5,000	(389)	(7.8)
Allowances for insolvency risk	(961)	(2,959)	1,999	(67.5)
Other charges to provisions	(407)	(213)	(194)	91.0
Gains/(losses) on disposal of assets and others	(82)	(1)	(81)	
Profit/(loss) before tax	3,160	1,826	1,334	73.0
Income tax expense	(734)	(215)	(520)	
Profit/(loss) after tax	2,426	1,612	814	50.5
Profit/(loss) attributable to minority interest and others	1	0	1	
Comparative proforma Profit/(loss)¹	2,424	1,611	813	50.5
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net ²	(65)	(230)	164	
+ M&A impacts, net ³	2,867		2,867	
Profit/(loss) attributable to the Group (accounting profit/(loss))	5,226	1,381	3,844	

(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 €230 million corresponding to 2020.

(3) €+2,867 million, which results from the negative consolidation difference for €+4,300 million and extraordinary expenses, charges to provisions, results from sales of business lines, write-downs and others, net of taxes, for €-1,433 million, net are added to 2021.

Core income	2021	2020	Change	Change %
Net interest income	6,422	6,816	(394)	(5.8)
Income from Bancassurance equity investments	279	306	(27)	(9.0)
Net fee and commission income	3,987	3,736	251	6.7
Income and expenses under insurance or reinsurance contracts	651	598	53	8.9
Total core income	11,339	11,456	(116)	(1.0)

Core income, €11,339 million, drops 1.0% with respect to the same period in the previous year. Its performance is impacted by the lower **Net interest income** (-5.8%) and **Income from Bancassurance equity investments** (-9.0%), the latter affected by one-off income in the fourth quarter of the previous year. Good performance of **Fee and commission income** (+6.7%) and **Income and expenses under insurance or reinsurance contracts** (+8.9%).

Gross income dropped 2.9% due to lower Core income (-1.0%), lower **Trading income** (-42.2%) and higher costs recognised in **Other operating income and expense** (+24.2%), which included €135 million in 2020 due to the recognition of income associated with the final earnout of SegurCaixa Adeslas. **Good performance of income from equity investments**.

Recurring administrative expenses, depreciation and amortisation grew 1.0%. The core cost-to-income ratio (12 months) reached 56.2%.

The performance of **Allowances for insolvency risk** (-67.5%) is impacted, among others, by the increased provisions for credit risk established in 2020, aimed to anticipate future impacts associated with Covid-19 (€-1,742 million).

Other charges to provisions stands at €-407 million in 2021 (+91.0%), following a conservative risk coverage.

Gains/(losses) on disposal of assets and others included, among other items, the recognition in 2021 of the gains on the sale of the stake held in Erste for €54 million. In 2020 it included, among others, the recognition of the gains on the partial sale of Comercia (€+420 million), the gains on the sale of the deposit business of Bankia to Cecabank (€+155 million) and the provision associated with the stake held in Erste Group Bank (€-311 million).

Quarterly performance

€ million	4Q21	3Q21	Change %	4Q20	Change %
Net interest income	1,559	1,589	(1.9)	1,750	(10.9)
Dividend income	39	1		53	(25.2)
Share of profit/(loss) of entities accounted for using the equity method	70	150	(53.4)	115	(39.2)
Net fee and commission income	1,101	964	14.1	993	10.8
Trading income	90	50	79.9	71	25.6
Income and expense under insurance or reinsurance contracts	172	162	6.1	156	9.7
Other operating income and expense	(466)	(88)		(341)	36.9
Gross income	2,563	2,828	(9.3)	2,798	(8.4)
Recurring administrative expenses, depreciation and amortisation	(1,577)	(1,606)	(1.9)	(1,535)	2.7
Extraordinary expenses	0				
Pre-impairment income	987	1,221	(19.2)	1,263	(21.9)
Pre-impairment income stripping out extraordinary expenses	987	1,221	(19.2)	1,263	(21.9)
Allowances for insolvency risk	(344)	(165)		(553)	(37.8)
Other charges to provisions	(182)	(73)		(64)	
Gains/(losses) on disposal of assets and others	(32)	(12)		145	
Profit/(loss) before tax	429	971	(55.8)	790	(45.7)
Income tax expense	(91)	(227)	(60.0)	(84)	7.3
Profit/(loss) after tax	339	744	(54.5)	706	(52.0)
Profit/(loss) attributable to minority interest and others	2	0		1	54.3
Comparative proforma Profit/(loss)	337	744	(54.7)	705	(52.2)
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net				(50)	
+ M&A impacts, net	88	(124)			
Profit/(loss) attributable to the Group (accounting profit/(loss))	425	620	(31.5)	655	(35.2)

Core income	4Q21	3Q21	Change %	4Q20	Change %
Net interest income	1,559	1,589	(1.9)	1,750	(10.9)
Income from Bancassurance equity investments	58	94	(38.3)	102	(43.4)
Net fee and commission income	1,101	964	14.1	993	10.8
Income and expenses under insurance or reinsurance contracts	172	162	6.1	156	9.7
Total core income	2,889	2,809	2.8	3,003	(3.8)

Comparative proforma Profit/(loss) in the fourth quarter of 2021 stands at €337 million versus €744 million in the previous quarter:

Gross income in the quarter amounted to €2,563 million, down 9.3%:

- **Core income** rose 2.8%. Drop of the **Net interest income** (-1.9%) and **Income from Bancassurance equity investments** (-38.3%), impacted by the seasonal effects of the third quarter, which are compensated by the good performance of **Fee and commission income** (+14.1%) and **Income and expenses under insurance or reinsurance contracts** (+6.1%).
- The **Dividend income** includes in the fourth quarter the dividend from Telefónica for €38 million.
- **Share of profit/(loss) of entities accounted for using the equity method** dropped, in addition to the aforementioned seasonal effects of the results of bancassurance equity investments, due to not including the results attributed to Erste Group Bank, after the divestment of the stake held in Erste Group Bank in the last quarter of the year.
- **Trading income** increased to €90 million.
- **Other operating income and expense** include in the fourth quarter the contribution of €-396 million paid to the Deposit Guarantee Fund (DGF).

Recurring administrative expenses, depreciation and amortisation slightly dropped (1.9%), mainly supported by the reduction of personnel expenses following the first departure of employees within the framework of the labour agreement.

Allowances for insolvency risk came to €-344 million in the quarter and **Other charges to provisions** to €-182 million, following a conservative risk coverage.

The change in attributable profit in the fourth quarter of 2021 (€337 million), when compared to the same quarter of the previous year (€705 million), was mainly due to the following:

Gross income dropped 8.4% with respect to the same period of the previous year.

- **Core income** was down 3.8% as a result of the performance of **Net interest income** (-10.9%) and **Income from Bancassurance equity investments** (-43.4%) after the recognition of one-off income in 2020. Good performance of all other core items (**Fee and commission income** (+10.8%) and **Income and expenses under insurance or reinsurance contracts** (+9.7%).
- Income from equity investments dropped 39.2% after including one-off income in 2020.
- Lower contribution of **Other operating income and expense** due to the recognition, in 2020, of income associated with SegurCaixa Adeslas' final earnout for €135 million.

Higher **Recurring administrative expenses, depreciation and amortisation** (+2.7%).

The performance of **Allowances for insolvency risk** is impacted in the fourth quarter of 2020 by the increased provisions associated with Covid-19 (€-131).

Gains/(losses) on disposal of assets and others is affected mainly by the one-off impacts of 2020 (the gains on the partial sale of Comercia, the gains on the sale of the deposit business of Bankia and the provision associated with the stake held in Erste Group Bank).

Proforma returns on average total assets¹

	4Q21	3Q21	2Q21	1Q21	4Q20
%					
Interest income	1.18	1.20	1.25	1.34	1.39
Interest expense	(0.29)	(0.28)	(0.27)	(0.33)	(0.34)
Net interest income	0.89	0.92	0.98	1.01	1.05
Dividend income	0.02	0.00	0.09	0.00	0.03
Share of profit/(loss) of entities accounted for using the equity method	0.04	0.08	0.07	0.05	0.08
Net fee and commission income	0.63	0.55	0.59	0.58	0.60
Trading income	0.05	0.03	0.02	0.03	0.04
Income and expense under insurance or reinsurance contracts	0.10	0.09	0.09	0.10	0.09
Other operating income and expense	(0.27)	(0.05)	(0.16)	(0.07)	(0.21)
Gross income	1.46	1.62	1.68	1.70	1.68
Recurring administrative expenses, depreciation and amortisation	(0.90)	(0.92)	(0.95)	(0.97)	(0.92)
Pre-impairment income	0.56	0.70	0.73	0.73	0.76
Allowances for insolvency risk	(0.20)	(0.09)	(0.09)	(0.18)	(0.33)
Other charges to provisions	(0.10)	(0.04)	(0.05)	(0.04)	(0.04)
Gains/(losses) on disposal of assets and others	(0.02)	(0.01)	(0.01)	(0.02)	0.09
Profit/(loss) before tax	0.24	0.56	0.58	0.49	0.48
Income tax expense	(0.05)	(0.13)	(0.12)	(0.13)	(0.06)
Profit/(loss) after tax	0.19	0.43	0.46	0.36	0.42
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	0.19	0.43	0.46	0.36	0.42
Average total net assets (€ million)	695,346	690,460	671,368	660,552	668,680

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

Net interest income

• **Net interest income** totalled €6,422 million (down 5.8% 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. A lower average volume is added to this rate reduction.
- Lower contribution of the fixed-income portfolio due to lower volumes and the reduction of the average rate, mainly as a result of the revaluation 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 1.9% with respect to the previous quarter due to:

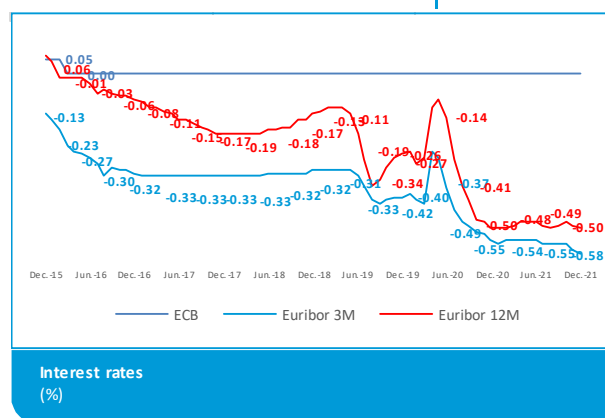
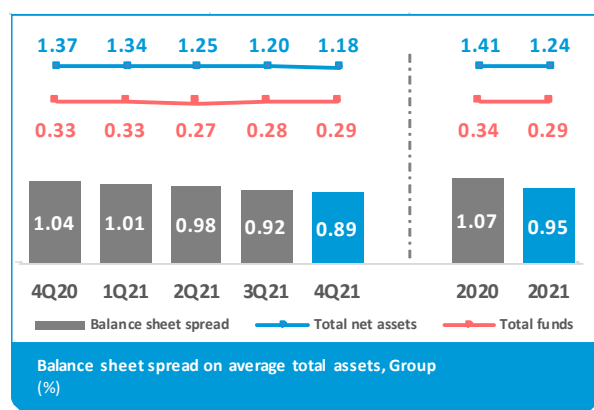
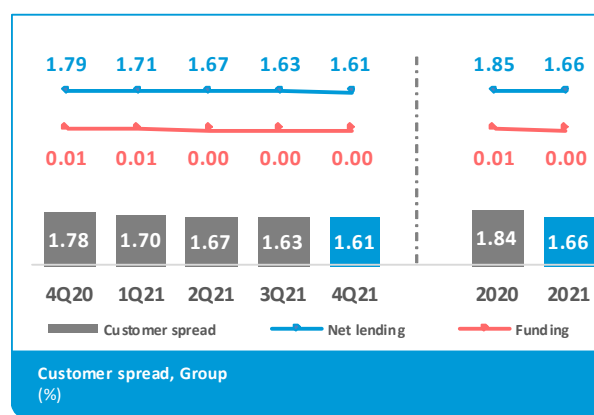
- Decline in the income of loans and advances due to a lower portfolio interest rate, resulting from the negative repricing effect as a consequence of a drop of the rate curve. A lower average volume is added to this rate reduction.
- Higher costs for financial institutions due to the increase of liquidity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

These effects have been partially compensated by:

- Higher contribution of the fixed-income portfolio due to higher volumes and the increase of the average rate.
- Savings in the costs of institutional financing due to a lower price, mainly as a result of the drop of the rate curve.

The **customer spread** fell by 2 basis points in the quarter to 1.61%, 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 3 basis points below the previous quarter, reaching 0.89%.



Quarterly cost and income

€ million	4Q21			3Q21			2Q21		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	123,090	266	0.86	114,742	252	0.87	90,624	237	1.05
Loans and advances (a)	333,254	1,355	1.61	336,605	1,386	1.63	339,866	1,418	1.67
Debt securities	81,945	53	0.26	78,021	46	0.23	81,848	49	0.24
Other assets with returns	63,773	388	2.42	63,755	392	2.44	63,497	379	2.40
Other assets	93,284	4	-	97,337	9	-	95,533	4	-
Total average assets (b)	695,346	2,066	1.18	690,460	2,085	1.20	671,368	2,087	1.25
Financial Institutions	116,988	(144)	0.49	115,452	(126)	0.43	109,060	(96)	0.35
Retail customer funds (c)	376,774	(1)	-	371,366	2	-	362,009	(2)	-
Wholesale marketable debt securities & other	48,003	(35)	0.29	48,122	(37)	0.30	47,690	(35)	0.29
Subordinated liabilities	10,380	(8)	0.31	9,841	(8)	0.34	9,727	(7)	0.30
Other funds with cost	82,184	(308)	1.49	83,215	(313)	1.49	75,907	(297)	1.57
Other funds	61,018	(11)	-	62,464	(14)	-	66,975	(14)	-
Total average funds (d)	695,346	(507)	0.29	690,460	(496)	0.28	671,368	(451)	0.27
Net interest income		1,559			1,589			1,636	
Customer spread (%) (a-c)		1.61			1.63			1.67	
Balance sheet spread (%) (b-d)		0.89			0.92			0.98	

€ million	1Q21			4Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	74,982	213	1.15	78,399	223	1.13
Loans and advances (a)	343,818	1,448	1.71	345,967	1,557	1.79
Debt securities	86,985	106	0.49	88,763	111	0.50
Other assets with returns	66,739	413	2.51	67,415	413	2.44
Other assets	88,028	2	-	88,136	5	-
Total average assets (b)	660,552	2,182	1.34	668,680	2,309	1.37
Financial Institutions	103,939	(76)	0.30	107,934	(84)	0.31
Retail customer funds (c)	354,718	(6)	0.01	357,931	(5)	0.01
Wholesale marketable debt securities & other	47,226	(87)	0.75	49,332	(95)	0.77
Subordinated liabilities	9,179	(32)	1.41	8,939	(34)	1.49
Other funds with cost	76,773	(328)	1.73	76,547	(323)	1.68
Other funds	68,717	(14)	-	67,997	(18)	-
Total average funds (d)	660,552	(543)	0.33	668,680	(559)	0.33
Net interest income		1,639			1,750	
Customer spread (%) (a-c)		1.70			1.78	
Balance sheet spread (%) (b-d)		1.01			1.04	

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 €3,987 million**, up 6.7% on the same period of 2020, with a very good performance in the quarter (+10.8% with respect to the same quarter of the previous year and +14.1% when compared to the third quarter).

- **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 slightly grew 1.4% with respect to the previous year. The good quarterly performance (+7.0%) is impacted by the usual drop in transactions in the third quarter, and it also grows with respect to the same quarter of the previous year (+1.5%).

Fees and commissions from wholesale banking drop 13.1% in the year, while remaining at similar levels with respect to the same quarter of 2020 (+1.3%), a year 2020 marked by high activity in investment banking. With respect to the previous quarter (+29.8%), their performance is impacted by the negative seasonal nature in the third quarter in this item of fees and commissions.

