

# Business activity and results

January-June

# 2022



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

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

**20.4**  
million

### BUSINESS ACTIVITY

**704,505**  
in total assets (€ million)

**624,087**  
in customer funds (€ million)

**362,770**  
in loans and advances to  
customers (€ million)

## Balance sheet indicators

### RISK MANAGEMENT

**3.2%**  
NPL ratio

**65%**  
NPL  
coverage ratio

**0.23%**  
Cost of risk (12 months)

### CAPITAL ADEQUACY

**12.4%**  
CET1

**16.6%**  
Total capital

**24.6%**  
MREL

### LIQUIDITY

**162,847**  
in total liquid assets (€ million)

**323%**  
liquidity coverage ratio (LCR),  
trailing 12 months

**150%**  
NSFR

## Results, profitability and cost-to-income

### ATTRIBUTABLE PROFIT/(LOSS)

**1,573**  
million euros

### COST-TO-INCOME

**56.1%**  
cost-to-income ratio stripping out  
extraordinary expenses  
(12 months)

### PROFITABILITY

**7.9%**  
12-month ROTE  
ex M&A impacts

## Key Group figures

€ million / %	January – June		Change	2Q22	Quarter-on-quarter
	2022	2021			
<b>PROFIT/(LOSS)</b>					
Net interest income	3,156	2,827	11.6%	1,606	3.6%
Net fee and commission income	1,994	1,640	21.6%	1,026	5.9%
Core income	5,649	4,899	15.3%	2,888	4.6%
Gross income	5,655	4,883	15.8%	2,880	3.8%
Recurring administrative expenses, depreciation and amortisation	(3,011)	(2,747)	9.6%	(1,488)	(2.3%)
Pre-impairment income	2,621	166	-	1,376	10.6%
Pre-impairment income stripping out extraordinary expenses	2,644	2,136	23.8%	1,392	11.2%
Profit/(loss) attributable to the Group	1,573	4,181	(62.4%)	866	22.5%
Profit/(loss) attributable to the Group ex M&A impacts in 2021	1,573	1,278	23.1%	-	-
<b>MAIN RATIOS (last 12 months)</b>					
Cost-to-income ratio	57.6%	75.8%	(18.1)	57.6%	(18.7)
Cost-to-income ratio stripping out extraordinary expenses	56.1%	54.3%	1.8	56.1%	(1.3)
Cost of risk <sup>1</sup> (last 12 months)	0.23%	0.30%	(0.07)	0.23%	-
ROE <sup>1</sup>	6.8%	8.2%	(1.5)	6.8%	0.3
ROTE <sup>1</sup>	7.9%	9.8%	(1.9)	7.9%	0.4
ROA <sup>1</sup>	0.3%	0.5%	(0.1)	0.3%	0.0
RORWA <sup>1</sup>	1.1%	1.4%	(0.3)	1.1%	0.1
<b>BALANCE SHEET</b>					
Total assets	704,505	680,036	3.6%	689,217	2.2%
Equity	34,843	35,425	(1.6%)	35,916	(3.0%)
<b>BUSINESS ACTIVITY</b>					
Customer funds	624,087	619,971	0.7%	619,892	0.7%
Loans and advances to customers, gross	362,770	352,951	2.8%	353,404	2.7%
<b>RISK MANAGEMENT</b>					
Non-performing loans (NPL)	12,424	13,634	(1,209)	13,361	(937)
Non-performing loan ratio	3.2%	3.6%	(0.4)	3.5%	(0.3)
Provisions for insolvency risk	8,126	8,625	(498)	8,648	(522)
NPL coverage ratio	65%	63%	2	65%	-
Net foreclosed available for sale real estate assets	2,110	2,279	(169)	2,223	(113)
<b>LIQUIDITY</b>					
Total Liquid Assets	162,847	168,349	(5,502)	171,202	(8,355)
Liquidity Coverage Ratio (last 12 months)	323%	320%	3	325%	(2)
Net Stable Funding Ratio (NSFR)	150%	154%	(4)	154%	(4)
Loan to deposits	88%	89%	(1)	89%	(1)
<b>CAPITAL ADEQUACY</b>					
Common Equity Tier 1 (CET1)	12.4%	13.1%	(0.7)	13.4%	(1.0)
Tier 1	14.4%	15.5%	(1.1)	15.7%	(1.3)
Total capital	16.6%	17.9%	(1.3)	17.9%	(1.3)
MREL	24.6%	25.7%	(1.1)	25.7%	(1.1)
Risk-weighted assets (RWAs)	215,521	215,651	(130)	214,249	1,272
Leverage ratio	4.6%	5.3%	(0.7)	5.2%	(0.6)
<b>SHARE INFORMATION</b>					
Share price (€/share)	3.317	2.414	0.903	3.077	0.240
Market capitalisation	26,079	19,441	6,638	24,779	1,300
Book value per share (€/share)	4.43	4.39	0.03	4.46	(0.03)
Tangible book value per share (€/share)	3.75	3.73	0.01	3.80	(0.05)
Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.30	0.28	0.02	0.28	0.01
PER (Price/Profit, ex M&A impacts; times)	11.21	8.65	2.56	10.85	0.35
Tangible PBV (Market value/ book value of tangible assets)	0.88	0.65	0.24	0.81	0.07
<b>OTHER DATA (units)</b>					
Employees	45,022	49,762	(4,740)	46,480	(1,458)
Branches <sup>2</sup>	4,543	5,317	(774)	4,824	(281)
Of which: retail branches in Spain	3,934	4,615	(681)	4,213	(279)
ATMs	13,095	14,426	(1,331)	13,568	(473)

(1) The 2021 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) Does not include branches outside Spain and Portugal or representative offices.

# Key information

## Our Bank

- The **CaixaBank Group** serves 20.4 million customers through a network of close to 4,500 branches in Spain and Portugal and has more than €700,000 million in assets.
- Our **service vocation**, together with the **unique omnichannel distribution platform** with multi-product capabilities that continuously evolves to anticipate customers' needs and preferences, helps us establish **solid market shares<sup>1</sup>** in Spain:

Loans to individuals and business	Consumer lending	Deposits by individuals and business	Investment funds	Pension plans	Long-term saving	Card turnover
24.1%	20.8%	25.1%	24.8%	34.0%	29.7%	31.6%

CaixaBank has been named "**Best Bank in Spain**" for the eight consecutive year and "**Best Bank in Western Europe**" for the fourth time, at the *Best Bank Awards* handed out by the magazine *Global Finance*. In addition, CaixaBank has been selected "**Best Bank in Spain 2022**" by the magazine *Euromoney*.

The magazine *Global Finance* has named CaixaBank 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.

CaixaBank continues to strengthen its **leadership of the digital banking market**, with a base of 11.1 million digital customers<sup>2</sup>, maintaining a firm commitment towards digital transformation and supporting innovative companies with a potential for growth.

CaixaBank is among the world's top five companies 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 related programmes and information.

- **BPI** has been acknowledged as "**Best Bank in Portugal 2022**" by the magazine *Euromoney*, and it boasts a market share<sup>3</sup> of 11.3% in lending activity and 11.4% in customer funds.

(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) Private individual customers, with at least one access to CaixaBank Digital Banking in the last 6 months, in Spain.

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

## 2022 – 2024 Strategic Plan and other relevant aspects in the half

### 2022 - 2024 Strategic Plan

CaixaBank has approved the new **2022 - 2024 Strategic Plan**, which focuses on the customer and sustainability, developing the best propositions by offering excellent service quality. The plan is based on three strategic priorities:

- **Business growth**, developing the best value proposition for our customers. In Spain, it aims to strengthen CaixaBank's leadership in the retail market and grow revenue by increasing the penetration of products and services among the customer base and evolving the proposition to achieve a qualitative and quantitative leap forward in building customer experiences.
- Using a **service model that is efficient and tailor-made** to the customers' preferences, promoting the omnichannel relationship. To improve the customer experience, the plan will continue to focus on the Store model within the urban branch network to offer greater value to customers; ensure a more effective branch presence in rural communities; and strengthen remote (inTouch) and digital (Now,



Imagin) customer service to drive digital sales and acquisition rates among retail customers and companies.

- Being the **benchmark** financial group in Europe in **social and environmental commitment**, supporting our customers in their energy transition, spearheading the positive social impact and promoting financial inclusion and a responsible culture.

The plan also incorporates two cross-cutting lines to the three priorities outlined above: the first relates to people and culture, as we seek to have the very best talent to meet the Group's strategic challenges; and the second focuses on technology and processes to ensure an efficient, flexible and resilient IT infrastructure that supports the business.

Based on these three priorities and two cross-cutting lines, the new Strategic Plan embodies CaixaBank's aspiration to achieve a stronger position across all segments and an excellent customer experience by 2024; to move towards a distribution model that caters to customer preferences; to become a benchmark in sustainability; to deliver attractive profitability and competitive shareholder remuneration; and to position the Bank as the first-choice financial group at which to work.