- **Fees and commissions from the sale of insurance products** grew when compared to 2020 (+12.9%) and the same quarter of the previous year (+30.4%), mainly due to the higher commercial activity and the achievement of commercial objectives. With respect to the third quarter (+47.1%), their performance impacted also by the negative seasonal nature in the previous quarter.

- **Fees and commissions from managing long-term savings products** (investment funds, pension plans and Unit Link) stand at €1,391 million, due to **managing higher asset volumes** following the good performance of both markets and sales in 2021. **In addition, the fourth quarter of 2021 includes success fees.** Growth of 17.9% with respect to 2020, +14.9% with respect to the third quarter of 2021 and +22.2% with respect to the same quarter of the previous year:

- **Commissions from mutual funds, managed accounts and SICAVs** came to €860 million, with a year-on-year increase of 18.5% and a growth of 10.0% in the quarter, which includes success fees (+23.5% with respect to the same quarter of the previous year).

- **Commissions from managing pension plans** stand at €325 million, showing a positive performance of 6.5% year-on-year and of 7.3% on the same quarter of the previous year. With respect to the third quarter (+20.7%), they include one-off income obtained from the returns on pension plans reached at year-end.

- **Unit Link fees and commissions** reached €206 million, +38.5% on the same period of 2020 and +46.5% on the same quarter of 2020 (+27.1% with respect to the previous quarter, impacted by one-off income in the last quarter of the year).

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Banking services, securities and other fees	2,217	2,220	(0.2)	583	536	569	529	574
<i>Recurring</i>	2,010	1,982	1.4	527	493	503	488	519
<i>Wholesale banking</i>	207	238	(13.1)	56	43	66	43	55
Sale of insurance products	379	336	12.9	116	79	85	98	89
Long-term savings products	1,391	1,180	17.9	402	350	327	312	329
<i>Mutual funds, managed accounts and SICAVs</i>	860	726	18.5	242	220	204	195	196
<i>Pension plans</i>	325	305	6.5	95	79	76	75	89
<i>Unit Link and other¹</i>	206	149	38.5	65	51	47	43	44
Net fee and commission income	3,987	3,736	6.7	1,101	964	981	941	993

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

Income from equity investments

- The **Dividend income** (€192 million) mainly grew due to a higher dividend from BFA¹ for €98 million in 2021, which includes an extraordinary dividend for €54.5 million, versus €40 million in 2020. It also includes the dividend from Telefónica in both years (€90 million in 2021 versus €100 million in 2020).
- **Attributable profit of entities accounted for using the equity method** (€436 million) recovered as a result of an improvement of the economic situation, up 19.1% with respect to the previous year. With respect to the previous quarter, down 53.4%, impacted by the positive seasonal nature of SegurCaixa Adeslas in the third quarter and due to not including the results attributed to Erste Group Bank, after its divestment in the last quarter of the year.

With respect to the same quarter of the previous year, it is affected by the deconsolidation of the Erste Group Bank and the recognition of one-off income from bancassurance equity investments (SegurCaixa Adeslas and Bankia Vida) in the fourth quarter of 2020.

(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 ordinary income and €54.5 million as one-off income) and the rest have been recognised as 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	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Dividend income	192	149	28.7	39	1	151	0	53
Share of profit/(loss) of entities accounted for using the equity method	436	366	19.1	70	150	129	89	115
Income from equity investments	628	515	21.8	109	150	280	89	167

Trading income

- **Trading income** stands at €230 million at the end of 2021. Its year-on-year change (-42.2%) includes the materialisation of unrealised gains from fixed-income assets in 2020.

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Trading income	230	398	(42.2)	90	50	38	52	71

Income and expense under insurance or reinsurance contracts

- The **income and expense under insurance or reinsurance contracts** stands at €651 million, showing a solid year-on-year growth of 8.9% and quarterly growth of 6.1% (+9.7% with respect to the same quarter of 2020).

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Income and expense under insurance or reinsurance contracts	651	598	8.9	172	162	154	164	156

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 €396 million in the fourth quarter (€417 million in 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 (€7.3 million in 2020).

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Contributions and levies	(596)	(605)	(1.4)	(396)		(181)	(19)	(418)
Other real estate operating income and expense (including Spanish property tax in Q1)	(64)	(64)	0.2	(1)	(18)	(14)	(29)	(14)
Other	(274)	(83)		(70)	(69)	(73)	(63)	91
Other operating income and expense	(934)	(752)	24.2	(466)	(88)	(268)	(111)	(341)

Administration expenses, depreciation and amortisation

- Year-on-year growth of the **Recurring administrative expenses, depreciation and amortisation** of 1.0%. Increase of personnel expenses (+1.7%) and depreciation and amortisation (+4.6%). General expenses dropped by 2.1%.
- Quarterly performance (-1.9%) impacted by lower personnel expenses (-3.2%), capturing synergies following the first departure of employees within the framework of the labour agreement. General expenses dropped by 2.3% and depreciation and amortisation increased by 6.4%.

The core cost-to-income ratio (12 months) reached 56.2%.

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Gross income	10,985	11,311	(2.9)	2,563	2,828	2,820	2,774	2,798
Personnel expenses	(3,972)	(3,907)	1.7	(977)	(1,009)	(997)	(989)	(959)
General expenses	(1,661)	(1,696)	(2.1)	(404)	(413)	(423)	(421)	(402)
Depreciation and amortisation	(741)	(708)	4.6	(196)	(184)	(178)	(182)	(174)
Recurring administrative expenses, depreciation and amortisation	(6,374)	(6,311)	1.0	(1,577)	(1,606)	(1,598)	(1,593)	(1,535)
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	58.0	55.8	2.2	58.0	56.4	55.8	55.4	55.8
Core income	11,339	11,456	(1.0)	2,889	2,809	2,833	2,808	3,003
Recurring administrative expenses, depreciation and amortisation	(6,374)	(6,311)	1.0	(1,577)	(1,606)	(1,598)	(1,593)	(1,535)
Core cost-to-income ratio (12 months)	56.2	55.1	1.1	56.2	55.3	54.6	54.6	55.1

Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk** amounted to €-961 million, versus €-2,959 million in the same period of 2020.

Throughout 2020, within the framework of the pandemic, provisions were established to anticipate future losses associated with Covid-19 under the forward-looking approach required by IFRS 9. In this context, a provision was recognised for €-1,742 million in 2020, which explains the year-on-year performance of this item on the income statement.

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

- **Other charges to provisions** shows mainly the coverage of future contingencies and impairment of other assets. Allowances were recognised for legal contingencies in the last quarter of 2021, employing conservative criteria, as well as a provision associated with the cost arising from BPI's early retirements.

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Allowances for insolvency risk	(961)	(2,959)	(67.5)	(344)	(165)	(155)	(297)	(553)
Other charges to provisions	(407)	(213)	91.0	(182)	(73)	(80)	(72)	(64)
Allowances for insolvency risk and other charges to provisions	(1,368)	(3,173)	(56.9)	(526)	(238)	(235)	(369)	(617)

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.

The real estate results in 2020 is impacted by, among others, higher provisions for real estate assets.

The item Other includes in the fourth quarter of 2021 the gains on the sale of the stake held in Erste (€+54 million) and the recognition of other income and asset write-downs.

The quarterly change in this item is affected also 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	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Real estate results	13	(190)		15	1	(5)	2	(99)
Other	(95)	189		(47)	(13)	(13)	(22)	243
Gains/(losses) on disposal of assets and others	(82)	(1)		(32)	(12)	(18)	(20)	145

Business Activity

Balance sheet

The Group's total assets reached €680,036 million on 31 December 2021, down 0.8% in the quarter. Excluding the balances transferred from Bankia as a result of the business combination, the organic change was +5.5% in the year.

€ million	31 Dec. 2021	30 Sep. 2021	Change %	31 Dec. 2020	Change %	Organic change %
- Cash and cash balances at central banks and other demand deposits	104,216	117,252	(11.1)	51,611		78.5
- Financial assets held for trading	10,925	11,852	(7.8)	6,357	71.9	(22.0)
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	237	244	(3.1)	317	(25.4)	(29.8)
Equity instruments	165	173	(4.8)	180	(8.5)	(10.2)
Debt securities	5	5	1.8	52	(89.7)	(89.7)
Loans and advances	67	66	0.9	85	(21.6)	(34.6)
- Financial assets at fair value with changes in other comprehensive income	16,403	17,135	(4.3)	19,309	(15.1)	(65.8)
- Financial assets at amortised cost	420,599	417,272	0.8	267,509	57.2	(2.4)
Credit institutions	7,869	7,654	2.8	5,851	34.5	(29.5)
Customers	344,524	348,037	(1.0)	236,988	45.4	(4.7)
Debt securities	68,206	61,581	10.8	24,670		26.5
- Derivatives - Hedge accounting	1,038	1,089	(4.7)	515		(83.3)
- Investments in joint ventures and associates	2,533	4,333	(41.5)	3,443	(26.4)	(45.2)
- Assets under the insurance business ¹	83,464	75,355	10.8	77,241	8.1	8.1
- Tangible assets	8,264	8,743	(5.5)	6,957	18.8	(13.3)
- Intangible assets	4,933	4,517	9.2	3,949	24.9	10.9
- Non-current assets and disposal groups classified as held for sale	3,038	2,838	7.1	1,198		22.7
- Other assets	24,387	25,107	(2.9)	13,114	86.0	5.6
Total assets	680,036	685,738	(0.8)	451,520	50.6	5.5
Liabilities	644,611	650,613	(0.9)	426,242	51.2	5.7
- Financial liabilities held for trading	5,118	5,514	(7.2)	424		
- Financial liabilities at amortised cost	547,026	558,004	(2.0)	342,403	59.8	5.7
Deposits from central banks and credit institutions	94,050	100,808	(6.7)	55,356	69.9	(2.7)
Customer deposits	392,479	394,239	(0.4)	245,167	60.1	8.9
Debt securities issued	53,684	53,958	(0.5)	35,813	49.9	(0.7)
Other financial liabilities	6,812	8,998	(24.3)	6,067	12.3	(7.5)
- Liabilities under the insurance business ¹	79,834	73,998	7.9	75,129	6.3	6.3
- Provisions	6,535	6,850	(4.6)	3,195		46.7
- Other liabilities	6,098	6,248	(2.4)	5,091	19.8	(12.2)
Equity	35,425	35,124	0.9	25,278	40.1	2.1
- Shareholders' equity	37,013	36,708	0.8	27,118	36.5	1.0
- Minority interest	31	29	6.3	25	23.8	23.8
- Accumulated other comprehensive income	(1,619)	(1,613)	0.4	(1,865)	(13.2)	(13.2)
Total liabilities and equity	680,036	685,738	(0.8)	451,520	50.6	5.5

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'.

The growth in the fourth quarter of 2021 is impacted by Bankia Vida's global consolidation following the acquisition of 100% of the company at the end of the year.

Loans and advances to customers

- **Loans and advances to customers, gross** stands at **€352,951 million**, up 44.7% in the year following the merger with Bankia (-4.9% organic change, that is, excluding the balances transferred from Bankia in the merger).

Loans and advances drop 0.8% in the quarter impacted by the reduction of loans to the public sector and home purchases, with a good performance of loans to business.

Changes by segment include:

- **Loans for home purchases** (-1.5% in the quarter and -6.7% organic change in the year) continues to be marked by the portfolio's repayments. The fourth quarter also includes the sale of portfolios.
- **Loans to individuals – Other** has dropped 0.6% in the quarter. The organic change in the year is -6.1%.

Consumer lending grows 1.0% in the quarter. The organic change in the year (-3.1%) 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 grows 1.9% in the quarter** with a -1.9% 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** dropped 12.2% in the year (organic) with a -13.8% change in the quarter marked by one-off transactions.

€ million	31 Dec. 2021	30 Sep. 2021	Change %	31 Dec. 2020	Change %	Organic change %
Loans to individuals	184,752	187,177	(1.3)	120,648	53.1	(6.5)
Home purchases	139,792	141,960	(1.5)	85,575	63.4	(6.7)
Other	44,959	45,217	(0.6)	35,074	28.2	(6.1)
of which: Consumer lending	18,716	18,525	1.0	14,170	32.1	(3.1)
Loans to business	147,419	144,642	1.9	106,425	38.5	(1.9)
Corporates and SMEs	141,619	138,601	2.2	100,705	40.6	(1.1)
Real estate developers	5,800	6,041	(4.0)	5,720	1.4	(15.7)
Public sector	20,780	24,110	(13.8)	16,850	23.3	(12.2)
Loans and advances to customers, gross⁽¹⁾	352,951	355,929	(0.8)	243,924	44.7	(4.9)
Of which:						
Performing loans	339,971	342,629	(0.8)	235,655	44.3	(5.0)
Provisions for insolvency risk	(8,265)	(8,554)	(3.4)	(5,620)	47.1	(12.7)
Loans and advances to customers, net	344,686	347,375	(0.8)	238,303	44.6	(4.7)
Contingent liabilities	27,209	26,872	1.3	16,871	61.3	7.4

(1) 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	31 Dec. 2021		30 Sep. 2021		31 Dec. 2020	
	Total	Spain (ICO)	Total	Spain (ICO)	Total	Spain (ICO)
Loans to individuals	1,415	1,378	1,500	1,468	1,216	1,196
Other (self-employed workers)	1,415	1,378	1,500	1,468	1,216	1,196
Loans to business	20,337	19,265	21,220	20,275	11,967	11,437
Corporates and SMEs	20,159	19,171	21,067	20,193	11,925	11,396
Real estate developers	178	94	153	83	42	41
Public sector	10	9	10	10	6	6
Loans and advances to customers, gross¹	21,762	20,653	22,731	21,753	13,191	12,640

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

Customer funds

Customer funds reached €619,971 million on 31 December 2021, up 49.2% after the integration of Bankia (+10.5% organic, excluding the balances transferred from Bankia in the merger).

Growth of 2.1% in the quarter. In their performance by item stands out the acquisition of 100% of Bankia Vida at the end of December, which was integrated by global consolidation at year-end. As a result, Liabilities under insurance contracts (on-balance sheet) increased by €4,091 million. These funds from the integration of Bankia were included in Other accounts.

- On-balance sheet funds stood at €454,968 million (+3.1% in the quarter and +8.6% in the year, organic).
 - **Demand deposits** amounted to €350,449 million (+2.7% in the quarter and +13.1% in the year, organic).
 - **Time deposits** totalled €33,821 million (-7.0% in the quarter and -35.4% 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.
 - **Increase of liabilities under insurance contracts** (without considering the integration of Bankia Vida), up 2.7% in the quarter and 6.6% in the year (organic), due to the positive net subscriptions and the impact of the favourable market effect on Unit Links.
- **Assets under management** stand at €158,020 million. Its performance (+3.1% in the quarter and +16.5% 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 €110,089 million, up 3.3% in the quarter and 19.2% in the year (organic).
 - **Pension plans** reached €47,930 million, up 2.6% in the quarter and 11.0% in the year (organic).
- **Other accounts** stands at -16.7% in the quarter (excluding the aforementioned transfer of insurance of Bankia Vida), among others, due to the change in temporary funds associated with transfers and collections.