In terms of the Group's financial targets, the following stands out:

- Return on tangible equity (**ROTE**) **over 12% in 2024**.
- **Growth of income by around 7%** (CAGR<sup>1</sup>) and of **pre-impairment income by around 15%** (CAGR<sup>1</sup>).
- **Cost-to-income under 48%** in 2024.
- **NPL ratio below 3%** in 2024 and average **cost of risk for 2022-24 under 0.35%**.

The internal CET1 target ratio is set between 11% and 12% (without applying the IFRS 9 transitional adjustments).

The Plan sets out a target of generating capital of approximately €9 billion, including €1.8 billion for the share buy-back programme which is explained below, dividends and CET1 capital over 12% by the end of 2024.

The increased profitability, coupled with its financial robustness, will enable it to maintain an attractive shareholder return policy, with a cash payout to exceed 50% of earnings over the entire period.

## Share buy-back programme

After receiving the appropriate regulatory authorisation, the Board of Directors, under the agreements adopted by the Annual General Meeting, approved on 17 May 2022 to commence a programme for the repurchase of treasury shares<sup>2</sup> with the following characteristics:

- Purpose: reduce CaixaBank's share capital by redeeming treasury shares acquired under the share buy-back programme.
- Maximum investment: maximum monetary amount of €1,800 million.
- Maximum number of shares: the maximum number of shares to be acquired during the execution of the programme will depend on the average price at which purchases take place, but will not exceed 10% of the Bank's share capital (806,064,703 shares).
- Term of the programme: the programme will have a maximum duration of 12 months from the date of announcement of 17 May 2022. Nevertheless, the Bank reserves the right to terminate the buy-back programme if the maximum monetary amount is reached earlier or if any circumstance arises which should so advise or require.

As at 30 June, CaixaBank has acquired 190,664,468 shares for €641,186,443, equivalent to 35.6% of the maximum monetary amount (296,177,680 shares for €947,492,930, which represent 52.6% of the maximum amount, according to the latest information reported in the Other Relevant Information of 25 July 2022).

## Agreement of acquisition of Sa Nostra, Compañía de Seguros de Vida, S.A.

CaixaBank has reached an agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER) under which its subsidiary VidaCaixa, SAU de Seguros y Reaseguros (VidaCaixa), will acquire the latter's 81.31% stake in Sa Nostra, Compañía de Seguros de Vida, S.A. (Sa Nostra Vida), a company that operates in the life insurance and pension plan sectors.

(1) Compound Annual Growth Rate in the 2022-24 period, calculated based on 2021 proforma Bankia, stripping out non-recurring.

(2) Refer to Other Relevant Information of 17 May 2022.

The consideration that VidaCaixa will pay CASER is €262 million and has been agreed by the parties based on the premises set out in the shareholder agreement of Sa Nostra Vida.

The acquisition is subject to obtaining the approvals of the Comisión Nacional de Mercados y Competencia and the Dirección General de Seguros y Fondos de Pensiones (the Spanish Markets and Competition Commission and the Spanish Directorate General for Insurance and Pension Funds, respectively).

A negative impact of €29 million related to the penalty for early termination of the alliance with CASER in Sa Nostra Vida has been recognised in the income statement of the second quarter of 2022.

## Results and financial strength

### Results and business activity

- **Attributable profit in the first half of 2022 reached €1,573 million**, versus €4,181 million recognised in the same period of 2021, including the one-off impacts related to the merger with Bankia.

The **2022 result grows 17.1%** when compared to the comparative proforma result of **€1,343 million** in the first half of 2021 (stripping out the extraordinary aspects associated with the merger and including Bankia's result before its materialisation).

- **Total loans and advances to customers, gross stand at €362,770 million**, up 2.8% in the year, impacted by the advance of double payments made to pension holders (+1.8% excluding this seasonal impact).
- **Customer funds amount to €624,087 million**, up 0.7% in 2022, impacted by the market volatility.

### Risk management

- The **NPL ratio** came down to **3.2%** (3.6% at 2021 year-end), following the drop of €1,209 million of non-performing loans in 2022.
- Robust **coverage ratio**, reaching **65%** (63% at 2021 year-end).
- The **cost of risk (last 12 months)** came to **0.23%**.

### Liquidity management

- **Total liquid assets** amounted to **€162,847 million**.
- The Group's **Liquidity Coverage Ratio (LCR)** was **312%**, showing an ample liquidity position (323% LCR trailing 12 months) well clear of the minimum requirement of 100%.

### Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 12.4%** (12.2% without applying the IFRS 9 transitional adjustments), following the extraordinary impact from the share buy-back programme (-83 basis points, corresponding to the total deduction of the maximum authorised amount for €1,800 million).

The organic change in the first half of the year was +62 basis points, -50 basis points caused by the forecast of dividends and AT1 coupon payment and +9 basis points by the performance of the markets and other factors. The impact of IFRS 9 phase in was +25 basis points at 30 June.

- The **Tier 1** ratio reaches **14.4%** (14.2% without applying the IFRS 9 transitional adjustments), the **Total Capital 16.6%** (16.3% without applying the IFRS 9 transitional adjustments) and the **leverage ratio 4.6%**.
- The **MREL** ratio stood at 24.6% on RWAs, meeting the level required for 2024.



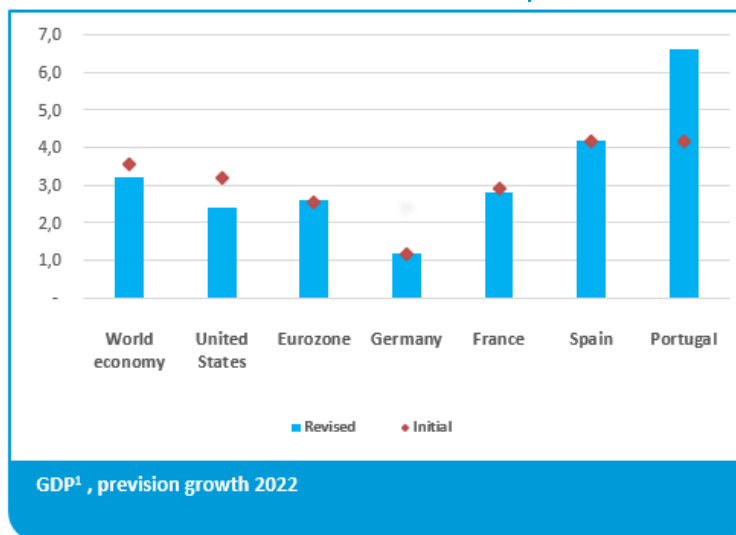
# Macroeconomic trends and state of the financial markets

## Global economic outlook

In the first half of the year, the economic context was marked by the war in Ukraine and the implementation in China of the zero-Covid policy as well as the monetary policy tightening. **Global economic activity** demonstrated certain resilience in spite of the context of high uncertainty, as a result of the good performance of the services sector due to the easing of restrictions, the continued strength of the labour market in many countries and the excess savings accumulated over the past two years. Nevertheless, the performance was mixed. While the US economy suffered a fall in GDP of 0.4% year on year in the first quarter, the eurozone managed to grow by 0.6% quarter on quarter. China experienced a marked decline in the second quarter of the year.

Lockdowns in China and the festering conflict between Russia and Ukraine worsened bottlenecks and pressure on commodity prices. As a consequence, inflation reached record highs in most developed and emerging economies, and there has been a more intense tightening of monetary policy that came earlier than expected.

In light of the tightening of financial conditions and persistent inflationary pressures, activity is expected to slow down in the forthcoming quarters, although positive GDP growth rates are still expected in the major economies in the second quarter, with the exception of China.



## Economic scenario - Europe, Spain and Portugal

The **eurozone** achieved considerable growth in the first quarter of 2022, up 0.6% quarter on quarter, although this result must be put into context, given that more than half of this performance is down to Ireland's extraordinary growth. For the second quarter, a significant slowdown in activity is expected, particularly on the private consumption side. In fact, consumer confidence nose-dived in March, with the outbreak of the war in Ukraine, and has continued to fall down to values in June close to the start of the pandemic. Furthermore, the manufacturing sector remains especially affected by recurrent issues in global supply chains, by the rising cost of its inputs and by the incipient decline in orders. There is only clear evidence of improvement in the services sector, boosted by the easing of restrictions and the prospect that the summer season will match or even exceed its pre-pandemic activity levels, given that households will make use of the savings accumulated over the past two years. However, the modest impairment in confidence surveys among business people in the sector in June anticipates a certain slowdown in activity in the tertiary sector following the summer.

Inflationary pressures intensified throughout the six-month period, and in June inflation in the eurozone reached a new all-time high of 8.6%, with a generalised increase by components.