€ million	31 Dec. 2021	30 Sep. 2021	Change %	Change % ex. Bankia Vida	31 Dec. 2020	Change %	Organic change % ⁵
Customer funds	384,270	377,551	1.8		242,234	58.6	8.7
Demand deposits	350,449	341,194	2.7		220,325	59.1	13.1
Time deposits ¹	33,821	36,357	(7.0)		21,909	54.4	(35.4)
Insurance contract liabilities ²	67,376	61,641	9.3	2.7	59,360	13.5	6.6
of which: Unit Link and other ³	19,366	17,740	9.2	8.8	14,607	32.6	32.1
Reverse repurchase agreements and other	3,322	2,085	59.3		2,057	61.5	61.5
On-balance sheet funds	454,968	441,278	3.1	2.2	303,650	49.8	8.6
Mutual funds, managed accounts and SICAVs	110,089	106,521	3.3		71,315	54.4	19.2
Pension plans	47,930	46,701	2.6		35,328	35.7	11.0
Assets under management	158,020	153,223	3.1		106,643	48.2	16.5
Other accounts	6,983	12,830	(45.6)	(16.7)	5,115	36.5	(4.8)
Total customer funds⁴	619,971	607,331	2.1	2.0	415,408	49.2	10.5

(1) Includes retail debt securities amounting to €1,384 million at 31 December 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).

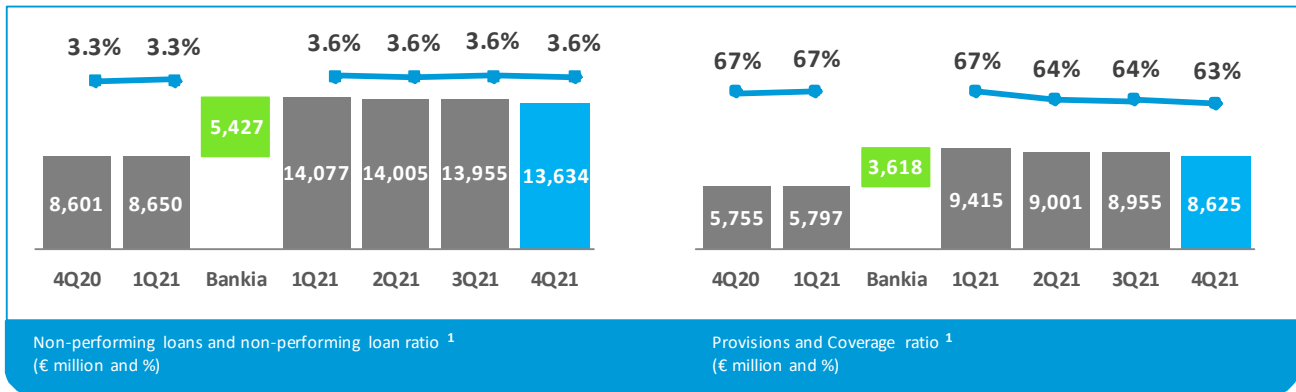
(3) Includes technical provisions corresponding to Unit Link and Flexible Investment Life Annuity products (the part managed).

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

(5) Excluding the balances transferred from Bankia in the merger and the subsequent impact of the reclassification of funds after acquiring 100% of Bankia Vida at the end of the year.

Risk management

Credit risk quality



Non-performing loans amounted to **€13,634 million** at the end of 2021 versus €8,601 million at the end of 2020 (€-394 million in the year excluding Bankia's contribution in the merger). €322 million drop in the quarter, affected by the sale of portfolios, among others.

The **NPL ratio** stood at **3.6%** on 31 December versus 3.3% in December 2020, mainly due to the +28 basis points from the integration of Bankia.

Provisions for insolvency risk on 31 December 2021 stood at **€8,625 million** compared to €5,755 million at the end of 2020.

The **coverage ratio** at the end of 2021 stood at **63%** versus 67% at December 2020.

(1) Calculations include loans and contingent liabilities.

Changes in non-performing loans

€ million	4Q20	1Q21	2Q21	3Q21	4Q21
Opening balance	9,078	8,601	14,077	14,005	13,955
Exposures recognized as non-performing (NPL-inflows)	690	610	1,509	1,292	1,633
Derecognitions from non-performing exposures	(1,167)	(561)	(1,582)	(1,341)	(1,955)
of which: written off	(199)	(129)	(435)	(151)	(375)
Exposures recognized as non-performing (NPL-inflows), net, Bankia at 31 Mar. 2021		5,427			
Closing balance	8,601	14,077	14,005	13,955	13,634

NPL ratio by segment

	31 Dec. 2020	30 Sep. 2021	31 Dec. 2021
Loans to individuals	4.5%	4.5%	4.2%
Home purchases	3.5%	3.7%	3.6%
Other	6.9%	6.8%	6.4%
of which: Consumer lending	4.2%	4.8%	4.4%
Loans to business	2.7%	3.4%	3.5%
Corporates and SMEs	2.4%	3.2%	3.3%
Real estate developers	6.7%	6.6%	6.3%
Public sector	0.1%	0.3%	0.3%
NPL Ratio (loans and contingent liabilities)	3.3%	3.6%	3.6%

Changes in provisions for insolvency risk¹

(1) Including loans and contingent liabilities.

€ million	4Q20	1Q21	2Q21	3Q21	4Q21
Opening balance	5,883	5,755	9,415	9,001	8,955
Allowances for insolvency risk	321	174	155	165	344
Amounts used	(440)	(125)	(560)	(206)	(666)
Transfers and other changes	(9)	(7)	(8)	(5)	(8)
Provisions for insolvency risk, Bankia at 31 Mar. 2021		3,618			-
Closing balance	5,755	9,415	9,001	8,955	8,625

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.

31 Dec. 2021	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
€ million								
Loans and advances	308,423	31,548	12,980	352,951	(971)	(1,637)	(5,657)	(8,265)
Contingent liabilities	24,705	1,850	654	27,209	(21)	(38)	(301)	(360)
Total loans and contingent liabilities	333,128	33,398	13,634	380,160	(992)	(1,676)	(5,957)	(8,625)

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)

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 31 December 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 the second quarter of 2020, albeit they had been amended 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. The fund remained untouched in the third and fourth quarter of the year, 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:

€ million	31 Dec. 2021					
	Spain		Portugal		Total	
	No. of contracts	Amount	No. of contracts	Amount	Amount	% on portfolio
Moratoria to individuals	4,818	125	24	1	126	0.1
Home purchases	973	96	22	1	97	0.1
Other	3,845	29	2	-	29	0.1
<i>of which: consumer lending</i>	3,536	14	2	-	14	0.1
Moratoria to business	108	38	11	1	39	0.0
Corporates and SMEs	103	22	11	1	24	0.0
Real estate developers	5	16	-	-	16	0.3
Moratoria to the public sector	-	-	-	-	-	-
Total moratoria outstanding	4,926	163	35	2	165	0.0

€ million	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

€ million	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	-

The total of €165 million in moratoria outstanding at 31 December 2021 expires during the first quarter of 2022.

Below is the **outstanding balance** (i.e. deducting the principal repaid) of loans that have been in moratoria and by 31 December 2021 are expired (i.e. no longer considered moratoria):

€ million	31 Dec. 2021			30 Sep. 2021		
	Spain	Portugal	Total	Spain	Portugal	Total
Moratoria to individuals	14,212	2,895	17,108	14,100	1,483	15,583
Home purchases	10,908	2,477	13,385	10,696	1,128	11,824
Other	3,304	419	3,723	3,404	354	3,759
<i>of which: consumer lending</i>	1,077	312	1,390	1,196	336	1,532
Moratoria to business	957	2,418	3,376	509	464	973
Corporates and SMEs	911	2,183	3,093	479	446	926
Real estate developers	47	236	283	30	18	48
Moratoria to the public sector	-	38	38	-	-	-
Total moratoria expired	15,170	5,352	20,521	14,609	1,947	16,556

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

€ million	31 Dec. 2021			
	Stage 1	Stage 2	Stage 3	TOTAL
Individuals	11,452	4,108	1,674	17,234
Business	2,322	862	232	3,415
Public sector	35	3	-	38
Total moratoria outstanding and expired	13,808	4,973	1,905	20,687

€ 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	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:

31 Dec. 2021					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	2,681	4,713	4,012	2,163	13,569

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

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:

31 Dec. 2021					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	40,497	47,524	34,325	16,285	138,630
of which: Non-performing	442	708	914	2,868	4,932

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

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 Sep. 2021		31 Dec. 2021	
	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	4,093	3,288	6,748	4,743	6,430	4,420
Corporates and SMEs	2,084	1,261	5,410	2,414	5,563	2,563
Real estate developers	489	243	558	231	482	220
Public sector	209	2	194	16	186	13
Total	6,874	4,796	12,910	7,404	12,661	7,216
Provisions	1,648	1,564	2,634	2,426	2,702	2,441

Foreclosed real estate assets

- The portfolio of **Net foreclosed available for sale real estate assets**¹ in Spain amounts to €2,279 million, of which €1,183 million from the integration of Bankia. The organic change in the year is €+166 million (including €+145 million, net from foreclosed assets held for rent). €10 million drop in the quarter.

The **coverage ratio with accounting provisions**² is **31%** and **including write-downs, the coverage ratio**² is **48%**.

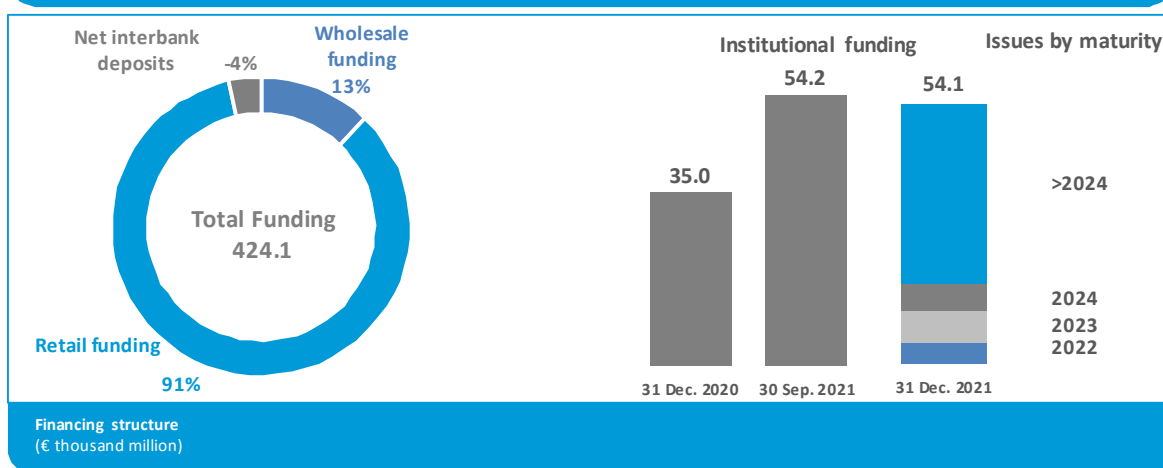
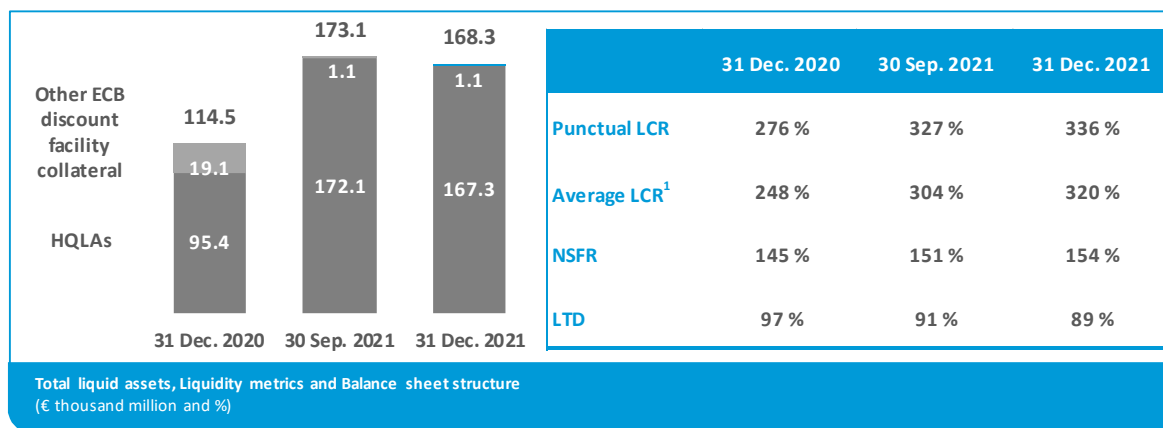
- Net foreclosed assets **held for rent**¹ in Spain stand at €1,616 million, of which €358 million stemming from the integration of Bankia. The organic change in the year is €-489 million (partially impacted by the aforementioned portfolio reclassification) and €-65 million in the quarter.
- Total properties sold**³ in 2021 amounts to €795 million.

(1) Does not include real estate assets in the process of foreclosure for €176 million, net, at 31 December 2021.

(2) See definition in 'Appendices'.

(3) At sale price. 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 amounted to €168,349 million** at 31 December 2021, up €53,898 million in the year, mainly due to the integration of Bankia and the net contribution of liquidity from the loan-deposit gap.
- The Group's **Liquidity Coverage Ratio (LCR)** at 31 December 2021 was 336%, showing an ample liquidity position (**320% LCR** trailing 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio (NSFR)** stood at 154% at 31 December 2021, above the 100% regulatory minimum required as of June 2021.
- Solid retail financing structure with a **loan-to-deposit ratio of 89%**.
- The **balance drawn** under the ECB facility at 31 December 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 €54,100 million, diversified by investment, instruments and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €26,205 million at 31 December 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.

Following the end of December, CaixaBank completed a Social senior preferred issuance of €1,000 million maturing in six years and paying a coupon of 0.673% (equivalent to mid-swap +62 basis points).

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

€ million		31 Dec. 2021
Mortgage covered bonds issued	a	67,661
Loans and credits (collateral for mortgage covered bonds)	b	140,107
Collateralisation	b/a	207%
Overcollateralisation	b/a -1	107%
Mortgage covered bond issuance capacity⁶		16,755

(6) There is also the ability to issue €9,450 million in regional public sector covered bonds.

Capital management

- The **Common Equity Tier 1 (CET1) ratio stands at 13.2%**.

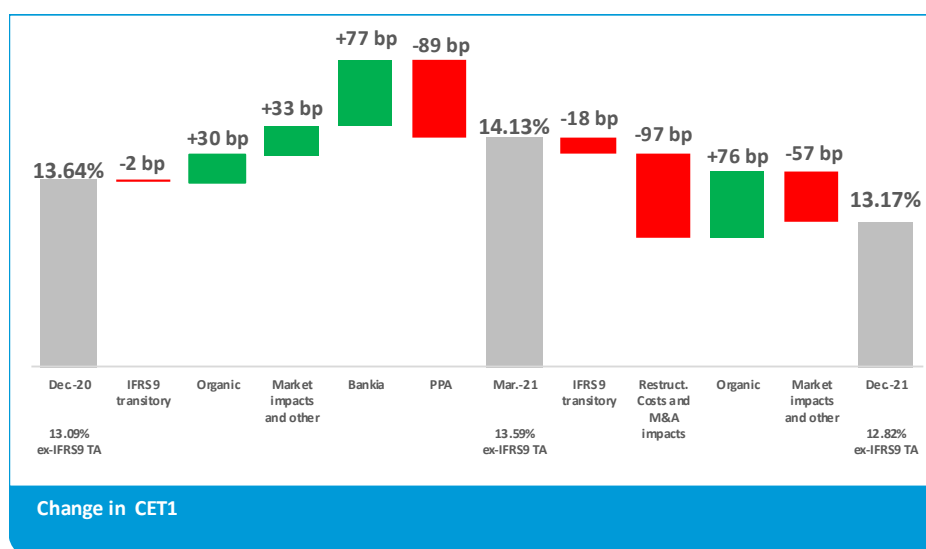
The year include one-off impacts of Bankia's integration (+77 basis points corresponding to the integration, -89 basis points from the effect of the PPA¹ and -97 basis points for the restructuring costs¹, the sale of the Bankia cards business¹, and the acquisition of Bankia Vida¹).

The organic change in the year was +106 basis points and -24 basis points caused by the performance of the markets and other factors (includes the regulatory impacts recognised in the second quarter and the sale of the stake held in Erste in the fourth quarter¹). The impact of IFRS 9 phase in was -20 basis points.

- The CET1 ratio without applying the IFRS 9 transitional period reaches **12.8%**.
- The internal CET1 target ratio approved by the Board of Directors is set between 11% and 11.5% (excluding IFRS 9) with a margin of between 250 and 300 basis points in relation to the SREP requirements.
- The **Tier 1** ratio reaches **15.5%** following the issue² of €750 million in additional Tier 1 instruments in September.
- The **Total Capital** ratio stood at **17.9%**. An issue of €510 million of Tier 2 instruments was no longer eligible; it is expected to be amortised in February. In the third quarter an issue of €175 million was no longer eligible, which was amortised in November.
- The leverage ratio stands at 5.3%.

(1) See section 'Key information - Relevant issues in 2021'

(2) See section 'Liquidity'.



- As for the MREL requirement, considering the issuance of €1,000 million in Senior preferred debt in 2022, CaixaBank had a proforma ratio of 26.2% on RWA and 8.9% 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 22.8% of RWAs and 7.8% 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 13.9%.

- **BPI** is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 14.2%, Tier1 of 15.7% and Total Capital of 17.4%.
- In terms of capital requirements following the integration of Bankia, the European Central Bank communicated a new P2R 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 31 December, CaixaBank has a margin of 499 basis points, equating to €10,743 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 2021, rising to 0.375% in 2022 and 0.50% in 2023. As a result, the capital requirements for 2022 is 8.31% for CET1, 10.12% for Tier 1 and 12.53% for Total Capital. On the other hand, 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.

On 27 January 2022, the Board of Directors submitted the distribution of a dividend of €1,179 million against the 2021 Fiscal Year profits¹ for approval at the Annual General Meeting. Furthermore, the Board of Directors approved the Dividend Policy for 2022, establishing the distribution of a cash dividend between 50% and 60% of the consolidated net profit in a single payout in April 2023, subject to final approval at the Annual General Meeting.

The Board also stated the intention of CaixaBank, subject to the appropriate regulatory approval, to implement an open-market share buy-back programme during the 2022 Fiscal Year, in order to bring down the CET1 ratio closer to our target level.

(1) See section 'The CaixaBank Share – Shareholder returns'.

Performance and key capital adequacy indicators

€ million	31 Dec. 2020	31 Mar. 2021	30 Jun. 2021	30 Sep. 2021	31 Dec. 2021	Quarter-on-quarter
CET1 Instruments	25,546	36,017	34,528	34,828	34,866	38
Shareholders' equity	27,118	37,172	36,271	36,708	37,013	305
Capital	5,981	8,061	8,061	8,061	8,061	
Profit/(loss) attributable to the Group	1,381	4,786	4,181	4,801	5,226	425
Reserves and other	19,756	24,326	24,029	23,846	23,726	(120)
Other CET1 instruments ¹	(1,572)	(1,155)	(1,743)	(1,880)	(2,146)	(266)
Deductions from CET1	(5,892)	(6,547)	(6,135)	(6,126)	(6,490)	(364)
(CET1)	19,654	29,470	28,393	28,702	28,376	(326)
AT1 instruments	2,984	4,235	4,237	4,984	4,984	
AT1 Deductions						
TIER 1	22,637	33,705	32,630	33,685	33,360	(325)
T2 instruments	3,407	5,837	5,888	5,720	5,105	(615)
T2 Deductions						
TIER 2	3,407	5,837	5,888	5,720	5,105	(615)
TOTAL CAPITAL	26,045	39,542	38,518	39,405	38,465	(940)
Other computable subordinated instruments	6,665	8,842	10,598	10,603	10,628	25
MREL						
MREL, subordinated	32,709	48,384	49,116	50,008	49,093	(915)
Other computable instruments. MREL	5,111	6,375	6,378	6,379	7,382	1,003
MREL	37,820	54,759	55,494	56,387	56,475	88
Risk-weighted assets	144,073	208,585	220,881	220,201	215,429	(4,772)
CET1 Ratio	13.6%	14.1%	12.9%	13.0%	13.2%	0.2%
Tier 1 Ratio	15.7%	16.2%	14.8%	15.3%	15.5%	0.2%
Total Capital Ratio	18.1%	19.0%	17.4%	17.9%	17.9%	
MDA Buffer ²	7,984	12,571	10,314	10,678	10,743	65
MREL Ratio, subordinated	22.7%	23.2%	22.2%	22.7%	22.8%	0.1%
MREL Ratio ³	26.3%	26.3%	25.1%	25.6%	26.2%	0.6%
Leverage ratio	5.6%	5.4%	5.1%	5.2%	5.3%	0.1%
CET1 Ratio - CABK (non-consolidated basis)	15.1%	15.9%	13.4%	13.4%	13.9%	0.5%
Tier 1 Ratio - CABK (non-consolidated basis)	17.4%	18.1%	15.5%	15.8%	16.3%	0.5%
Total Capital Ratio - CABK (non-consolidated basis)	19.9%	21.2%	18.4%	18.7%	18.9%	0.2%
Risk-weighted assets (non-consolidated basis)	132,806	189,616	203,417	202,300	201,227	(1,073)
Profit/loss (non-consolidated basis)	688	4,601	3,490	3,565	4,215	
ADIs ⁴	3,308	7,655	6,572	6,466	6,987	521
MDA Buffer- CABK (non-consolidated basis) ²	10,778	16,842	12,986	12,891	13,788	897
Leverage Ratio - CABK (non-consolidated basis)	6.2%	5.8%	5.2%	5.2%	5.5%	0.3%

Data at September 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) December 2021 includes the issuance of €1,000 million in Senior preferred debt in 2022. Without considering this issuance, the ratio would be 25.8%.

(4) 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 of 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 2021, the stake held in Gramina Homes from Bankia is added, the results of which are included in the Group as of the second quarter, and the results of Erste Group Bank are no longer attributed since the fourth quarter due to the sale of the stake held in this investee.

- **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 year 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	5,557		5,557	(35)	453	5,975
Dividend income and share of profit/(loss) of entities accounted for using the equity method	266		266	326	25	616
Net fee and commission income	3,417		3,417		288	3,705
Trading income	192		192	17	11	220
Income and expense under insurance or reinsurance contracts	651		651			651
Other operating income and expense	(861)		(861)	(8)	(24)	(893)
Gross income	9,221		9,221	300	753	10,274
Recurring administrative expenses, depreciation and amortisation	(5,482)		(5,482)	(4)	(444)	(5,930)
Extraordinary expenses	(2,118)	(2,118)			(1)	(2,119)
Pre-impairment income	1,621	(2,118)	3,739	296	308	2,225
Pre-impairment income stripping out extraordinary expenses	3,739		3,739	296	309	4,344
Allowances for insolvency risk	(797)		(797)		(40)	(838)
Other charges to provisions	(441)	(93)	(347)		(37)	(478)
Gains/(losses) on disposal of assets and others	4,360	4,464	(104)	51	(6)	4,405
Profit/(loss) before tax	4,742	2,252	2,490	347	225	5,315
Income tax expense	(40)	614	(654)	7	(55)	(88)
Profit/(loss) after tax	4,703	2,867	1,836	354	170	5,227
Profit/(loss) attributable to minority interest and others	1		1			1
Profit/(loss) attributable to the Group	4,701	2,867	1,835	354	170	5,226

The proforma results for 2021 arranged by business are as follows:

€ million	Banking & insurance	Equity Investments	BPI	Group
Net interest income	6,004	(35)	453	6,422
Dividend income and share of profit/(loss) of entities accounted for using the equity method	278	326	25	628
Net fee and commission income	3,699		288	3,987
Trading income	202	17	11	230
Income and expense under insurance or reinsurance contracts	651			651
Other operating income and expense	(902)	(8)	(24)	(934)
Gross income	9,932	300	753	10,985
Recurring administrative expenses, depreciation and amortisation	(5,926)	(4)	(444)	(6,374)
Extraordinary expenses			(1)	(1)
Pre-impairment income	4,006	296	308	4,610
Pre-impairment income stripping out extraordinary expenses	4,006	296	309	4,611
Allowances for insolvency risk	(920)		(40)	(961)
Other charges to provisions	(371)		(37)	(407)
Gains/(losses) on disposal of assets and others	(126)	51	(6)	(82)
Profit/(loss) before tax	2,589	347	225	3,160
Income tax expense	(686)	7	(55)	(734)
Profit/(loss) after tax	1,902	354	170	2,426
Profit/(loss) attributable to minority interest and others	1			1
Comparative proforma Profit/(loss)	1,901	354	170	2,424
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net	(66)	1		(65)
+ M&A impacts, net	2,867			2,867
Profit/(loss) attributable to the Group (accounting profit/(loss))	4,701	354	170	5,226

Banking and insurance business

The performance in 2021 stands at €4,701 million. Without considering the extraordinary aspects associated with the merger, the result stands at €1,835 million versus €1,401 million in 2020, impacted by the provisions made to anticipate future losses associated with Covid-19.

The Comparative proforma Profit/(loss) stands at €1,901 million (€1,636 million, net, in 2020, impacted by the provisions associated with Covid-19).

€ million				Proforma		
	2021	2020	Change %	2021	2020	Change %
INCOME STATEMENT						
Net interest income	5,557	4,533	22.6	6,004	6,450	(6.9)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	266	250	6.4	278	315	(11.8)
Net fee and commission income	3,417	2,330	46.6	3,699	3,490	6.0
Trading income	192	249	(23.0)	202	409	(50.6)
Income and expense under insurance or reinsurance contracts	651	598	8.9	651	598	8.9
Other operating income and expense	(861)	(338)		(902)	(734)	22.9
Gross income	9,221	7,623	21.0	9,932	10,529	(5.7)
Recurring administrative expenses, depreciation and amortisation	(5,482)	(4,137)	32.5	(5,926)	(5,869)	1.0
Extraordinary expenses	(2,118)					
Pre-impairment income	1,621	3,486	(53.5)	4,006	4,660	(14.0)
Pre-impairment income stripping out extraordinary expenses	3,739	3,486	7.2	4,006	4,660	(14.0)
Allowances for insolvency risk	(797)	(1,895)	(57.9)	(920)	(2,938)	(68.7)
Other charges to provisions	(441)	(228)	93.5	(371)	(194)	90.9
Gains/(losses) on disposal of assets and others	4,360	216		(126)	282	
Profit/(loss) before tax	4,742	1,580		2,589	1,810	43.0
Income tax expense	(40)	(178)	(77.7)	(686)	(174)	
Profit/(loss) after tax	4,703	1,402		1,902	1,636	16.3
Profit/(loss) attributable to minority interest and others	1	0		1	0	
Profit/(loss) attributable to the Group	4,701	1,401		1,901	1,636	16.2
INCOME STATEMENT BREAKDOWN						
Core income	9,869	7,680	28.5	10,610	10,826	(2.0)
Banking services, securities and other fees	1,867	1,301	43.5	2,048	2,078	(1.5)
Recurring	1,670	1,122	48.8	1,843	1,842	0.1
Wholesale banking	198	179	10.5	205	236	(13.3)
Sale of insurance products	282	146	93.3	324	279	16.2
Long-term savings products	1,267	883	43.5	1,326	1,133	17.0
Mutual funds, managed accounts and SICAVs	774	514	50.6	818	694	17.8
Pension plans	308	234	31.6	324	304	6.5
Unit Link and other	185	135	37.2	185	135	37.0
Net fee and commission income	3,417	2,330	46.6	3,699	3,490	6.0
Personnel expenses	(3,459)	(2,597)	33.2	(3,733)	(3,664)	1.9
General expenses	(1,402)	(1,061)	32.2	(1,525)	(1,558)	(2.1)
Depreciation and amortisation	(621)	(479)	29.7	(667)	(647)	3.1
Recurring administrative expenses, depreciation and amortisation	(5,482)	(4,137)	32.5	(5,926)	(5,869)	1.0
Extraordinary expenses	(2,118)					
OTHER INDICATORS						
ROTE ¹	6.7%	5.1%	1.6			
Cost-to-income ratio stripping out ext. exp. (12 months)	59.5%	54.3%	5.2			
Cost of risk (12 months)	0.24%	0.83%	(0.6)			
Customers	18.8	13.4	41.2			
Employees	45,284	30,812	47.0			
Branches	4,970	3,786	31.3			
of which Retail	4,615	3,571	29.2			
ATMs	11,534	8,827	30.7			

(1) In 2021, the ratio excludes the net extraordinary income associated with the merger for €2,867 million. In 2020, it excludes the gains on the partial sale of Comercia 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 (€1,901 million):

- **Gross income stands at €9,932 million (-5.7%):**
 - Core income dropped 2.0% with respect to 2020:
 - **Net interest income stands at €6,004 million (-6.9%)** 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 and lower wholesale funding expenses.
 - **Income from bancassurance equity investments amounted to €257 million**, down 11.3%, impacted by one-off income in the fourth quarter of 2020.
 - **Fee and commission income** reached **€3,699 million**, up 6.0% with respect to 2020.
 - Reduction in banking fees and commissions (-1.5%). Recurring fees and commissions remain stable (+0.1%), with lower non-recurring fees and commissions (-13.3%) following a 2020 marked by higher activity in investment banking.
 - Higher fees and commissions from the sale of insurance products (+16.2%) mainly due to the recovery of commercial activity.
 - Increase in commissions from long-term savings products of 17.0%, mainly due to managing more assets following the good performance of both markets and sales. Specifically, rise of Mutual funds, managed accounts and SICAVs of 17.8%, Pension plans of 6.5% and Unit Link of 37.0%.
 - **Income and expense under insurance or reinsurance contracts**, which reached **€651 million**, shows a solid growth with respect to 2020 (+8.9%).
 - **Trading income** stands at €202 million, €409 million in the same period of 2020, which included the materialisation of unrealised gains from fixed-income assets.
 - **Other operating income and expense** totalled €-902 million (€-734 million in 2020) and is mainly impacted by the recognition in 2020 of the final earnout associated with SegurCaixa Adeslas (€+135 million). Both years include the contribution to the Single Resolution Fund (SRF) and to the Deposit Guarantee Fund (DGF).
- **Recurring administrative expenses, depreciation and amortisation** amounted to €-5,926 million, up 1.0%.
- **Allowances for insolvency risk** amounted to €-920 million in 2021. In 2020, €-2,938 million following the establishment of a **provision for credit risk of €1,645 million to anticipate future impacts associated with Covid-19**. **Other charges to provisions** stood at €-371 million.
- **Gains/(losses) on disposal of assets and others** stood at €-126 million (including real estate results, other and asset write-downs) versus €282 million in 2020 (including, among others, the gains on the partial sale of the stake held in Comercia Global Payments, the gains on the sale of the deposit business of Bankia to Cecabank and provisions for real estate assets).