The **Spanish economy's** performance in the first six months of 2022 was initially conditioned by the impact of the omicron variant and then by the economic effects of Russia's invasion of Ukraine. This intensified inflationary pressures and maintained disruptions in supply chains. In this complex backdrop marked by a sharp increase in uncertainty, the Spanish economy recorded an acute suppression of GDP growth to 0.2% year on year in the first quarter of 2022. However, indicators relating to the second quarter show a somewhat more dynamic tone, with positive highlights being the strength of the labour market and the remarkable recovery of the tourism sector. Conversely, inflationary pressures have continued, with headline inflation

(1) CaixaBank  
Research forecasts for  
2022.

rising to 10.2% in June and core inflation, excluding energy and fresh food, bouncing to 5.5%, pressured by a growing transfer of cost increases into prices, and having a negative effect on the purchasing power of households. Under such circumstances, in which there are also numerous sources of uncertainty in the geopolitical sphere, the outlook is obscured. CaixaBank Research has revised its GDP growth forecast for 2023 (2.4%) downwards in June, while it has revised its inflation forecasts for both 2022 (8.0%) and 2023 (2.6%) upwards.

In **Portugal**, remarkable growth in activity was recorded in the first quarter of 2022, driven by the easing of restrictions put in place for the pandemic, boosting the recovery of consumption and tourism. GDP increased 2.6% in the quarter, up 11.9% year on year, which has led to an upward revision of this year's GDP growth forecast from 4.2% to 6.6%. Second quarter indicators point to a continued expansionary tone, albeit at a more moderate pace as a result of the increase in headwinds. Therefore, high inflation, which reached 8.7% in June, the rise in interest rates and the cooling of external economies are negatively conditioning the outlook. In this context, 2023's GDP growth forecast has been revised downwards (from 2.8% to 2.0%) and inflation upwards, to an annual average of 6.5% in 2022 and 2.2% in 2023.

## State of the financial markets

The central banks have responded to the inflationist pressures by moving forward their strategy of withdrawing the monetary stimuli. In this line, the Federal Reserve at its meeting in June announced a rise in official rates by 75 basis points to a range of 1.50% - 1.75%, the biggest hike since 1994. In addition, most Fed members believe that it will be necessary to raise interest rates to a range of 3.25% - 3.50% by the end of the year, with additional hikes (up to around 4.0%) in 2023. Meanwhile, the balance sheet reductions began in June.

The ECB anticipated in June a monetary policy tightening, which materialised in a rate hike of 50 basis points in July. The ECB plans to continue on the path of monetary normalisation, although the intensity of the upcoming hikes will depend on the inflation data. In spite of the programme of public debt purchases ending in the beginning of July, the ECB will remain active in the markets by reinvesting assets at maturity. In addition, a new instrument aimed at halting the risk of fragmentation in the eurozone was approved in July, the "Transmission Protection Instrument" (TPI), which will be activated by the ECB's Governing Council in the event of an unjustified rise of risk premiums and provided that the country in question fulfils certain conditions linked, among others, to the absence of imbalances and the sustainability of public debt.

The **financial markets** have continued trading against a backdrop of high uncertainty and volatility. Four months after the Russian invasion of Ukraine, investors are concerned about the inflationary pressures and uncertainty around the central banks' capability of reducing inflation rates in the medium term without causing a sharp economic slowdown. Fears have grown in Europe in view of a possible disruption in natural gas supplies from Russia. In this context, sovereign bond yield continued to rise, up by 70 basis points to 3.0% for the US 10-year bond and by 85 basis points to 1.4% for the equivalent German bund. Meanwhile, the risk premiums in the eurozone area have increased 30 basis points. The stock markets remain on a downside trend, accumulating a decline of around 20% in Europe and the United States. The asymmetries in the economic risks and in the central banks' response to the high inflation have led to a strengthening of the dollar, which in recent weeks has been moving around the parity area against the euro.

# Income statement

For accounting purposes, the reference date taken for the merger is 31 March 2021, the date on which the financial statements included Bankia's assets and liabilities at fair value. The results in the various lines of the income statement were integrated in April 2021, thus affecting the year-on-year comparability of the information. In addition, the result generated in 2021 includes relevant extraordinary impacts related to the merger.

## Year-on-year performance

**Attributable profit for the first half of 2022 amounts to €1,573 million**, versus €4,181 million in 2021 (-62.4%), which included the extraordinary aspects related to the merger (negative consolidation difference for €4,300 million and extraordinary expenses and charges to provisions for €-1,397 million, net of tax). Stripping out the extraordinary aspects in 2021, profit grows 23.1%.

€ million	1H22	1H21	Change %	ex M&A one offs	
				1H21	Change %
<b>Net interest income</b>	<b>3,156</b>	<b>2,827</b>	<b>11.6</b>	<b>2,827</b>	<b>11.6</b>
Dividend income	131	152	(13.4)	152	(13.4)
Share of profit/(loss) of entities accounted for using the equity method	112	205	(45.5)	205	(45.5)
Net fee and commission income	1,994	1,640	21.6	1,640	21.6
Trading income	247	80		80	
Income and expense under insurance or reinsurance contracts	411	318	29.3	318	29.3
Other operating income and expense	(397)	(339)	17.0	(339)	17.0
<b>Gross income</b>	<b>5,655</b>	<b>4,883</b>	<b>15.8</b>	<b>4,883</b>	<b>15.8</b>
Recurring administrative expenses, depreciation and amortisation	(3,011)	(2,747)	9.6	(2,747)	9.6
Extraordinary expenses	(23)	(1,970)	(98.8)	(1)	
<b>Pre-impairment income</b>	<b>2,621</b>	<b>166</b>		<b>2,135</b>	<b>22.8</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,644</b>	<b>2,136</b>	<b>23.8</b>	<b>2,136</b>	<b>23.8</b>
Allowances for insolvency risk	(376)	(328)	14.3	(328)	14.3
Other charges to provisions	(90)	(155)	(42.2)	(129)	(30.5)
Gains/(losses) on disposal of assets and others	(36)	4,284		(16)	
<b>Profit/(loss) before tax</b>	<b>2,120</b>	<b>3,966</b>	<b>(46.6)</b>	<b>1,662</b>	<b>27.6</b>
Income tax expense	(546)	214		(384)	42.0
<b>Profit/(loss) after tax</b>	<b>1,574</b>	<b>4,180</b>	<b>(62.4)</b>	<b>1,277</b>	<b>23.2</b>
Profit/(loss) attributable to minority interest and others	1	(0)		(0)	
<b>Profit/(loss) attributable to the Group</b>	<b>1,573</b>	<b>4,181</b>	<b>(62.4)</b>	<b>1,278</b>	<b>23.1</b>

Core income	1H22	1H21	Change %
Net interest income	3,156	2,827	11.6
Income from Bancassurance equity investments	88	115	(23.1)
Net fee and commission income	1,994	1,640	21.6
Income and expenses under insurance or reinsurance contracts	411	318	29.3
<b>Total core income</b>	<b>5,649</b>	<b>4,899</b>	<b>15.3</b>

- The various lines of the income statement are impacted by the inorganic growth, highlighting the core income (+15.3%) and the recurring administrative expenses, depreciation and amortisation (+9.6%).

**With the aim of facilitating the comparability**, the section Comparative proforma income statement includes an analysis of the performance of each of the items of the income statement under a unified vision, that is, after eliminating the extraordinary impacts associated with the merger and incorporating the results generated by Bankia in the first quarter of 2021 before the merger.

In relation to the performance of core income by item, following the merger in 2021, fees and commissions from the sale of insurance products were received from the agreement between Bankia and Mapfre, and 49% of the attributable income from Bankia Vida was recognised in the item Share of profit/(loss) of entities accounted for using the equity method. As of 2022, following the acquisition of 100% of Bankia Vida at the end of the last quarter of 2021, its income and costs are integrated by global consolidation (in the items Net interest income and Income and expenses under insurance or reinsurance contracts).

# Comparative proforma income statement

Below is the income statement for 2022 compared to the comparative proforma income statement for 2021 (drawn up by adding the result generated by Bankia before the merger and excluding the extraordinary aspects related thereto).

The Profit/(loss) in the first half of 2022 **stands at €1,573 million** versus a comparative proforma Profit/(loss) of €1,343 million in 2021 (+17.1%).