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

€ million	4Q21	3Q21	2Q21	1Q21	4Q20
INCOME STATEMENT					
Net interest income	1,447	1,483	1,534	1,540	1,646
Dividend income and share of profit/(loss) of entities accounted for using the equity method	57	95	63	62	105
Net fee and commission income	1,017	890	915	877	926
Trading income	87	39	34	42	67
Income and expense under insurance or reinsurance contracts	172	162	154	164	156
Other operating income and expense	(470)	(91)	(242)	(98)	(344)
Gross income	2,310	2,579	2,456	2,587	2,556
Recurring administrative expenses, depreciation and amortisation	(1,471)	(1,489)	(1,487)	(1,479)	(1,435)
Extraordinary expenses					
Pre-impairment income	839	1,090	969	1,109	1,121
Pre-impairment income stripping out extraordinary expenses	839	1,090	969	1,109	1,121
Allowances for insolvency risk	(309)	(151)	(148)	(312)	(545)
Other charges to provisions	(161)	(63)	(75)	(71)	(45)
Gains/(losses) on disposal of assets and others	(76)	(12)	(19)	(20)	430
Profit/(loss) before tax	293	863	728	705	961
Income tax expense	(80)	(213)	(199)	(195)	(64)
Profit/(loss) after tax	213	650	529	510	897
Profit/(loss) attributable to minority interest and others	2	0	(0)	(0)	1
Profit/(loss) attributable to the Group	211	650	529	510	896
INCOME STATEMENT BREAKDOWN					
Core income	2,687	2,623	2,660	2,640	2,827
Banking services, securities and other fees	534	492	528	493	538
Recurring	479	450	463	451	483
Wholesale banking	55	42	66	42	55
Sale of insurance products	100	66	73	85	70
Long-term savings products	382	332	314	299	317
Mutual funds, managed accounts and SICAVs	228	208	196	186	187
Pension plans	95	79	75	74	89
Unit Link and other	58	45	42	39	41
Net fee and commission income	1,017	890	915	877	926
Personnel expenses	(918)	(947)	(939)	(929)	(903)
General expenses	(376)	(377)	(387)	(384)	(374)
Depreciation and amortisation	(177)	(165)	(160)	(165)	(158)
Recurring administrative expenses, depreciation and amortisation	(1,471)	(1,489)	(1,487)	(1,479)	(1,435)
Extraordinary expenses					

The following table shows business activity and asset quality indicators at 31 December 2021:

- **Loans and advances to customers, gross stood at €325,444 million in the year, up 49.1% following the merger with Bankia.** Considering the organic change, the total portfolio dropped 6.3%.
- **Customer funds stood at €584,294 million** (+52.6% in the year, +10.6% organic change). Its organic evolution is impacted by the increase of on-balance sheet funds (+8.4%) and the growth of assets under management (+16.4%), marked by the positive net subscriptions and the performance of the markets.
- The **NPL ratio** reached 3.7%, while the **coverage ratio stood at 62%**.

€ million	31 Dec. 2021	30 Sep. 2021	Change %	31 Dec. 2020	Change %	Organic change %
BALANCE SHEET						
Assets	636,825	642,092	(0.8)	410,690	55.1	5.5
Liabilities	605,434	611,188	(0.9)	389,083	55.6	5.7
Assigned capital	31,360	30,875	1.6	21,582	45.3	0.9
LOANS AND ADVANCES TO CUSTOMERS						
Loans to individuals	169,873	172,660	(1.6)	106,941	58.8	(8.5)
Home purchases	126,709	129,224	(1.9)	73,586	72.2	(9.3)
Other	43,164	43,435	(0.6)	33,355	29.4	(6.6)
of which: Consumer lending	17,218	17,047	1.0	12,753	35.0	(4.0)
Loans to business	136,882	134,113	2.1	96,331	42.1	(2.6)
Corporates and SMEs	131,173	128,235	2.3	90,767	44.5	(1.8)
Real estate developers	5,709	5,878	(2.9)	5,564	2.6	(14.9)
Public sector	18,689	22,024	(15.1)	15,005	24.6	(15.3)
Loans and advances to customers, gross	325,444	328,796	(1.0)	218,277	49.1	(6.3)
of which: Performing loans	313,090	316,074	(0.9)	210,584	48.7	(6.4)
of which: Non-performing loans	12,355	12,722	(2.9)	7,693	60.6	(3.7)
Provisions for insolvency risk	(7,689)	(8,030)	(4.2)	(5,105)	50.6	(15.2)
Loans and advances to customers, net	317,755	320,766	(0.9)	213,172	49.1	(6.1)
Contingent liabilities	25,382	25,171	0.8	15,254	66.4	6.8
CUSTOMER FUNDS						
Customer funds	355,628	349,784	1.7	216,432	64.3	8.4
Demand deposits	330,323	321,865	2.6	202,980	62.7	12.8
Time deposits	25,306	27,919	(9.4)	13,451	88.1	(58.2)
Insurance contract liabilities ¹	67,376	61,641	9.3	59,360	13.5	6.6
of which: Unit Link and other ¹	19,366	17,740	9.2	14,607	32.6	32.1
Reverse repurchase agreements and other	3,315	2,077	59.6	2,044	62.2	62.1
On-balance sheet funds	426,320	413,502	3.1	277,835	53.4	8.4
Mutual funds, managed accounts and	103,632	100,316	3.3	65,852	57.4	19.3
Pension plans	47,930	46,701	2.6	35,328	35.7	11.0
Assets under management	151,563	147,018	3.1	101,180	49.8	16.4
Other accounts¹	6,411	11,971	(46.4)	3,778	69.7	13.8
Total customer funds	584,294	572,490	2.1	382,794	52.6	10.6
ASSET QUALITY						
Non-performing loan ratio (%)	3.7%	3.8%	(0.1)	3.4%	0.3	0.0
Non-performing loan coverage ratio (%)	62%	63%	(1)	65%	(3)	(7)

(1) In December, CaixaBank acquired Bankia Vida. As a result, the savings insurance marketed by Bankia (previously recognised in Other accounts) is included in Insurance contract liabilities (on-balance sheet) for €4,091 million. Without considering this, the change in the quarter of Insurance contract liabilities was 2.7% of which Unit Link and other was 8.8%. After adjusting this effect, the change in the quarter of Other accounts was -15.5%.

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. 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 insurance investees has been included following the merger with Bankia: Bankia Vida (49%, as the acquisition of 51% from Grupo Mapfre, S.A. on 29 December 2021 has not had a significant impact on the Group's income statement in this year), Bankia Pensiones (100%, merged¹ with VidaCaixa in the year), 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 insurance investees incorporated from Bankia:

€ million	VidaCaixa ²			Proforma		
	2021	2020	Change %	2021	2020	Change %
Net interest income	325	342	(5.2)	325	342	(5.2)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	209	220	(4.7)	257	290	(11.3)
Net fee and commission income	(6)	(62)	(90.0)	17	(12)	
Trading income	7	5	55.6	7	5	55.6
Income and expense under insurance or reinsurance contracts	653	598	9.1	653	598	9.1
Other operating income and expense	(2)	136		(2)	136	
Gross income	1,186	1,239	(4.3)	1,256	1,358	(7.5)
Recurring administrative expenses, depreciation and amortisation	(145)	(127)	13.8	(155)	(140)	10.2
Extraordinary expenses	(4)					
Pre-impairment income	1,037	1,112	(6.7)	1,102	1,218	(9.5)
Pre-impairment income stripping out extraordinary expenses	1,041	1,112	(6.4)	1,102	1,218	(9.5)
Profit/(loss) before tax	1,037	1,112	(6.7)	1,102	1,218	(9.5)
Income tax expense	(243)	(224)	8.6	(248)	(235)	5.9
Profit/(loss) after tax	794	888	(10.6)	854	983	(13.2)
Profit/(loss) attributable to minority interest and others						
Profit/(loss) attributable to the Group	794	888	(10.6)	854	983	(13.2)

The profit attributable to the VidaCaixa Group² stands at €+794 million, down 10.6% with respect to 2020:

- **Net interest income** includes the margin on life savings insurance products, which was down 5.2% 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, and amounted to €+209 million (-4.7%, impacted by one-off income in the fourth quarter of 2020).
- **Net fees and commission income³** is the net result of:
 - The fees and commissions received by VidaCaixa for 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 9.1% with respect to the same period of the previous year.
- **Other operating income and expense** includes, in the fourth quarter of 2020, the one-off income associated with SegurCaixa Adeslas' final earnout.

(1) The merger between VidaCaixa and Bankia Pensiones was materialised in December of 2021. As a result, VidaCaixa recognised in full in the fourth quarter of 2021 the results generated by Bankia Pensiones since 1 April 2021.

(2) At VidaCaixa level prior to consolidation adjustments.

(3) 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	4Q21	3Q21	2Q21	1Q21	4Q20
Net interest income	84	81	79	81	85
Dividend income and share of profit/(loss) of entities accounted for using the equity method ¹	51	89	58	59	99
Net fee and commission income	28	2	(4)	(9)	21
Trading income	1	4	1	2	2
Income and expense under insurance or reinsurance	170	162	157	164	156
Other operating income and expense	(2)	0	0	0	136
Gross income	331	337	292	296	499
Recurring administrative expenses, depreciation and amortisation	(42)	(37)	(37)	(38)	(33)
Extraordinary expenses					
Pre-impairment income	289	300	255	258	466
Pre-impairment income stripping out extraordinary expenses	289	300	255	258	466
Profit/(loss) before tax	289	300	255	258	466
Income tax expense	(70)	(63)	(57)	(59)	(67)
Profit/(loss) after tax	219	238	198	199	399
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	219	238	198	199	399

- (1) Share of profit/(loss) of entities accounted for using the equity method includes higher attributable income from SegurCaixa Adeslas and Bankia Vida in the fourth quarter of 2020. The drop in this income in the fourth quarter is due to the habitual lower claim ratio in the third quarter.

Equity investments business

The result in 2021 stood at €354 million (€-194 million in 2020 after recognising the provision corresponding to the stake held in Erste Group Bank for €-311 million).

€ million	2021	2020	Change %	Proforma		
				2021	2020	Change %
Net interest income	(35)	(78)	(55.2)	(35)	(78)	(55.5)
Dividend income	188	140	33.9	188	140	33.9
Share of profit/(loss) of entities accounted for using the equity method	138	46		138	42	
Net fee and commission income						
Trading income	17	(9)		17	(9)	
Income and expense under insurance or reinsurance contracts						
Other operating income and expense	(8)	(3)		(8)	(3)	
Gross income	300	97		300	92	
Recurring administrative expenses, depreciation and amortisation	(4)	(4)		(4)	(4)	
Extraordinary expenses						
Pre-impairment income	296	93		296	88	
Pre-impairment income stripping out extraordinary expenses	296	93		296	88	
Allowances for insolvency risk						
Other charges to provisions						
Gains/(losses) on disposal of assets and others	51	(311)		51	(311)	
Profit/(loss) before tax	347	(218)		347	(223)	
Income tax expense	7	24	(72.1)	7	25	(72.2)
Profit/(loss) after tax	354	(194)		354	(198)	
Profit/(loss) attributable to minority interest and others						
Profit/(loss) attributable to the Group	354	(194)		354	(198)	
ROTE stripping out one-off impacts ¹	40.4%	14.4%	26.0			

(1) The ROTE for 2021 excludes the gains on the sale of the stake held in Erste Group Bank (€+54 million) and for 2020 the provision established for this investee for €-311 million, net. The coupon for the part of the AT1 issue assigned to this business has also been deducted.

The proforma result in 2021 stood at €354 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 expenses due to adapting the rate to market conditions.
- The **Dividend income** amounted to €188 million and mainly grew in 2021 due to a higher dividend from BFA for €98 million, which include an extraordinary dividend for €54.5 million, versus €40 million in 2020. It also includes the dividend from Telefónica in both years (€90 million in 2021 versus €100 million in 2020).
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €138 million (€42 million in 2020) due to the better economic conditions. The proforma vision considers, in both years, the contribution of Gramina Homes, the impact of which is not significant. The fourth quarter of 2021 does not include the results attributed to Erste Group Bank after the divestment of the stake.
- **Trading income** in both periods include the income from hedge contracts on investees.
- **Gains/(losses) on disposal of assets and others** includes in 2021, among others, the gains on the sale of the stake held in Erste Group Bank for €54 million, versus the €-311 million associated with a provision constituted for this investee in 2020.

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

€ million	4Q21	3Q21	2Q21	1Q21	4Q20
Net interest income	(5)	(8)	(10)	(13)	(13)
Dividend income	38		149		50
Share of profit/(loss) of entities accounted for using the equity method	6	49	62	21	8
Net fee and commission income					
Trading income	2	12	1	1	(1)
Income and expense under insurance or reinsurance contracts					
Other operating income and expense			(8)		(3)
Gross income	42	54	194	9	41
Recurring administrative expenses, depreciation and amortisation	(1)	(1)	(1)	(1)	(1)
Extraordinary expenses					
Pre-impairment income	41	53	193	8	40
Pre-impairment income stripping out extraordinary expenses	41	53	193	8	40
Allowances for insolvency risk					
Other charges to provisions					
Gains/(losses) on disposal of assets and others	51				(311)
Profit/(loss) before tax	92	53	193	8	(271)
Income tax expense	0	(1)	5	3	7
Profit/(loss) after tax	92	52	198	12	(264)
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	92	52	198	12	(264)

The following balance sheet shows the investee business indicators:

€ million	31 Dec. 2021	30 Sep. 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 ¹	2,078	3,571	(41.8)	3,267	(36.4)	(39.9)
Liabilities						
Intra-group financing and other liabilities	1,411	2,765	(49.0)	2,565	(45.0)	(48.0)
Assigned capital²	667	807	(17.3)	702	(4.9)	(10.1)

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

(2) 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 €+170 million (€+174 million in 2020).

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
INCOME STATEMENT								
Net interest income	453	444	2.0	116	113	112	111	118
Dividend income and share of profit/(loss) of entities accounted for using the equity method	25	18	36.5	7	5	7	6	4
Net fee and commission income	288	245	17.5	84	74	67	64	67
Trading income	11	(2)		0	(2)	3	9	6
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(24)	(15)	62.2	4	4	(19)	(13)	7
Gross income	753	690	9.1	212	195	170	177	201
Recurring administrative expenses, depreciation and amortisation	(444)	(439)	1.2	(104)	(116)	(110)	(113)	(99)
Extraordinary expenses	(1)			0		(1)		
Pre-impairment income	308	252	22.4	107	79	58	64	103
Pre-impairment income stripping out extraordinary expenses	309	252	22.8	107	79	60	64	103
Allowances for insolvency risk	(40)	(21)	92.1	(35)	(13)	(7)	15	(8)
Other charges to provisions	(37)	(19)	92.4	(21)	(10)	(5)	(1)	(18)
Gains/(losses) on disposal of assets and others	(6)	28		(7)	0	0	0	25
Profit/(loss) before tax	225	239	(6.1)	45	55	47	78	101
Income tax expense	(55)	(65)	(16.6)	(11)	(13)	(10)	(20)	(28)
Profit/(loss) after tax	170	174	(2.1)	34	42	36	58	73
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	170	174	(2.1)	34	42	36	58	73
INCOME STATEMENT BREAKDOWN								
Core income	764	707	8.0	207	193	183	181	189
Banking services, securities and other fees	169	142	18.8	48	43	41	36	37
Recurring	167	140	19.0	48	43	40	36	36
Wholesale banking	2	2	5.7	1	0	0	0	1
Sale of insurance products	55	57	(3.3)	16	13	12	14	19
Long-term savings products	65	47	38.8	20	18	14	14	11
Mutual funds, managed accounts and SICAVs	42	32	33.1	13	12	8	9	8
Pension plans	1	1	13.8	0	0	0	0	0
Unit Link and other	22	14	53.0	6	6	5	4	3
Net fee and commission income	288	245	17.5	84	74	67	64	67
Personnel expenses	(235)	(239)	(2.0)	(58)	(61)	(57)	(59)	(55)
General expenses	(136)	(138)	(1.6)	(27)	(36)	(36)	(36)	(27)
Depreciation and amortisation	(74)	(61)	20.5	(19)	(19)	(18)	(17)	(16)
Recurring administrative expenses, depreciation and amortisation	(444)	(439)	1.2	(104)	(116)	(110)	(113)	(99)
Extraordinary expenses	(1)			0		(1)		
OTHER INDICATORS								
ROTE stripping out one-off impacts ¹	4.7%	4.2%	0.5	4.7%	6.3%	6.6%	5.8%	4.2%
Cost-to-income ratio stripping out ext. exp. (12 months)	59.0%	63.5%	(4.6)	59.0%	59.0%	60.2%	60.8%	63.5%
Customers	1.8	1.9	(2.8)	1.8	1.8	1.9	1.9	1.9
Employees	4,478	4,622	(3.1)	4,478	4,538	4,562	4,597	4,622
Branches	347	424	(18.2)	347	376	387	405	424
of which retail	297	360	(17.5)	297	316	326	343	360
ATMs	1,418	1,456	(2.6)	1,418	1,440	1,458	1,460	1,456

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

- Extraordinary expenses.
- 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 (€18 million in 2021 and €46 million in 2020).
- Deduction of the coupon for the part of the AT1 issue assigned to this business.

- **Gross income** stands at €753 million, up 9.1% with respect to 2020:
 - Core income up 8.0%.
 - **Net interest income** totalled €453 million, with a 2.0% increase compared to the previous year.
 - **Fee and commission income** stand at €288 million, up 17.5% on the previous year, improving in the majority of income items.
 - **Trading income** amounted to €11 million in 2021. In 2020, €-2 million, which mainly included the value update of financial assets.
 - **Other operating income and expense** totalled €-24 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** stood at €-444 million (+1.2%). Decline in personnel expenses (-2.0%) as a result of the savings associated with the early retirements at the end of 2020 and throughout 2021 and general expenses, down 1.6%, which is compensated by an increase in depreciation and amortisation (+20.5%).
- **Allowances for insolvency risk** stood at €-40 million (€-21 million in the same period of 2020).

The year 2020 included the provision recognised anticipating future impacts associated with Covid-19 for €-97 million.

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

(1) The cost arising from BPI's voluntary departures and early retirements amounts to €30 million in 2021 (of which €29 million were recognised as Other charges to provisions and €1 million as extraordinary personnel expenses) versus €25 million in the previous year (recognised in Other charges to provisions in the fourth quarter of 2020).

In 2021, €6 million were recognised in the second and third quarter and €17 million in the fourth quarter.

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 €27,507 million, up 7.3% in the year, showing growth in practically all segments.
- **Customer funds stood at €35,677 million**, up 9.4% in the year as a result of the increase of On-balance sheet funds (+11.0%), especially Demand deposits (+16.0%). In addition, good performance of Assets under management (+18.2%).
- BPI's **NPL ratio** reached 2.3%, as per the CaixaBank Group's NPL classification criteria.
- The NPL coverage ratio came to 87% in the year (-2 percentage points).

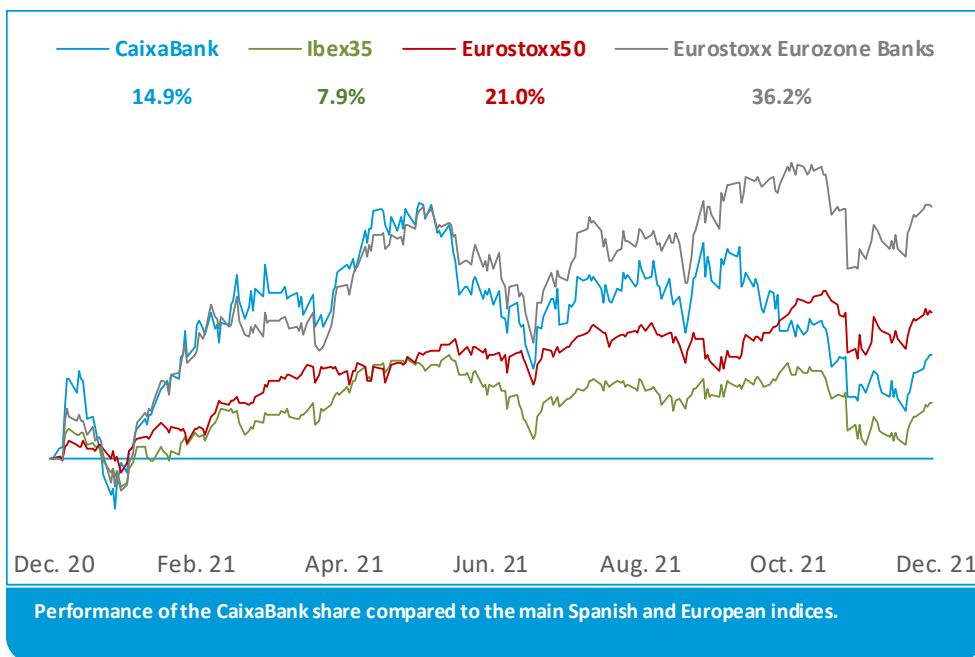
€ million	31 Dec. 2021	30 Sep. 2021	Change %	31 Dec. 2020	Change %
BALANCE SHEET					
Assets	41,133	40,075	2.6	37,564	9.5
Liabilities	37,767	36,661	3.0	34,595	9.2
Assigned capital	3,367	3,414	(1.4)	2,969	13.4
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	14,879	14,517	2.5	13,708	8.5
Home purchases	13,083	12,736	2.7	11,989	9.1
Other	1,796	1,782	0.8	1,719	4.5
of which: Consumer lending	1,498	1,478	1.4	1,417	5.7
Loans to business	10,537	10,529	0.1	10,094	4.4
Corporates and SMEs	10,446	10,366	0.8	9,938	5.1
Real estate developers	91	164	(44.6)	156	(41.8)
Public sector	2,091	2,086	0.2	1,845	13.3
Loans and advances to customers, gross	27,507	27,133	1.4	25,647	7.3
of which: Performing loans	26,882	26,555	1.2	25,070	7.2
of which: Non-performing loans	625	578	8.1	576	8.5
Provisions for insolvency risk	(576)	(524)	9.8	(515)	11.7
Loans and advances to customers, net	26,931	26,609	1.2	25,131	7.2
Contingent liabilities	1,828	1,701	7.4	1,616	13.1
CUSTOMER FUNDS					
Customer funds	28,641	27,767	3.1	25,802	11.0
Demand deposits	20,126	19,329	4.1	17,344	16.0
Time deposits	8,515	8,439	0.9	8,458	0.7
Reverse repurchase agreements and other	7	8	(16.4)	13	(45.8)
On-balance sheet funds	28,648	27,776	3.1	25,815	11.0
Mutual funds, managed accounts and SICAVs	6,457	6,205	4.1	5,463	18.2
Assets under management	6,457	6,205	4.1	5,463	18.2
Other accounts	572	860	(33.5)	1,336	(57.2)
Total customer funds	35,677	34,840	2.4	32,614	9.4
Memorandum items					
Insurance contracts sold ¹	4,588	4,336	5.8	4,334	5.9
ASSET QUALITY					
Non-performing loan ratio (%)	2.3%	2.2%	0.1	2.3%	-
Non-performing loan coverage ratio (%)	87%	89%	(3)	88%	(2)

(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 in 2021 at €2.414 euros/share, up 14.9% in the year (-10.1% in the fourth quarter) versus +36.2% of the EURO STOXX Banks European selective and +23.1% of the IBEX 35 Banks (+0.1% and -8.3% in the quarter, respectively). The general indices registered lower gains than the selective bank benchmarks in 2021: EURO STOXX 50 rose by 21.0% (+6.2% in the quarter) and IBEX 35 increased by 7.9% (-0.9% in the quarter), the cumulative rise in the year slowed down when compared to the main European markets.
- Despite certain volatility, 2021 was a year of widespread recovery in the stock markets and of a gradual reactivation of the global economic activity, mainly thanks to the progress in the vaccination and its effectiveness, as well as to the monetary and fiscal support measures put in place to mitigate the pandemic's economic impacts. In this context, banking securities have benefitted the most, with European banking securities additionally driven by the withdrawal of the ECB's limitation on dividend distribution. However, at the end of the year, the emergence of a new Covid-19 variant (Omicron) and the restrictions to certain activities spurred renewed risk aversion in the stock markets, whereas investors remained attentive to the decisions of monetary authorities and the persistence of the inflationary pressures on both sides of the north Atlantic. Not surprisingly, both the FED and the ECB took a more hawkish stance, while the Bank of England took the lead among the main central banks with a rate increase before the end of the year.
- In 2021, the **trading volume** in shares and euros were 31.2% and 14.3% down, respectively. In the fourth quarter of 2021, the number of shares traded¹ dropped 29.4% with respect to the same period of the previous year and increased 19.7% on the third quarter of 2021. The trading volume¹ in euros was 10.4% down on the volume of shares traded in the fourth quarter of 2020 and 14.6% up on the previous quarter.

(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

	31 Dec. 2021
Market capitalisation (€ million)	19,441
Number of outstanding shares ¹	8,053,429
Share price (€/share)	
Share price at the beginning of the period (31 Dec. 2020)	2.101
Share price at closing of the period (31 Dec. 2021)	2.414
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	16,315
Stock market ratios	
Net income attributable per share ex M&A (EPS) (€/share)	0.28
Book value (€/share)	4.39
Tangible book value (€/share)	3.73
PER (Price / EPS ex M&A ³ ; times)	8.65
P/tangible BV (Market value / tangible book value)	0.65
Dividend yield ⁴	1.11%

(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 (2.414 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.
- On 27 January 2022, the Board of Directors has agreed to submit the distribution of a €0.1463 gross cash dividend per share against the 2021 Fiscal Year profits for approval at the next Annual General Meeting, which is expected to be paid during the second quarter of 2022. The payment of this dividend will entail that shareholder remuneration for the 2021 Fiscal Year is €1,179 million, which is equivalent to 50% of the consolidated net profit adjusted by the extraordinary impacts from the merger with Bankia.

Furthermore, the Board of Directors approved the Dividend Policy for the 2022 Fiscal Year, consisting of a cash distribution of 50-60% of consolidated net profit, to be paid in a single payment in April 2023, and subject to final approval from the Annual General Meeting.

It also stated the intention of CaixaBank, subject to the appropriate regulatory approval, to implement an open-market share buy-back programme during the 2022 Fiscal Year, in order to bring down the CET1 ratio closer to our target level.

(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 31 December 2021:

CaixaBank	%	Business segment
Telefónica	4.5%	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	100.0%	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	A-	A-1	Stable	A-	16 Dec. 2021	AA+	21 Dec 2021
Fitch Ratings	BBB+	F2	Stable	A-	02 Sep. 2021	-	-
Moody's	Baa1	P-2	Stable	Baa1	22 Sep. 2020	Aa1	24 Aug. 2021
DBRS	A	R-1 (low)	Stable	A	29 Mar. 2021	AAA	14 Jan. 2022

During 2021, the rating agencies updated the following credit ratings:

- S&P upgraded the long-term and senior preferred debt ratings from BBB+ to A-, maintaining the stable outlook. It also upgraded the rating of mortgage covered bonds from AA to AA+.
- 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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Annualised quarterly income from loans and advances to customers	4,352	4,177	5,688	5,499	5,376
Denominator	Net average balance of loans and advances to customers	229,195	227,891	339,866	336,605	333,254
(a)	Average yield rate on loans (%)	1.90	1.83	1.67	1.63	1.61
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	16	12	8	(8)	4
Denominator	Average balance of on-balance sheet retail customers funds	240,052	236,670	362,009	371,366	376,774
(b)	Average cost rate of retail customer funds (%)	0.01	0.01	0.00	0.00	0.00
	Customer spread (%) (a - b)	1.89	1.82	1.67	1.63	1.61

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Annualised quarterly income from loans and advances to customers	6,194	5,872	5,688	5,499	5,376
Denominator	Net average balance of loans and advances to customers	345,967	343,818	339,866	336,605	333,254
(a)	Average yield rate on loans (%)	1.79	1.71	1.67	1.63	1.61
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	20	24	8	(8)	4
Denominator	Average balance of on-balance sheet retail customers funds	357,931	354,718	362,009	371,366	376,774
(b)	Average cost rate of retail customer funds (%)	0.01	0.01	0.00	0.00	0.00
	Proforma customer spread (%) (a - b)	1.78	1.70	1.67	1.63	1.61

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Annualised quarterly interest income	6,863	6,708	8,371	8,272	8,197
Denominator	Average total assets for the quarter	456,953	454,329	671,368	690,460	695,346
(a)	Average return rate on assets (%)	1.50	1.48	1.25	1.20	1.18
Numerator	Annualised quarterly interest expenses	1,878	1,878	1,809	1,968	2,011
Denominator	Average total funds for the quarter	456,953	454,329	671,368	690,460	695,346
(b)	Average cost of fund rate (%)	0.41	0.41	0.27	0.28	0.29
	Balance sheet spread (%) (a - b)	1.09	1.07	0.98	0.92	0.89

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Annualised quarterly interest income	9,186	8,849	8,371	8,272	8,197
Denominator	Average total assets for the quarter	668,680	660,552	671,368	690,460	695,346
(a)	Average return rate on assets (%)	1.37	1.34	1.25	1.20	1.18
Numerator	Annualised quarterly interest expenses	2,224	2,202	1,809	1,968	2,011
Denominator	Average total funds for the quarter	668,680	660,552	671,368	690,460	695,346
(b)	Average cost of fund rate (%)	0.33	0.33	0.27	0.28	0.29
	Proforma balance sheet spread (%) (a - b)	1.04	1.01	0.98	0.92	0.89

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 extraordinary 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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Profit/(loss) attributable to the Group 12M	1,381	6,078	5,357	5,456	5,226
(b)	Additional Tier 1 coupon	(143)	(155)	(185)	(217)	(244)
Numerator	Adjusted profit/(loss) attributable to the Group 12M (a+b)	1,238	5,922	5,172	5,239	4,981
(c)	Average shareholder equity 12M	26,406	26,687	29,464	32,019	34,516
(d)	Average valuation adjustments 12M	(1,647)	(1,805)	(1,806)	(1,765)	(1,689)
Denominator	Average shareholder equity + valuation adjustments 12M (c+d)	24,759	24,882	27,657	30,254	32,827
	ROE (%)	5.0%	23.8%	18.7%	17.3%	15.2%
(e)	Extraordinary income from the merger	-	4,272	2,903	2,779	2,867
Numerator	Adjusted numerator 12M (a+b-e)	-	1,651	2,269	2,460	2,115
	ROE (%) ex M&A impacts	-	6.6%	8.2%	8.1%	6.4%

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 extraordinary 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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Profit/(loss) attributable to the Group 12M	1,381	6,078	5,357	5,456	5,226
(b)	Additional Tier 1 coupon	(143)	(155)	(185)	(217)	(244)
Numerator	Adjusted profit/(loss) attributable to the Group 12M (a+b)	1,238	5,922	5,172	5,239	4,981
(c)	Average shareholder equity 12M	26,406	26,687	29,464	32,019	34,516
(d)	Average valuation adjustments 12M	(1,647)	(1,805)	(1,806)	(1,765)	(1,689)
(e)	Average intangible assets 12M	(4,295)	(4,353)	(4,555)	(4,752)	(4,948)
Denominator	Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)	20,463	20,529	23,102	25,501	27,879
	ROTE (%)	6.1%	28.8%	22.4%	20.5%	17.9%
(f)	Extraordinary income from the merger	-	4,272	2,903	2,779	2,867
Numerator	Adjusted numerator 12M (a+b-f)	-	1,651	2,269	2,460	2,115
	ROTE (%) ex M&A impacts	-	8.0%	9.8%	9.6%	7.6%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Profit/(loss) after tax and before minority interest 12M	1,382	6,078	5,360	5,458	5,229
(b)	Additional Tier 1 coupon	(143)	(155)	(185)	(217)	(244)
Numerator	Adjusted net profit 12M (a+b)	1,238	5,922	5,174	5,241	4,984
Denominator	Average total assets 12M	433,785	446,487	506,854	568,619	628,707
	ROA (%)	0.3%	1.3%	1.0%	0.9%	0.8%
(c)	M&A impacts	-	4,272	2,903	2,779	2,867
Numerator	Adjusted numerator 12M (a+b-c)	-	1,651	2,271	2,462	2,118
	ROA (%) ex M&A impacts	-	0.4%	0.5%	0.4%	0.3%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Profit/(loss) after tax and before minority interest 12M	1,382	6,078	5,360	5,458	5,229
(b)	Additional Tier 1 coupon	(143)	(155)	(185)	(217)	(244)
Numerator	Adjusted net profit 12M (a+b)	1,238	5,922	5,174	5,241	4,984
Denominator	Risk-weighted assets (regulatory) 12M	146,709	145,566	163,801	182,510	200,869
	RORWA (%)	0.8%	4.1%	3.2%	2.9%	2.5%
(c)	M&A impacts	-	4,272	2,903	2,779	2,867
Numerator	Adjusted numerator 12M (a+b-c)	-	1,651	2,271	2,462	2,118
	RORWA (%) ex M&A impacts	-	1.1%	1.4%	1.3%	1.1%

g) **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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Administrative expenses, depreciation and amortisation 12M	4,579	4,581	6,952	7,468	8,049
Denominator	Gross income 12M	8,409	8,489	9,175	9,860	10,274
	Cost-to-income ratio	54.5%	54.0%	75.8%	75.7%	78.3%