## Year-on-year performance

€ million	1H22	1H21	Change	Change %
<b>Net interest income</b>	<b>3,156</b>	<b>3,275</b>	<b>(119)</b>	<b>(3.6)</b>
Dividend income	131	152	(21)	(13.5)
Share of profit/(loss) of entities accounted for using the equity method	112	217	(105)	(48.4)
Net fee and commission income	1,994	1,922	72	3.8
Trading income	247	90	157	
Income and expense under insurance or reinsurance contracts	411	318	93	29.3
Other operating income and expense	(397)	(380)	(16)	4.3
<b>Gross income</b>	<b>5,655</b>	<b>5,593</b>	<b>62</b>	<b>1.1</b>
Recurring administrative expenses, depreciation and amortisation	(3,011)	(3,191)	179	(5.6)
Extraordinary expenses	(23)	(1)	(22)	
<b>Pre-impairment income</b>	<b>2,621</b>	<b>2,402</b>	<b>219</b>	<b>9.1</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,644</b>	<b>2,403</b>	<b>241</b>	<b>10.0</b>
Allowances for insolvency risk	(376)	(451)	76	(16.8)
Other charges to provisions	(90)	(152)	63	(41.2)
Gains/(losses) on disposal of assets and others	(36)	(38)	3	(6.8)
<b>Profit/(loss) before tax</b>	<b>2,120</b>	<b>1,760</b>	<b>360</b>	<b>20.5</b>
Income tax expense	(546)	(417)	(129)	31.0
<b>Profit/(loss) after tax</b>	<b>1,574</b>	<b>1,343</b>	<b>231</b>	<b>17.2</b>
Profit/(loss) attributable to minority interest and others	1	(0)	1	
<b>Net attributable profit/(loss)</b>	<b>1,573</b>	<b>1,343</b>	<b>229</b>	<b>17.1</b>
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net		(65)	65	
+ M&A impacts, net		2,903	(2,903)	
<b>Profit/(loss) attributable to the Group (accounting profit/(loss))</b>	<b>1,573</b>	<b>4,181</b>	<b>(2,608)</b>	<b>(62.4)</b>

Core income	1H22	1H21	Change	Change %
Net interest income	3,156	3,275	(119)	(3.6)
Income from Bancassurance equity investments	88	127	(39)	(30.4)
Net fee and commission income	1,994	1,922	72	3.8
Income and expenses under insurance or reinsurance contracts	411	318	93	29.3
<b>Total core income</b>	<b>5,649</b>	<b>5,641</b>	<b>8</b>	<b>0.1</b>

- **Core income** remains at similar levels with respect to the previous year (+0.1%) in spite of the lower **Net interest income** (-3.6%). To appropriately interpret the performance of the various lines of core income, Bankia Vida's aforementioned incorporation should be considered, which has been integrated by global consolidation following the acquisition of 100% of the company in the last quarter of 2021.
- Decline of **Dividend income** (-13.5%) and **Share of profit/(loss) of entities accounted for using the equity method** (-48.4%) following the sale of Erste Group Bank, which is compensated by the greater generation of **Trading income**.

- **Gross income** grew 1.1% and **Recurring administrative expenses, depreciation and amortisation** dropped 5.6%, resulting in the growth of **Pre-impairment income** (+9.1%).
- Recognition in 2022 of lower **Allowances for insolvency risk** (-16.8%) and **Other charges to provisions** (-41.2%).

## Quarterly performance

€ million	2Q22	1Q22	Change %	2Q21	Change %
<b>Net interest income</b>	<b>1,606</b>	<b>1,550</b>	<b>3.6</b>	<b>1,636</b>	<b>(1.8)</b>
Dividend income	130	1		151	(13.9)
Share of profit/(loss) of entities accounted for using the equity method	62	50	22.2	129	(52.1)
Net fee and commission income	1,026	969	5.9	981	4.6
Trading income	104	144	(27.8)	38	
Income and expense under insurance or reinsurance contracts	209	202	3.7	154	36.2
Other operating income and expense	(257)	(140)	83.8	(268)	(4.3)
<b>Gross income</b>	<b>2,880</b>	<b>2,775</b>	<b>3.8</b>	<b>2,820</b>	<b>2.1</b>
Recurring administrative expenses, depreciation and amortisation	(1,488)	(1,523)	(2.3)	(1,598)	(6.9)
Extraordinary expenses	(16)	(8)		(1)	
<b>Pre-impairment income</b>	<b>1,376</b>	<b>1,244</b>	<b>10.6</b>	<b>1,221</b>	<b>12.7</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,392</b>	<b>1,252</b>	<b>11.2</b>	<b>1,222</b>	<b>13.9</b>
Allowances for insolvency risk	(147)	(228)	(35.4)	(155)	(4.8)
Other charges to provisions	(45)	(45)	(1.3)	(80)	(44.4)
Gains/(losses) on disposal of assets and others	(26)	(9)		(18)	42.9
<b>Profit/(loss) before tax</b>	<b>1,158</b>	<b>962</b>	<b>20.4</b>	<b>968</b>	<b>19.7</b>
Income tax expense	(292)	(254)	14.9	(204)	43.0
<b>Profit/(loss) after tax</b>	<b>866</b>	<b>708</b>	<b>22.3</b>	<b>764</b>	<b>13.4</b>
Profit/(loss) attributable to minority interest and others	0	1	(65.1)	(0)	
<b>Comparative proforma income statement</b>	<b>866</b>	<b>707</b>	<b>22.5</b>	<b>764</b>	<b>13.3</b>
+ M&A impacts, net				(1,369)	
<b>Profit/(loss) attributable to the Group (accounting profit/(loss))</b>	<b>866</b>	<b>707</b>	<b>22.5</b>	<b>(605)</b>	

Core income	2Q22	1Q22	Change %	2Q21	Change %
Net interest income	1,606	1,550	3.6	1,636	(1.8)
Income from Bancassurance equity investments	47	41	14.6	63	(24.9)
Net fee and commission income	1,026	969	5.9	981	4.6
Income and expenses under insurance or reinsurance contracts	209	202	3.7	154	36.2
<b>Total core income</b>	<b>2,888</b>	<b>2,761</b>	<b>4.6</b>	<b>2,833</b>	<b>1.9</b>

The change in attributable profit in the second quarter of 2022 (€866 million), when compared to the previous quarter (€707 million), +22.5%, was mainly due to the following:

- **Core income** stands at **€2,888 million** (+4.6%), showing growth in all its lines, where **Net interest income** (+3.6%) and **Fee and commission income** (+5.9%) stand out.
- Increase in **Dividend income**, following the recognition of dividends from BFA and Telefónica.
- Higher net costs recognised in **Other operating income and expense** (+83.8%), from the contribution paid to the Single Resolution Fund, and lower **Trading income** (-27.8%) in the in the second quarter.
- **Gross income** grew **3.8%** and **Recurring administrative expenses, depreciation and amortisation** dropped **2.3%**, resulting in the growth of **Pre-impairment income** (+10.6%).
- Lower **Allowances for insolvency risk** (-35.4%).



**The growth in attributable profit in the second quarter of 2022 (€866 million), when compared to the same quarter of 2021 (€764 million), +13.3%, was mainly due to the following:**

- Growth of the **core income** (+1.9%), mainly impacted by higher **Fee and commission income** (+4.6%) and **Income and expenses under insurance or reinsurance contracts** (+36.2%), which compensate the lower **Net interest income** (-1.8%). In addition to the organic change, its performance is impacted by the integration of Bankia Vida by global consolidation in 2022.
- Lower **Dividend income** (-13.9%), due to the second quarter of 2022 including dividends from BFA and Telefónica for €126 million versus €149 million in the second quarter of 2021, and decline of **Share of profit/(loss) of entities accounted for using the equity method** (-52.1%) following the sale of Erste Group Bank.
- Good performance of **Trading income**, €104 million versus €38 million in the previous year.
- **Gross income grew 2.1%**, whereas **Recurring administrative expenses, depreciation and amortisation dropped 6.9%**, due to the capture of synergies, resulting in the growth of **Pre-impairment income (+12.7%)**.

## Returns on average total assets<sup>1</sup>

	2Q22	1Q22	4Q21	3Q21	2Q21
%					
Interest income	1.20	1.20	1.18	1.20	1.25
Interest expense	(0.29)	(0.31)	(0.29)	(0.28)	(0.27)
<b>Net interest income</b>	<b>0.91</b>	<b>0.89</b>	<b>0.89</b>	<b>0.92</b>	<b>0.98</b>
Dividend income	0.07	0.00	0.02	0.00	0.09
Share of profit/(loss) of entities accounted for using the equity method	0.04	0.03	0.04	0.08	0.07
Net fee and commission income	0.58	0.56	0.63	0.55	0.59
Trading income	0.06	0.08	0.05	0.03	0.02
Income and expense under insurance or reinsurance contracts	0.12	0.12	0.10	0.09	0.09
Other operating income and expense	(0.15)	(0.08)	(0.27)	(0.05)	(0.16)
<b>Gross income</b>	<b>1.63</b>	<b>1.59</b>	<b>1.46</b>	<b>1.62</b>	<b>1.68</b>
Recurring administrative expenses, depreciation and amortisation	(0.84)	(0.88)	(0.90)	(0.92)	(0.95)
Extraordinary expenses	(0.01)	0.00	0.00	0.00	0.00
<b>Pre-impairment income</b>	<b>0.78</b>	<b>0.71</b>	<b>0.56</b>	<b>0.70</b>	<b>0.73</b>
Allowances for insolvency risk	(0.08)	(0.13)	(0.20)	(0.09)	(0.09)
Other charges to provisions	(0.03)	(0.03)	(0.10)	(0.04)	(0.05)
Gains/(losses) on disposal of assets and others	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)
<b>Profit/(loss) before tax</b>	<b>0.66</b>	<b>0.55</b>	<b>0.24</b>	<b>0.56</b>	<b>0.58</b>
Income tax expense	(0.17)	(0.14)	(0.05)	(0.13)	(0.12)
<b>Profit/(loss) after tax</b>	<b>0.49</b>	<b>0.41</b>	<b>0.19</b>	<b>0.43</b>	<b>0.46</b>
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
<b>Profit/(loss) attributable to the Group</b>	<b>0.49</b>	<b>0.41</b>	<b>0.19</b>	<b>0.43</b>	<b>0.46</b>
<b>Average total net assets (€ million)</b>	<b>707,629</b>	<b>706,116</b>	<b>695,346</b>	<b>690,460</b>	<b>671,368</b>

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

## Net interest income

• **Net interest income** totalled €3,156 million (down 3.6% with respect to the same period in 2021). In an environment of negative interest rates up to the middle of the first half, this decrease is due to:

- Lower income from loans due to the interest rate decline, mainly impacted by the drop of the rate curve. A lower average volume is added to this rate reduction.
- Lower contribution of the fixed-income portfolio due to the reduction of the average rate, as a result of the revaluation of assets at market value within the framework of the CaixaBank and Bankia integration in the first quarter of 2021. Effect partially mitigated by a portfolio increase.
- Higher costs for financial intermediaries due to the increase of liquidity at negative rates.

These effects have been partially compensated by:

- Savings in the costs of institutional funding 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 to a drop in the curve.
- Lower retail funding costs due to the drop in the rate.
- Inclusion of the financial margin on life savings insurance products of Bankia Vida, which after acquiring control in the last quarter of 2021 has been integrated by global consolidation in 2022.

• Net interest income in the **quarter** increases 3.6% with respect to the previous quarter due to:

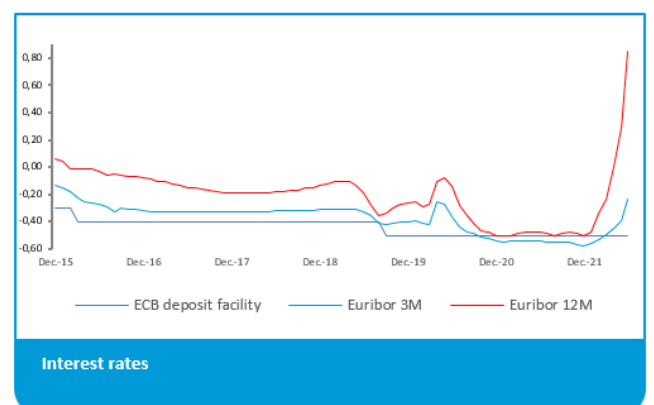
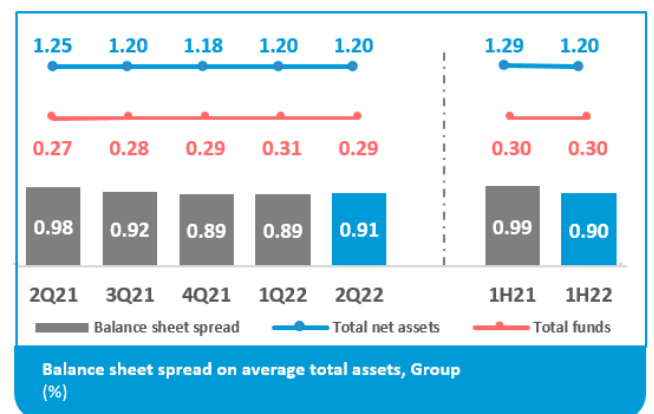
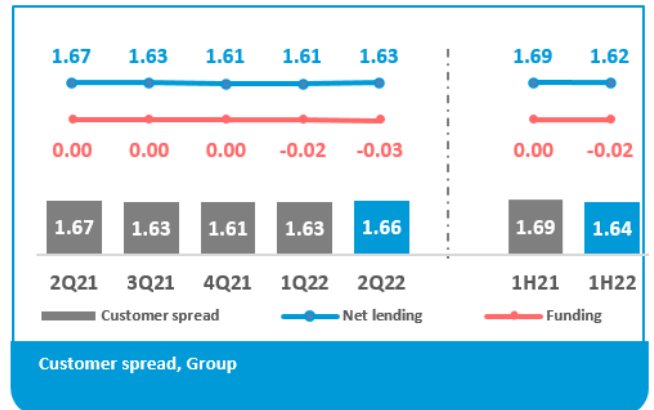
- Higher income of loans and advances due to a higher average volume and an increase of the average rate impacted by a favourable curve effect and a higher number of days.
- Higher contribution of the fixed-income portfolio due to higher volumes and the increase of the average rate.
- Savings in retail funding costs mainly due to the positive impact of interest-rate hedges, established for a limited amount, that convert fixed into floating cash flows.

These effects have been partially compensated by:

- Higher costs for financial intermediaries, mainly due to the withdrawal of the 50 basis point discount on the TLTRO III in the last week of the quarter.
- Higher costs of institutional funding, impacted by a rate increase from the repricing of issuances due to the rise of the rate curve.

The **customer spread** increased by 3 basis points in the quarter to 1.66%, due to the rise in the return on lending activity (2 basis points) and the drop of the cost of deposits (1 basis point).

The **balance sheet spread** rose by 2 basis points with respect to the first quarter, up to 0.91%, mainly due to higher revenue in the retail business and the good performance of debt securities.



## Quarterly cost and income

€ million	2Q22			1Q22			4Q21		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	135,615	276	0.82	136,446	278	0.83	123,090	266	0.86
Loans and advances (a)	335,025	1,358	1.63	329,860	1,306	1.61	333,254	1,355	1.61
Debt securities	90,495	85	0.38	87,510	59	0.28	81,945	53	0.26
Other assets with returns	62,310	385	2.48	67,682	427	2.56	63,773	388	2.42
Other assets	84,184	17	-	84,618	17	-	93,284	4	-
<b>Total average assets (b)</b>	<b>707,629</b>	<b>2,121</b>	<b>1.20</b>	<b>706,116</b>	<b>2,087</b>	<b>1.20</b>	<b>695,346</b>	<b>2,066</b>	<b>1.18</b>
Financial Institutions	132,871	(182)	0.55	125,900	(168)	0.54	116,988	(144)	0.49
Retail customer funds (c)	387,613	24	(0.03)	382,008	16	(0.02)	376,774	(1)	-
Wholesale marketable debt securities & other	47,441	(38)	0.32	47,624	(27)	0.23	48,003	(35)	0.29
Subordinated liabilities	9,265	(3)	0.11	9,936	(5)	0.21	10,380	(8)	0.31
Other funds with cost	75,937	(295)	1.56	82,045	(332)	1.64	82,184	(308)	1.49
Other funds	54,502	(21)	-	58,603	(21)	-	61,018	(11)	-
<b>Total average funds (d)</b>	<b>707,629</b>	<b>(515)</b>	<b>0.29</b>	<b>706,116</b>	<b>(537)</b>	<b>0.31</b>	<b>695,346</b>	<b>(507)</b>	<b>0.29</b>
<b>Net interest income</b>		<b>1,606</b>			<b>1,550</b>			<b>1,559</b>	
<b>Customer spread (%) (a-c)</b>		<b>1.66</b>			<b>1.63</b>			<b>1.61</b>	
<b>Balance sheet spread (%) (b-d)</b>		<b>0.91</b>			<b>0.89</b>			<b>0.89</b>	

€ million	3Q21			2Q21		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	114,742	252	0.87	90,624	237	1.05
Loans and advances (a)	336,605	1,386	1.63	339,866	1,418	1.67
Debt securities	78,021	46	0.23	81,848	49	0.24
Other assets with returns	63,755	392	2.44	63,497	379	2.40
Other assets	97,337	9	-	95,533	4	-
<b>Total average assets (b)</b>	<b>690,460</b>	<b>2,085</b>	<b>1.20</b>	<b>671,368</b>	<b>2,087</b>	<b>1.25</b>
Financial Institutions	115,452	(126)	0.43	109,060	(96)	0.35
Retail customer funds (c)	371,366	2	-	362,009	(2)	-
Wholesale marketable debt securities & other	48,122	(37)	0.30	47,690	(35)	0.29
Subordinated liabilities	9,841	(8)	0.34	9,727	(7)	0.30
Other funds with cost	83,215	(313)	1.49	75,907	(297)	1.57
Other funds	62,464	(14)	-	66,975	(14)	-
<b>Total average funds (d)</b>	<b>690,460</b>	<b>(496)</b>	<b>0.28</b>	<b>671,368</b>	<b>(451)</b>	<b>0.27</b>
<b>Net interest income</b>		<b>1,589</b>			<b>1,636</b>	
<b>Customer spread (%) (a-c)</b>		<b>1.63</b>			<b>1.67</b>	
<b>Balance sheet spread (%) (b-d)</b>		<b>0.92</b>			<b>0.98</b>	

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 €1,994 million**, up 3.8% on 2021 and 5.9% with respect to the first quarter (+4.6% when compared to the same quarter of the previous year).