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,579	4,540	4,981	5,448	5,930
Denominator	Gross income 12M	8,409	8,489	9,175	9,860	10,274
	Cost-to-income ratio stripping out extraordinary expenses	54.5%	53.5%	54.3%	55.3%	57.7%

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,579	4,540	4,981	5,448	5,930
Denominator	Core income 12M	8,310	8,330	9,145	9,860	10,597
	Core cost-to-income ratio	55.1%	54.5%	54.5%	55.3%	56.0%

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Administrative expenses, depreciation and amortisation 12M	6,311	6,269	6,294	6,332	6,374
Denominator	Gross income 12M	11,311	11,325	11,276	11,219	10,985
	Proforma cost-to-income ratio	55.8%	55.4%	55.8%	56.4%	58.0%

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	6,311	6,269	6,294	6,332	6,374
Denominator	Core income 12M	11,456	11,475	11,521	11,453	11,339
	Proforma core cost-to-income ratio	55.1%	54.6%	54.6%	55.3%	56.2%

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 (last 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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Allowances for insolvency risk 12M	1,915	1,574	910	814	838
Denominator	Average of gross loans + contingent liabilities 12M	255,548	269,822	302,243	333,404	363,368
	Cost of risk (%)	0.75%	0.58%	0.30%	0.24%	0.23%

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Allowances for insolvency risk 12M	2,959	2,545	1,596	1,169	961
Denominator	Average of gross loans + contingent liabilities 12M	386,425	390,581	390,043	388,318	385,187
	Proforma cost of risk (%)	0.77%	0.65%	0.41%	0.30%	0.25%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Non-performing loans and contingent liabilities	8,601	14,077	14,005	13,955	13,634
Denominator	Total gross loans and contingent liabilities	260,794	390,097	389,389	382,801	380,160
	Non-performing loan ratio (%)	3.3%	3.6%	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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Provisions on loans and contingent liabilities	5,755	9,415	9,001	8,955	8,625
Denominator	Non-performing loans and contingent liabilities	8,601	14,077	14,005	13,955	13,634
	Coverage ratio (%)	67%	67%	64%	64%	63%

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: As of 4Q21, it includes coverage for real estate exposure from Bankia (previously solely from CaixaBank).

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

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Gross debt cancelled at the foreclosure	1,613	1,887	1,917	1,933	4,417
(b)	Net book value of the foreclosed assets	930	1,084	1,109	1,117	2,279
Numerator	Total coverage of the foreclosed asset (a - b)	683	803	808	816	2,138
Denominator	Gross debt cancelled at the foreclosure	1,613	1,887	1,917	1,933	4,417
	Real estate available for sale coverage ratio (%)	42%	43%	42%	42%	48%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Accounting provisions of the foreclosed assets	488	1,126	1,103	1,087	1,006
(a)	Net book value of the foreclosed assets	930	2,267	2,297	2,289	2,279
(b)	Accounting provisions of the foreclosed assets	488	1,126	1,103	1,087	1,006
Denominator	Gross book value of the foreclosed asset (a + b)	1,418	3,393	3,400	3,376	3,285
	Real estate available for sale accounting coverage (%)	34%	33%	32%	32%	31%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	High Quality Liquid Assets (HQLAs)	95,367	146,339	161,929	172,066	167,290
(b)	Available balance under the ECB facility (non-HQLAs)	19,084	807	802	1,059	1,059
	Total liquid assets (a + b)	114,451	147,146	162,731	173,125	168,349

b) Loan-to-deposits:

Explanation: quotient between:

- net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions).
- 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).

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Loans and advances to customers, net (a-b-c)	234,877	348,498	350,468	343,506	340,948
(a)	Loans and advances to customers, gross	243,924	363,821	363,012	355,929	352,951
(b)	Provisions for insolvency risk	5,620	9,027	8,609	8,554	8,265
(c)	Brokered loans	3,426	6,296	3,935	3,869	3,738
Denominator	On-balance sheet customer funds	242,234	361,031	371,191	377,551	384,270
	Loan to Deposits (%)	97%	97%	94%	91%	89%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Profit/(loss) attributable to the Group 12M	1,381	6,078	5,357	5,456	5,226
(b)	Additional Tier 1 coupon	(143)	(155)	(185)	(217)	(244)
Numerator	Adjusted profit attributable to the Group (a+b)	1,238	5,922	5,172	5,239	4,981
Denominator	Average number of shares outstanding, net of treasury shares (c)	5,978	5,977	6,670	7,096	7,575
	EPS (Earnings per share)	0.21	0.99	0.78	0.74	0.66
(d)	Extraordinary impacts from the merger	-	4,272	2,903	2,779	2,867
Numerator	Adjusted numerator (a+b-d)	-	1,651	2,269	2,460	2,115
	EPS (Earnings per share) ex M&A impacts	-	0.28	0.34	0.35	0.28

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

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Share price at the end of the period	2.101	2.639	2.594	2.684	2.414
Denominator	Earnings per share (EPS)	0.21	0.99	0.78	0.74	0.66
	PER (Price-to-earnings ratio)	10.14	2.67	3.33	3.64	3.67
Denominator	Earnings per share (EPS) ex M&A impacts	-	0.28	0.34	0.35	0.28
	PER (Price-to-earnings ratio) ex M&A impacts	-	9.43	7.63	7.74	8.65

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

		4Q20	1Q21	2Q21	3Q21	4Q21
Numerator	Dividends paid (in shares or cash) last year	0.07	0.03	0.03	0.03	0.03
Denominator	Share price at the end of the period	2.101	2.639	2.594	2.684	2.414
	Dividend yield	3.33%	1.02%	1.03%	1.00%	1.11%

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.

		4Q20	1Q21	2Q21	3Q21	4Q21
(a)	Equity	25,278	35,552	34,571	35,124	35,425
(b)	Minority interests	(26)	(28)	(29)	(29)	(31)
Numerator	Adjusted equity (c = a+b)	25,252	35,524	34,542	35,095	35,394
Denominator	Shares outstanding, net of treasury shares (d)	5,977	8,056	8,053	8,053	8,053
e= (c/d)	Book value (€/share)	4.22	4.41	4.29	4.36	4.39
(f)	Intangible assets (reduce adjusted equity)	(4,363)	(5,086)	(5,102)	(5,104)	(5,316)
g=((c+f)/d)	Tangible book value per share (€/share)	3.49	3.78	3.66	3.72	3.73
(h)	Share price at end the period	2.101	2.639	2.594	2.684	2.414
h/e	P/BV (Share price divided by book value)	0.50	0.60	0.60	0.62	0.55
h/g	P/TBV tangible (Share price divided by tangible book value)	0.60	0.70	0.71	0.72	0.65

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

December 2021

€ million

Financial assets at amortised cost - Customers (Public Balance Sheet)	344,524
Reverse repurchase agreements (public and private sector)	(863)
Clearing houses	(1,839)
Other, non-retail, financial assets	(315)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	67
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	2,980
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	133
Provisions for insolvency risk	8,265
Loans and advances to customers (gross) using management criteria	352,951

Insurance contract liabilities

December 2021

€ million

Liabilities under the insurance business (Public Balance Sheet)	79,834
Capital gains/(losses) under the insurance business (excluding unit link and other)	(12,458)
Liabilities under insurance contracts, using management criteria	67,376

Customer funds

December 2021

€ million

Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	392,479
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	(6,272)
Multi-issuer covered bonds and subordinated deposits	(5,671)
Counterparties and other	(602)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	1,384
Retail issues and other	1,384
Liabilities under insurance contracts, using management criteria	67,376
Total on-balance sheet customer funds	454,968
Assets under management	158,020
Other accounts ¹	6,983
Total customer funds	619,971

(1) It mainly includes transitional funds associated with transfers and collection activity.

Institutional issuances for banking liquidity purposes

December 2021

€ million

Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)	53,684
Institutional financing not considered for the purpose of managing bank liquidity	(5,255)
Securitised bonds	(1,628)
Value adjustments	(2,487)
Retail	(1,384)
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	54,100

(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)

December 2021

€ million

Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	3,038
Other non-foreclosed assets	(805)
Inventories under the heading - Other assets (Public Balance Sheet)	46
Foreclosed available for sale real estate assets	2,279
Tangible assets (Public Balance Sheet)	8,264
Tangible assets for own use	(6,398)
Other assets	(250)
Foreclosed rental real estate assets	1,616

Breakdown of the performance of the income statement by item

Returns on average total assets ex M&A impacts

	4Q21	3Q21	2Q21	1Q21	4Q20
%					
Interest income	1.18	1.20	1.25	1.48	1.50
Interest expense	(0.29)	(0.28)	(0.27)	(0.41)	(0.41)
Net interest income	0.89	0.92	0.98	1.07	1.09
Dividend income	0.02	0.00	0.09	0.00	0.05
Share of profit/(loss) of entities accounted for using the equity method	0.04	0.08	0.07	0.05	0.07
Net fee and commission income	0.63	0.55	0.59	0.59	0.58
Trading income	0.05	0.03	0.02	0.04	0.05
Income and expense under insurance or reinsurance contracts	0.10	0.09	0.09	0.15	0.14
Other operating income and expense	(0.27)	(0.05)	(0.16)	(0.06)	(0.11)
Gross income	1.46	1.62	1.68	1.84	1.87
Recurring administrative expenses, depreciation and amortisation	(0.90)	(0.92)	(0.95)	(1.02)	(0.95)
Pre-impairment income	0.56	0.70	0.73	0.82	0.92
Allowances for insolvency risk	(0.20)	(0.09)	(0.09)	(0.16)	(0.28)
Other charges to provisions	(0.10)	(0.04)	(0.05)	(0.04)	(0.03)
Gains/(losses) on disposal of assets and others	(0.02)	(0.01)	(0.01)	0.00	0.02
Profit/(loss) before tax	0.24	0.56	0.58	0.62	0.63
Income tax expense	(0.05)	(0.13)	(0.12)	(0.16)	(0.06)
Profit/(loss) after tax	0.19	0.43	0.46	0.46	0.57
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	0.19	0.43	0.46	0.46	0.57
Average total net assets (€ million)	695,346	690,460	671,368	454,329	456,953

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	4Q21			3Q21			2Q21		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	123,090	266	0.86	114,742	252	0.87	90,624	237	1.05
Loans and advances (a)	333,254	1,355	1.61	336,605	1,386	1.63	339,866	1,418	1.67
Debt securities	81,945	53	0.26	78,021	46	0.23	81,848	49	0.24
Other assets with returns	63,773	388	2.42	63,755	392	2.44	63,497	379	2.40
Other assets	93,284	4	-	97,337	9	-	95,533	4	-
Total average assets (b)	695,346	2,066	1.18	690,460	2,085	1.20	671,368	2,087	1.25
Financial Institutions	116,988	(144)	0.49	115,452	(126)	0.43	109,060	(96)	0.35
Retail customer funds (c)	376,774	(1)	-	371,366	2	-	362,009	(2)	-
Wholesale marketable debt securities & other	48,003	(35)	0.29	48,122	(37)	0.30	47,690	(35)	0.29
Subordinated liabilities	10,380	(8)	0.31	9,841	(8)	0.34	9,727	(7)	0.30
Other funds with cost	82,184	(308)	1.49	83,215	(313)	1.49	75,907	(297)	1.57
Other funds	61,018	(11)	-	62,464	(14)	-	66,975	(14)	-
Total average funds (d)	695,346	(507)	0.29	690,460	(496)	0.28	671,368	(451)	0.27
Net interest income		1,559			1,589			1,636	
Customer spread (%) (a-c)		1.61			1.63			1.67	
Balance sheet spread (%) (b-d)		0.89			0.92			0.98	

€ million	1Q21			4Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	58,905	149	1.03	59,461	154	1.03
Loans and advances (a)	227,891	1,030	1.83	229,195	1,094	1.90
Debt securities	41,416	61	0.59	42,706	62	0.58
Other assets with returns	66,103	413	2.53	66,736	412	2.45
Other assets	60,014	1	-	58,855	3	-
Total average assets (b)	454,329	1,654	1.48	456,953	1,725	1.50
Financial Institutions	65,016	(62)	0.38	64,159	(66)	0.41
Retail customer funds (c)	236,670	(3)	0.01	240,052	(4)	0.01
Wholesale marketable debt securities & other	29,113	(44)	0.61	30,433	(47)	0.62
Subordinated liabilities	6,218	(16)	1.07	5,983	(18)	1.18
Other funds with cost	76,136	(327)	1.74	75,884	(322)	1.69
Other funds	41,176	(11)	-	40,442	(15)	-
Total average funds (d)	454,329	(463)	0.41	456,953	(472)	0.41
Net interest income		1,191			1,253	
Customer spread (%) (a-c)		1.82			1.89	
Balance sheet spread (%) (b-d)		1.07			1.09	

Fees and commissions

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Banking services, securities and other fees	2,036	1,443	41.1	583	536	569	349	358
<i>Recurring</i>	1,836	1,262	45.5	527	493	503	314	321
<i>Wholesale banking</i>	200	181	10.4	56	43	66	36	37
Sale of insurance products	337	203	66.3	116	79	85	56	56
Long-term savings products	1,332	930	43.3	402	350	327	253	256
<i>Mutual funds, managed accounts and SICAVs</i>	817	546	49.6	242	220	204	151	141
<i>Pension plans</i>	309	235	31.5	95	79	76	59	71
<i>Unit Link and other</i>	206	149	38.7	65	51	47	43	44
Net fee and commission income	3,705	2,576	43.8	1,101	964	981	659	671

Income from equity investments

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Dividend income	192	147	30.1	39	1	151		52
Share of profit/(loss) of entities accounted for using the equity method	425	307	38.5	70	150	129	77	88
Income from equity investments	616	454	35.7	109	150	280	77	140

Trading income

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Trading income	220	238	(7.6)	90	50	38	42	56

Income and expense under insurance or reinsurance contracts

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Income and expense under insurance or reinsurance contracts	651	598	8.9	172	162	154	164	156

Other operating income and expense

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Contributions and levies	(596)	(370)	60.9	(396)		(181)	(19)	(243)
Other real estate operating income and expense (including Spanish property tax in Q1)	(56)	(22)		(1)	(18)	(14)	(20)	(1)
Other	(242)	37		(70)	(69)	(73)	(31)	117
Other operating income and expense	(893)	(356)		(466)	(88)	(268)	(70)	(127)