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

Recurring fees and commissions grew 1.1% year-on-year, mainly due to the rise in transactions and payment methods, which compensate the impact of the consolidation of the customer loyalty programmes. Good performance when compared to the previous quarter (+12.3%) and to the second quarter of 2021 (+5.3%).

Fees and commissions from wholesale banking show a good performance when compared to the first half of 2021 (+11.0%) and to the previous quarter (+29.9%), with a more moderate increase (+3.1%) with respect to the same quarter of 2021.

- **Fees and commissions from the sale of insurance products** grew when compared to 2021 (+5.1%) and with respect to the same quarter of the previous year (+9.0%). Their performance is negatively impacted by the drop in fees and commissions from the sale of insurance products following the effective control of Bankia Vida and positively affected by the quarterly accrual of the 10-year phased in income associated with the renegotiation of the agreement to distribute non-life insurance entered with SegurCaixa Adeslæs in the last quarter of 2021. The quarterly change (-7.6%) is due to the calendar of the commercial campaigns carried out throughout the year.

- **Fees and commissions from managing long-term savings products** (investment funds, pension plans and Unit Link) stand at €681 million. Growth of 6.3% year-on year, +2.6% with respect to the same quarter of 2021, despite the volatility in the markets in 2022. The change is due to **managing higher asset volumes** following the good performance of both markets and sales in the previous year. With respect to the previous quarter (-2.6%), it is mainly impacted by the market slump, which resulted in managing lower asset volumes.

- **Commissions from mutual funds, managed accounts and SICAVs** came to €422 million, with a year-on-year increase of 5.8% and a growth of 0.8% with respect to the same quarter of 2021. Drop of 4.7% quarter on quarter.

- **Commissions from managing pension plans** stand at €152 million, showing a performance of +1.1% year-on-year (+0.4% with respect to the same quarter in 2021). Stable when compared to the previous quarter.

- **Unit Link fees and commissions** reached €107 million, +17.1% on the same period of 2021 and +13.8% on the same quarter of 2021 (+2.8% on the previous quarter).

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
Banking services, securities and other fees	1,121	1,098	2.1	597	524	583	536	569
<i>Recurring</i>	1,001	990	1.1	529	471	527	493	503
<i>Wholesale banking</i>	120	108	11.0	68	52	56	43	66
Sale of insurance products	193	183	5.1	93	100	116	79	85
Long-term savings products	681	640	6.3	336	345	402	350	327
<i>Mutual funds, managed accounts and SICAVs</i>	422	399	5.8	206	216	242	220	204
<i>Pension plans</i>	152	150	1.1	76	76	95	79	76
<i>Unit Link and other<sup>(1)</sup></i>	107	91	17.1	54	53	65	51	47
<b>Net fee and commission income</b>	<b>1,994</b>	<b>1,922</b>	<b>3.8</b>	<b>1,026</b>	<b>969</b>	<b>1,101</b>	<b>964</b>	<b>981</b>

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

## Income from equity investments

- **Dividend income** (€131 million) includes, in the second quarter of 2022, the dividends from Telefónica for €38 million and BFA for €87 million (€51 million and €98 million, respectively in 2021).
- **Attributable profit of entities accounted for using the equity method** stands at €112 million. Down 48.4% year-on-year and 52.1% with respect to the same quarter of the previous year, impacted among others by changes in the perimeter. In 2022 there are no results attributed to Erste Group Bank (divested in the third quarter of 2021) nor to Bankia Vida, following its effective control at the end of 2021 and its global integration as of January 2022.

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
Dividend income	131	152	(13.5)	130	1	39	1	151
Share of profit/(loss) of entities accounted for using the equity method	112	217	(48.4)	62	50	70	150	129
<b>Income from equity investments</b>	<b>243</b>	<b>369</b>	<b>(34.0)</b>	<b>192</b>	<b>51</b>	<b>109</b>	<b>150</b>	<b>280</b>

## Trading income

- **Trading income** stands at €247 million in the first half of 2022.

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Trading income</b>	<b>247</b>	<b>90</b>		<b>104</b>	<b>144</b>	<b>90</b>	<b>50</b>	<b>38</b>

## Income and expense under insurance or reinsurance contracts

- The **income and expense under insurance or reinsurance contracts** stands at €411 million, showing a year-on-year growth of 29.3% and of 36.2% with respect to the same quarter of the previous year, both impacted by the consolidation of Bankia Vida. The second quarter of 2022 shows a solid growth (+3.7%) with respect to the previous quarter.

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Income and expense under insurance or reinsurance contracts</b>	<b>411</b>	<b>318</b>	<b>29.3</b>	<b>209</b>	<b>202</b>	<b>172</b>	<b>162</b>	<b>154</b>



## 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 an estimation of the Spanish property tax for €22 million (€19 million in 2021) and the contribution to the Portuguese banking sector for €21 million (€19 million in 2021).
- The contribution to the SRF<sup>1</sup> of €159 million stands out in the second quarter (€181 million in 2021).
- Contribution to the Deposit Guarantee Fund of €396 million in the fourth quarter.

(1) Including BPI's contribution to the Portuguese Resolution Fund of €9 million in 2022 (€8.5 million in 2021).

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
Contributions and levies	(181)	(200)	(9.9)	(159)	(21)	(396)		(181)
Other real estate operating income and expense (including Spanish property tax in Q1)	(61)	(44)	39.1	(23)	(38)	(1)	(18)	(14)
Other	(155)	(136)	14.2	(75)	(80)	(70)	(69)	(73)
<b>Other operating income and expense</b>	<b>(397)</b>	<b>(380)</b>	<b>4.3</b>	<b>(257)</b>	<b>(140)</b>	<b>(466)</b>	<b>(88)</b>	<b>(268)</b>

## Administration expenses, depreciation and amortisation

- Year-on-year drop in **Recurring administrative expenses, depreciation and amortisation** of 5.6% supported by the synergies achieved following the integration. Personnel expenses (-7.5%) mainly shows the savings after the departure of employees within the framework of the labour agreement. General expenses (-7.5%) include the capture of synergies associated with the Bankia merger.
- With respect to the previous quarter, Recurring administrative expenses, depreciation and amortisation dropped 2.3% (-6.9% with respect to the same quarter of 2021) impacted by the departure of employees in both quarters and the containment of general expenses.
- The second quarter of 2022 includes, among others, the recognition of **Extraordinary expenses** for €-29 million related to the penalty for early termination of the alliance and acquisition of 100% of the stake in Sa Nostra Vida, as part of the price agreed with CASER.

The core cost-to-income ratio (12 months) reached 54.6%.

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Gross income</b>	<b>5,655</b>	<b>5,593</b>	<b>1.1</b>	<b>2,880</b>	<b>2,775</b>	<b>2,563</b>	<b>2,828</b>	<b>2,820</b>
Personnel expenses	(1,837)	(1,986)	(7.5)	(900)	(937)	(977)	(1,009)	(997)
General expenses	(780)	(844)	(7.5)	(389)	(391)	(404)	(413)	(423)
Depreciation and amortisation	(394)	(361)	9.1	(199)	(195)	(196)	(184)	(178)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(3,011)</b>	<b>(3,191)</b>	<b>(5.6)</b>	<b>(1,488)</b>	<b>(1,523)</b>	<b>(1,577)</b>	<b>(1,606)</b>	<b>(1,598)</b>
Extraordinary expenses	(23)	(1)		(16)	(8)			(1)
<b>Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)</b>	<b>56.1</b>	<b>55.8</b>	<b>0.3</b>	<b>56.1</b>	<b>57.4</b>	<b>58.0</b>	<b>56.4</b>	<b>55.8</b>
Core income	5,649	5,641	0.1	2,888	2,761	2,889	2,809	2,833
Recurring administrative expenses, depreciation and amortisation	(3,011)	(3,191)	(5.6)	(1,488)	(1,523)	(1,577)	(1,606)	(1,598)
<b>Core cost-to-income ratio (12 months)</b>	<b>54.6</b>	<b>54.6</b>	<b>(0.0)</b>	<b>54.6</b>	<b>55.8</b>	<b>56.2</b>	<b>55.3</b>	<b>54.6</b>

## Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk** amounted to €-376 million, versus €-451 million in the same period of 2021 (-16.8%).

The half-yearly recalibration of the provision models was carried out in the second quarter, which includes, among others, an update of the forward-looking macroeconomic scenarios under the IFRS 9 accounting standard. The macroeconomic framework used includes the expected effects of the armed conflict in Ukraine, the impact of which on provisions had already been estimated in advance in the first quarter by recognising a collective fund for €214 million, which in the second quarter's recalibration process has been distributed specifically at a portfolio level, without changing the overall coverage level.

In view of the uncertainty involved in estimating the macroeconomic scenario and due to the fact that it includes risks related to customers, who benefited from support measures during the pandemic, the collective provision fund stands at €1,257 million (versus €1,410 million in 31 March 2022, which included the aforementioned €214 million anticipating the impact of the armed conflict).

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

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

The year 2022 includes the use of provisions established in 2021 for €39 million (€16 million and €23 million in the first and second quarter, respectively) to cover asset write-downs from the plan to restructure the commercial network. When the expense materialises, it is recognised in Gains/(losses) on disposal of assets and others.

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	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
Allowances for insolvency risk	(376)	(451)	(16.8)	(147)	(228)	(344)	(165)	(155)
Other charges to provisions	(90)	(152)	(41.2)	(45)	(45)	(182)	(73)	(80)
<b>Allowances for insolvency risk and other charges to provisions</b>	<b>(465)</b>	<b>(604)</b>	<b>(23.0)</b>	<b>(192)</b>	<b>(273)</b>	<b>(526)</b>	<b>(238)</b>	<b>(235)</b>

## 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 2022 is mainly impacted by higher asset sales.

The item Other includes in 2022 the materialisation of the asset write-downs within the framework of the aforementioned plan to restructure the commercial network. In the fourth quarter of 2021, it includes the gains on the sale of the stake held in Erste and the recognition of other income and asset write-downs.

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
Real estate results	19	(3)		10	8	15	1	(5)
Other	(55)	(35)	57.1	(37)	(18)	(47)	(13)	(13)
<b>Gains/(losses) on disposal of assets and others</b>	<b>(36)</b>	<b>(38)</b>	<b>(6.8)</b>	<b>(26)</b>	<b>(9)</b>	<b>(32)</b>	<b>(12)</b>	<b>(18)</b>

# Business Activity

## Balance sheet

The Group's total assets reached €704,505 million on 30 June 2022, up 3.6% in the year and 2.2% in the quarter.

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
- Cash and cash balances at central banks and other demand deposits	124,193	110,471	12.4	104,216	19.2
- Financial assets held for trading	8,488	9,374	(9.4)	10,925	(22.3)
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss					
Equity instruments	192	209	(8.1)	237	(19.0)
Debt securities	132	139	(4.6)	165	(19.6)
Loans and advances	6	5	5.3	5	7.9
- Financial assets at fair value with changes in other comprehensive income	54	64	(16.9)	67	(19.6)
- Financial assets at amortised cost	17,359	16,977	2.3	16,403	5.8
Credit institutions	440,837	431,735	2.1	420,599	4.8
Customers	9,174	9,060	1.3	7,869	16.6
Debt securities	355,444	347,090	2.4	344,524	3.2
- Derivatives - Hedge accounting	76,220	75,585	0.8	68,206	11.7
- Investments in joint ventures and associates	488	620	(21.3)	1,038	(53.0)
- Assets under the insurance business <sup>1</sup>	2,479	2,531	(2.1)	2,533	(2.2)
- Tangible assets	71,819	78,230	(8.2)	83,464	(14.0)
- Intangible assets	7,738	7,901	(2.1)	8,264	(6.4)
- Non-current assets and disposal groups classified as held for sale	4,958	4,921	0.7	4,933	0.5
- Other assets	2,895	3,019	(4.1)	3,038	(4.7)
- Other assets	23,058	23,230	(0.7)	24,387	(5.4)
<b>Total assets</b>	<b>704,505</b>	<b>689,217</b>	<b>2.2</b>	<b>680,036</b>	<b>3.6</b>
<b>Liabilities</b>	<b>669,662</b>	<b>653,301</b>	<b>2.5</b>	<b>644,611</b>	<b>3.9</b>
- Financial liabilities held for trading	4,272	4,583	(6.8)	5,118	(16.5)
- Financial liabilities at amortised cost	587,479	561,790	4.6	547,026	7.4
Deposits from central banks and credit institutions	98,136	100,228	(2.1)	94,050	4.3
Customer deposits	428,404	400,604	6.9	392,479	9.2
Debt securities issued	52,062	51,985	0.1	53,684	(3.0)
Other financial liabilities	8,878	8,974	(1.1)	6,812	30.3
- Liabilities under the insurance business <sup>1</sup>	69,292	75,875	(8.7)	79,834	(13.2)
- Provisions	5,731	6,219	(7.8)	6,535	(12.3)
- Other liabilities	2,888	4,833	(40.3)	6,098	(52.6)
<b>Equity</b>	<b>34,843</b>	<b>35,916</b>	<b>(3.0)</b>	<b>35,425</b>	<b>(1.6)</b>
- Shareholders' equity	36,608	37,641	(2.7)	37,013	(1.1)
- Minority interest	31	32	(3.3)	31	0.7
- Accumulated other comprehensive income	(1,796)	(1,757)	2.2	(1,619)	11.0
<b>Total liabilities and equity</b>	<b>704,505</b>	<b>689,217</b>	<b>2.2</b>	<b>680,036</b>	<b>3.6</b>

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

## Loans and advances to customers

- **Loans and advances to customers, gross** stands at **€362,770 million**, up 2.8% in the year and 2.7% in the quarter. The solid growth of loans to business stands out, as does the positive seasonal impact from the advance of double payments made to pension holders in June for an amount of €3,300 million (+1.8% and +1.7% of annual and quarterly growth, respectively, excluding this seasonal effect).

Changes by segment include:

- **Loans for home purchases** (-0.8% in the year and stable in the quarter) continues to be marked by the portfolio's repayments. The good quarterly performance is impacted by the inorganic effect of portfolio sales, where the quarter's new production levels are higher than the portfolio's maturities.
- **Loans to individuals - Other** has grown 5.6% in the year and 7.3% in the quarter, impacted by the aforementioned advance of double payments made to pension holders (-1.7% and -0.2% stripping out this effect).

Consumer lending grows 2.4% with respect to December 2021, thanks to the recovery of production levels, which compensate the portfolio's maturities (+1.8% in the quarter).

- Good performance of **Financing for Corporates and SMEs, up 4.8% in the year and 4.0% in the quarter**.
- Loans to the **public sector** grows 6.5% in the year and 1.0% in the quarter, marked by one-off transactions.

(3) Loans with a regular payment schedule. Excludes products such as credit, revolving or reverse factoring facilities without a pre-established payment schedule (€3,9 Bn drawn at 30 June).

(4) Includes repayments and cancellations.

(5) Outstanding balance in Stage 3 (includes subjective non-performing, i.e. impaired for reasons other than default > 90 days) over the total amount of loans granted and loans and advances drawn.

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
<b>Loans to individuals</b>	<b>186,127</b>	<b>182,923</b>	<b>1.8</b>	<b>184,752</b>	<b>0.7</b>
Home purchases	138,650	138,666	-	139,792	(0.8)
Other	47,478	44,258	7.3	44,959	5.6
of which: Consumer lending	19,170	18,825	1.8	18,716	2.4
<b>Loans to business</b>	<b>154,513</b>	<b>148,575</b>	<b>4.0</b>	<b>147,419</b>	<b>4.8</b>
<b>Public sector</b>	<b>22,131</b>	<b>21,906</b>	<b>1.0</b>	<b>20,780</b>	<b>6.5</b>
<b>Loans and advances to customers, gross<sup>1</sup></b>	<b>362,770</b>	<b>353,404</b>	<b>2.7</b>	<b>352,951</b>	<b>2.8</b>
Of which:					
Performing loans	351,012	340,699	3.0	339,971	3.2
Provisions for insolvency risk	(7,767)	(8,277)	(6.2)	(8,265)	(6.0)
<b>Loans and advances to customers, net</b>	<b>355,004</b>	<b>345,127</b>	<b>2.9</b>	<b>344,686</b>	<b>3.0</b>
Contingent liabilities	29,046	27,491	5.7	27,209	6.7

(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	30 Jun. 2022		31 Mar. 2022		31 Dec. 2021	
	Total	Spain (ICO)	Total	Spain (ICO)	Total	Spain (ICO)
<b>Loans to individuals</b>	<b>1,294</b>	<b>1,254</b>	<b>1,360</b>	<b>1,321</b>	<b>1,415</b>	<b>1,378</b>
Other (self-employed workers)	1,294	1,254	1,360	1,321	1,415	1,378
<b>Loans to business</b>	<b>19,135</b>	<b>17,909</b>	<b>19,930</b>	<b>18,792</b>	<b>20,337</b>	<b>19,265</b>
<b>Public sector</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>9</b>
<b>Loans and advances to customers, gross<sup>2</sup></b>	<b>20,438</b>	<b>19,171</b>	<b>21,299</b>	<b>20,122</b>	<b>21,762</b>	<b>20,653</b>

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

23% of the total amount of loans<sup>3</sup> granted with government guaranteed loans has been repaid<sup>4</sup>; of the remaining amount, 85% is repaying principal at 2Q22 and 98% will have been repaid at the end of the year. 3.7% of government guaranteed loans are classified in Stage 3<sup>5</sup>.