Administration expenses, depreciation and amortisation

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Gross income	10,274	8,409	22.2	2,563	2,828	2,820	2,063	2,149
Personnel expenses	(3,697)	(2,841)	30.2	(977)	(1,009)	(997)	(715)	(689)
General expenses	(1,538)	(1,198)	28.3	(404)	(413)	(423)	(298)	(277)
Depreciation and amortisation	(695)	(540)	28.7	(196)	(184)	(178)	(136)	(129)
Recurring administrative expenses, depreciation and amortisation	(5,930)	(4,579)	29.5	(1,577)	(1,606)	(1,598)	(1,149)	(1,095)
Extraordinary expenses	(2,119)			(99)	(49)	(1,930)	(40)	
Cost-to-income ratio (%) (12 months)	78.3	54.5	23.9	78.3	75.7	75.8	54.0	54.5
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	57.7	54.5	3.3	57.7	55.3	54.3	53.5	54.5
Core income	10,597	8,310	27.5	2,889	2,809	2,833	2,066	2,152
Recurring administrative expenses, depreciation and amortisation	(5,930)	(4,579)	29.5	(1,577)	(1,606)	(1,598)	(1,149)	(1,095)
Core cost-to-income ratio (12 months)	56.0	55.1	0.9	56.0	55.3	54.5	54.5	55.1

Allowances for insolvency risk and other charges to provisions

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Allowances for insolvency risk	(838)	(1,915)	(56.3)	(344)	(165)	(155)	(174)	(321)
Other charges to provisions	(478)	(247)	93.4	(118)	(204)	(106)	(49)	(40)
Allowances for insolvency risk and other charges to provisions	(1,315)	(2,162)	(39.2)	(463)	(369)	(261)	(223)	(361)

Gains/(losses) on disposal of assets and others

€ million	2021	2020	Change %	4Q21	3Q21	2Q21	1Q21	4Q20
Extraordinary expenses Bankia integration	4,464			161	3		4,300	
Real estate results	23	(134)		15	1	(5)	12	(88)
Other	(82)	67		(47)	(12)	(13)	(10)	112
Gains/(losses) on disposal of assets and others	4,405	(67)		129	(9)	(18)	4,303	25

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				
	4Q21	3Q21	2Q21	1Q21	4Q20
Net interest income	1,443	1,476	1,524	1,080	1,136
Dividend income	39	1	52		51
Share of profit/(loss) of entities accounted for using the equity method	54	138	120	65	83
Net fee and commission income	1,017	890	915	595	603
Trading income	87	39	34	32	54
Income and expense under insurance or reinsurance contracts	172	162	154	164	156
Other operating income and expense	(470)	(91)	(242)	(57)	(131)
Gross income	2,341	2,615	2,555	1,880	1,953
Recurring administrative expenses, depreciation and amortisation	(1,472)	(1,490)	(1,488)	(1,036)	(996)
Extraordinary expenses	(99)	(49)	(1,929)	(40)	
Pre-impairment income	770	1,076	(861)	803	957
Pre-impairment income stripping out extraordinary expenses	869	1,125	1,068	844	957
Allowances for insolvency risk	(309)	(151)	(148)	(189)	(313)
Other charges to provisions	(98)	(194)	(101)	(48)	(22)
Gains/(losses) on disposal of assets and others	136	(9)	(19)	4,302	
Profit/(loss) before tax	499	721	(1,129)	4,869	623
Income tax expense	(116)	(157)	393	(147)	(38)
Profit/(loss) after tax	383	564	(736)	4,722	585
Profit/(loss) attributable to minority interest and others	2				1
Profit/(loss) attributable to the Group	382	564	(736)	4,722	584
<i>Risk-weighted assets</i>	197,139	201,811	202,532	190,471	126,082
<i>Common Equity Tier 1 (CET1)</i>	13.1%	12.9%	12.7%	14.1%	13.6%
<i>Total capital</i>	17.9%	17.9%	17.4%	19.1%	18.2%

€ million	BPI				
	4Q21	3Q21	2Q21	1Q21	4Q20
Net interest income	116	113	111	111	117
Dividend income	0		100		
Share of profit/(loss) of entities accounted for using the equity method	16	11	9	12	6
Net fee and commission income	84	74	67	64	67
Trading income	3	11	4	10	2
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	4	4	(26)	(13)	4
Gross income	222	213	265	183	196
Recurring administrative expenses, depreciation and amortisation	(104)	(116)	(110)	(113)	(99)
Extraordinary expenses	0		(1)		
Pre-impairment income	118	96	153	70	97
Pre-impairment income stripping out extraordinary expenses	118	96	154	70	97
Allowances for insolvency risk	(35)	(13)	(7)	15	(8)
Other charges to provisions	(21)	(10)	(5)	(1)	(18)
Gains/(losses) on disposal of assets and others	(7)	0			25
Profit/(loss) before tax	55	73	141	85	95
Income tax expense	(12)	(17)	(11)	(21)	(24)
Profit/(loss) after tax	43	56	131	63	71
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	43	56	131	63	71
<i>Risk-weighted assets</i>	18,290	18,390	18,349	18,113	17,991
<i>Common Equity Tier 1 (CET1)</i>	14.3%	14.5%	14.3%	14.4%	14.1%
<i>Total capital</i>	17.5%	17.6%	17.4%	17.6%	17.3%

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

€ million	CAIXABANK														
	4Q21			3Q21			2Q21			1Q21			4Q20		
	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	116,310	250	0.85	107,992	239	0.88	84,242	224	1.06	53,109	139	1.06	54,169	139	1.02
Loans and advances (a)	309,290	1,258	1.61	313,015	1,291	1.64	316,909	1,322	1.67	205,378	935	1.85	206,898	996	1.91
Debt securities	75,918	45	0.24	72,231	39	0.21	75,573	43	0.23	35,201	53	0.61	36,598	54	0.59
Other assets with returns	63,773	388	2.42	63,755	392	2.44	63,497	379	2.40	66,103	413	2.53	66,736	412	2.45
Other assets	94,146	4	-	98,139	6	-	96,248	2	-	60,638	1	-	59,320	3	-
Total average assets (b)	659,437	1,945	1.17	655,132	1,967	1.19	636,469	1,970	1.24	420,429	1,541	1.49	423,721	1,604	1.51
Financial Institutions	111,142	(139)	0.50	109,581	(121)	0.44	103,196	(91)	0.35	59,397	(59)	0.40	58,583	(63)	0.43
Retail customer funds (c)	348,722	(4)	-	343,716	(1)	-	335,029	(5)	0.01	210,507	(6)	0.01	214,664	(5)	0.01
Wholesale marketable debt securities & other	47,252	(34)	0.29	47,371	(35)	0.29	46,689	(34)	0.29	28,061	(43)	0.62	29,382	(45)	0.61
Subordinated liabilities	10,380	(8)	0.31	9,841	(8)	0.34	9,727	(7)	0.30	6,218	(16)	1.07	5,983	(18)	1.18
Other funds with cost	82,167	(308)	1.49	83,201	(313)	1.49	75,901	(297)	1.57	76,130	(327)	1.74	75,884	(322)	1.69
Other funds	59,774	(9)	-	61,422	(13)	-	65,927	(12)	-	40,116	(10)	-	39,224	(15)	-
Total average funds (d)	659,437	(502)	0.30	655,132	(491)	0.30	636,469	(446)	0.28	420,429	(461)	0.44	423,721	(468)	0.44
Net interest income		1,443		1,476		1,524		1,080		1,136					
Customer spread (%) (a-c)		1.61		1.64		1.66		1.84		1.90					
Balance sheet spread (%) (b-d)		0.87		0.89		0.96		1.05		1.07					

€ million	BPI														
	4Q21			3Q21			2Q21			1Q21			4Q20		
	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	7,047	13	0.73	6,965	13	0.74	6,584	13	0.78	6,017	12	0.79	5,512	15	1.11
Loans and advances (a)	23,981	98	1.62	23,595	95	1.60	22,959	96	1.68	22,516	94	1.70	22,298	98	1.75
Debt securities	7,632	13	0.69	6,813	12	0.70	7,334	12	0.63	7,238	13	0.71	7,133	13	0.71
Other assets with returns		-	-		-	-		-	-		-	-		-	-
Other assets	2,593	3	-	2,670	2	-	2,687	-	-	2,624	-	-	2,623	-	-
Total average assets (b)	41,251	127	1.22	40,043	122	1.22	39,564	121	1.22	38,396	119	1.25	37,566	126	1.33
Financial Institutions	5,861	(5)	0.36	5,961	(5)	0.34	5,912	(5)	0.33	5,626	(4)	0.26	5,584	(3)	0.23
Retail customer funds (c)	28,285	2	(0.03)	27,779	2	(0.03)	27,172	3	(0.04)	26,384	3	(0.04)	25,588	2	(0.03)
Wholesale marketable debt securities & other	1,781	(3)	0.78	1,200	(3)	0.97	1,451	(3)	0.81	1,500	(3)	0.77	1,500	(3)	0.85
Subordinated liabilities	300	(4)	5.29	300	(4)	5.30	300	(4)	5.30	300	(4)	5.34	300	(4)	5.36
Other funds with cost		-	-		-	-		-	-		-	-		-	-
Other funds	5,024	(1)	-	4,803	-	-	4,730	(1)	-	4,586	-	-	4,594	(1)	-
Total average funds (d)	41,251	(11)	0.11	40,043	(9)	0.09	39,564	(10)	0.10	38,396	(8)	0.08	37,566	(9)	0.10
Net interest income		116		113		111		111		117			117		
Customer spread (%) (a-c)		1.65		1.63		1.72		1.74		1.78			1.78		
Balance sheet spread (%) (b-d)		1.11		1.13		1.12		1.17		1.23			1.23		

c) Quarterly change in fees and commissions

€ million	CAIXABANK				
	4Q21	3Q21	2Q21	1Q21	4Q20
Banking services, securities and other fees	534	492	528	313	322
Sale of insurance products	100	66	73	43	37
Mutual funds, managed accounts and SICAVs	228	208	196	142	133
Pension plans	95	79	75	59	71
Unit Link and other	58	45	42	39	41
Net fee and commission income	1,017	890	915	595	603

€ million	BPI				
	4Q21	3Q21	2Q21	1Q21	4Q20
Banking services, securities and other fees	48	43	41	36	37
Sale of insurance products	16	13	12	14	19
Mutual funds, managed accounts and SICAVs	13	12	8	9	8
Pension plans					
Unit Link and other	6	6	5	4	3
Net fee and commission income	84	74	67	64	67

d) Quarterly change in administrative expenses, depreciation and amortisation

€ million	CAIXABANK				
	4Q21	3Q21	2Q21	1Q21	4Q20
Gross income	2,341	2,615	2,555	1,880	1,953
Personnel expenses	(919)	(948)	(940)	(656)	(634)
General expenses	(376)	(377)	(387)	(261)	(249)
Depreciation and amortisation	(177)	(165)	(160)	(119)	(113)
Recurring administrative expenses, depreciation and amortisation	(1,472)	(1,490)	(1,488)	(1,036)	(996)
Extraordinary expenses	(99)	(49)	(1,929)	(40)	

€ million	BPI				
	4Q21	3Q21	2Q21	1Q21	4Q20
Gross income	222	213	265	183	196
Personnel expenses	(58)	(61)	(57)	(59)	(55)
General expenses	(27)	(36)	(36)	(36)	(27)
Depreciation and amortisation	(19)	(19)	(18)	(17)	(16)
Recurring administrative expenses, depreciation and amortisation	(104)	(116)	(110)	(113)	(99)
Extraordinary expenses	0		(1)		

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

	CAIXABANK		BPI	
	31 Dec. 2021	30 Sep. 2021	31 Dec. 2021	30 Sep. 2021
Loans to individuals	4.4%	4.6%	2.2%	2.2%
Home purchases	3.7%	3.9%	1.8%	1.9%
Other	6.4%	6.9%	5.0%	4.7%
Loans to business	3.5%	3.5%	2.8%	2.4%
Corporates and SMEs	3.4%	3.3%	2.9%	2.4%
Real estate developers	6.4%	6.8%	0.0%	0.0%
Public sector	0.3%	0.3%	0.0%	0.0%
NPL Ratio (loans and contingent liabilities)	3.7%	3.8%	2.3%	2.2%

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	31 Dec. 2021	30 Sep. 2021	Change %	31 Dec. 2020	Change %	Organic change %
LOANS AND ADVANCES TO CUSTOMERS						
Loans to individuals	169,705	172,503	(1.6)	106,792	58.9	(8.5)
Home purchases	126,709	129,224	(1.9)	73,586	72.2	(9.3)
Other	42,996	43,279	(0.7)	33,206	29.5	(6.7)
of which: Consumer lending	17,128	16,965	1.0	12,675	35.1	(4.1)
Loans to business	136,716	133,918	2.1	96,115	42.2	(2.5)
Corporates and SMEs	131,007	128,041	2.3	90,550	44.7	(1.8)
Real estate developers	5,709	5,878	(2.9)	5,564	2.6	(14.9)
Public sector	18,689	22,024	(15.1)	15,005	24.6	(15.3)
Loans and advances to customers, gross	325,111	328,445	(1.0)	217,911	49.2	(6.3)
CUSTOMER FUNDS						
Customer funds	355,628	349,784	1.7	216,432	64.3	8.4
Demand deposits	330,323	321,865	2.6	202,980	62.7	12.8
Time deposits	25,306	27,919	(9.4)	13,451	88.1	(58.2)
Insurance contract liabilities	62,788	57,305	9.6	55,025	14.1	6.7
of which: Unit Link and other	15,601	14,277	9.3	11,653	33.9	33.3
Reverse repurchase agreements and other	3,315	2,077	59.6	2,044	62.2	62.1
On-balance sheet funds	421,732	409,167	3.1	273,501	54.2	8.5
Mutual funds, managed accounts and SICAVs	103,632	100,316	3.3	65,852	57.4	19.3
Pension plans	44,541	43,367	2.7	32,168	38.5	11.3
Assets under management	148,173	143,683	3.1	98,020	51.2	16.7
Other accounts	6,411	11,971	(46.4)	3,778	69.7	13.8
Total customer funds	576,316	564,820	2.0	375,300	53.6	10.7

(1) In December, CaixaBank acquired Bankia Vida. As a result, the savings insurance marketed by Bankia (previously recognised in Other accounts) was included in Insurance contract liabilities (on-balance sheet) for €4,091 million. Without considering this, the change in the quarter of Insurance contract liabilities was 2.4%, of which Unit Link and other was 8.8%. After adjusting this effect, the change in the quarter of Other accounts was -15.5%.

Portugal

€ million	31 Dec. 2021	30 Sep. 2021	Change %	31 Dec. 2020	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	15,046	14,674	2.5	13,856	8.6
Home purchases	13,083	12,736	2.7	11,989	9.1
Other	1,963	1,938	1.3	1,867	5.1
of which: Consumer lending	1,588	1,560	1.8	1,495	6.2
Loans to business	10,703	10,724	(0.2)	10,311	3.8
Corporates and SMEs	10,612	10,560	0.5	10,155	4.5
Real estate developers	91	164	(44.5)	156	(41.7)
Public sector	2,091	2,086	0.2	1,845	13.3
Loans and advances to customers, gross	27,840	27,484	1.3	26,012	7.0
CUSTOMER FUNDS					
Customer funds	28,641	27,767	3.1	25,802	11.0
Demand deposits	20,126	19,329	4.1	17,344	16.0
Time deposits	8,515	8,439	0.9	8,458	0.7
Insurance contract liabilities	4,588	4,336	5.8	4,334	5.9
of which: Unit Link and other	3,765	3,463	8.7	2,954	27.5
Reverse repurchase agreements and other	7	8	(16.4)	13	(45.8)
On-balance sheet funds	33,236	32,111	3.5	30,149	10.2
Mutual funds, managed accounts and SICAVs	6,457	6,205	4.1	5,463	18.2
Pension plans	3,390	3,334	1.7	3,160	7.3
Assets under management	9,847	9,539	3.2	8,623	14.2
Other accounts	572	860	(33.5)	1,336	(57.2)
Total customer funds	43,655	42,510	2.7	40,108	8.8

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Transformation 2021



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