## Customer funds

**Customer funds reached €624,087 million** on 30 June 2022, up 0.7% in the year, impacted by the usual positive seasonal nature of demand deposits at the end of the second quarter and the market volatility on Unit Linked products and assets under management.

- On-balance sheet funds stood at €468,787 million (up 3.0% in the year and 2.4% in the quarter).
  - **Demand deposits** amounted to €369,068 million (up 5.3% in the year and 4.2% in the quarter).
  - **Time deposits** totalled €29,706 million (down 12.2% in the year and 5.6% in the quarter). Their performance continues to be marked by the reduction of deposits on the renewal of maturities.
  - **Decrease of liabilities under insurance contracts**, down 1.4% in the year and 1.9% in the quarter, due to the impact of the negative market effect on Unit Links, albeit with positive net subscriptions in the year.
- **Assets under management** stand at €145,324 million. Its performance (-8.0% in the year and -4.9% in the quarter) is mainly due to the negative market effect, with positive net subscriptions in the year and the quarter.
  - The **assets managed in mutual funds, managed accounts and SICAVs** stood at €101,166 million, down 8.1% in the year and 4.8% in the quarter.
  - **Pension plans** reached €44,158 million, down 7.9% in the year and 5.2% in the quarter.
- **Other accounts** stands at +42.9% in the year and +6.7% in the quarter, among others, due to change in temporary funds associated with transfers and collections.

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
Customer funds	398,773	385,816	3.4	384,270	3.8
Demand deposits	369,068	354,337	4.2	350,449	5.3
Time deposits <sup>1</sup>	29,706	31,479	(5.6)	33,821	(12.2)
Insurance contract liabilities <sup>2</sup>	66,413	67,694	(1.9)	67,376	(1.4)
of which: Unit Link and other <sup>3</sup>	18,529	19,584	(5.4)	19,366	(4.3)
Reverse repurchase agreements and other	3,600	4,210	(14.5)	3,322	8.4
<b>On-balance sheet funds</b>	<b>468,787</b>	<b>457,720</b>	<b>2.4</b>	<b>454,968</b>	<b>3.0</b>
Mutual funds, managed accounts and SICAVs	101,166	106,241	(4.8)	110,089	(8.1)
Pension plans	44,158	46,581	(5.2)	47,930	(7.9)
<b>Assets under management</b>	<b>145,324</b>	<b>152,823</b>	<b>(4.9)</b>	<b>158,020</b>	<b>(8.0)</b>
<b>Other accounts</b>	<b>9,976</b>	<b>9,350</b>	<b>6.7</b>	<b>6,983</b>	<b>42.9</b>
<b>Total customer funds<sup>4</sup></b>	<b>624,087</b>	<b>619,892</b>	<b>0.7</b>	<b>619,971</b>	<b>0.7</b>

(1) Includes retail debt securities amounting to €1,326 million at 30 June 2022.

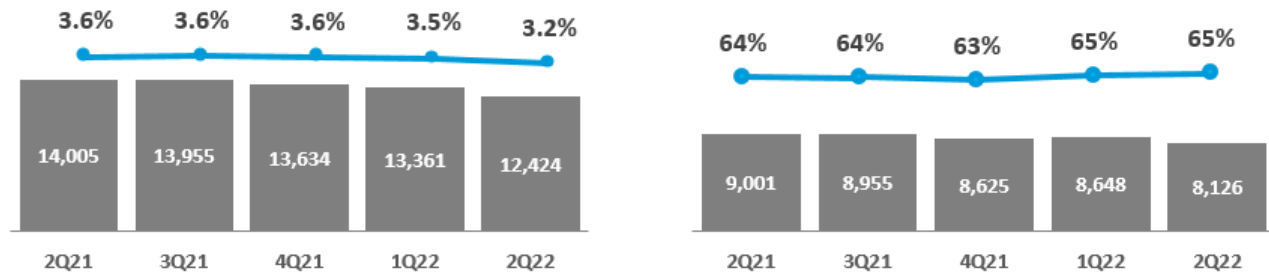
(2) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

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

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

# Risk management

## Credit risk quality



Non-performing loans and non-performing loan ratio <sup>1</sup>  
(€ million and %)

Provisions and Coverage ratio <sup>1</sup>  
(€ million and %)

**Non-performing loans dropped to €12,424 million** following the good performance of asset quality indicators and active management of moratoria. **€1,209 million drop in the year** (€-937 million in the quarter affected by a portfolio sale).

The **NPL ratio dropped in the year to 3.2%** (3.6% at the end of December 2021 and 3.5% at the end of March 2022).

**Provisions on insolvency risk on 30 June 2022 stood at €8,126 million** and the **coverage ratio rose to 65%** (€8,625 million and 63% at the end of 2021, respectively).

(1) Calculations include loans and contingent liabilities.

## Changes in non-performing loans

€ million	2Q21	3Q21	4Q21	1Q22	2Q22
<b>Opening balance</b>	<b>14,077</b>	<b>14,005</b>	<b>13,955</b>	<b>13,634</b>	<b>13,361</b>
Exposures recognized as non-performing (NPL-inflows)	1,509	1,292	1,633	1,133	1,619
Derecognitions from non-performing exposures	(1,582)	(1,341)	(1,955)	(1,406)	(2,556)
of which: written off	(435)	(151)	(375)	(170)	(199)
<b>Closing balance</b>	<b>14,005</b>	<b>13,955</b>	<b>13,634</b>	<b>13,361</b>	<b>12,424</b>

## NPL ratio by segment

	31 Dec. 2021	31 Mar. 2022	30 Jun. 2022
<b>Loans to individuals</b>	<b>4.2%</b>	<b>4.1%</b>	<b>3.6%</b>
Home purchases	3.6%	3.5%	3.0%
Other	6.4%	6.3%	5.2%
of which: Consumer lending	4.4%	4.2%	4.2%
<b>Loans to business</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.3%</b>
<b>Public sector</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>NPL Ratio (loans and contingent liabilities)</b>	<b>3.6%</b>	<b>3.5%</b>	<b>3.2%</b>

The NPL ratio for "Other" dropped at the end of the second quarter due to the advance made to pension holders. Stripping out this effect it would have been 5.6% (the seasonal impact on the overall NPL ratio is minimal).



## Changes in provisions for insolvency risk<sup>1</sup>

€ million	2Q21	3Q21	4Q21	1Q22	2Q22
<b>Opening balance</b>	<b>9,415</b>	<b>9,001</b>	<b>8,955</b>	<b>8,625</b>	<b>8,648</b>
Allowances for insolvency risk	155	165	344	228	147
Amounts used	(560)	(206)	(666)	(202)	(669)
Transfers and other changes	(8)	(5)	(8)	(3)	0
<b>Closing balance</b>	<b>9,001</b>	<b>8,955</b>	<b>8,625</b>	<b>8,648</b>	<b>8,126</b>

## 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.

(1) Including loans and contingent liabilities.

30 Jun. 2022 € million	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	321,535	29,477	11,758	362,770	(1,474)	(1,218)	(5,075)	(7,767)
Contingent liabilities	26,823	1,556	666	29,046	(33)	(60)	(267)	(360)
<b>Total loans and contingent liabilities</b>	<b>348,358</b>	<b>31,033</b>	<b>12,424</b>	<b>391,816</b>	<b>(1,507)</b>	<b>(1,278)</b>	<b>(5,341)</b>	<b>(8,126)</b>

31 Mar. 2022 € million	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	310,454	30,245	12,705	353,404	(1,007)	(1,539)	(5,731)	(8,277)
Contingent liabilities	25,174	1,661	657	27,491	(36)	(77)	(258)	(371)
<b>Total loans and contingent liabilities</b>	<b>335,628</b>	<b>31,905</b>	<b>13,361</b>	<b>380,895</b>	<b>(1,043)</b>	<b>(1,616)</b>	<b>(5,989)</b>	<b>(8,648)</b>

31 Dec. 2021 € million	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
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)
<b>Total loans and contingent liabilities</b>	<b>333,128</b>	<b>33,398</b>	<b>13,634</b>	<b>380,160</b>	<b>(992)</b>	<b>(1,676)</b>	<b>(5,957)</b>	<b>(8,625)</b>

## Loan-to-value<sup>2</sup> 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:

€ million	30 Jun. 2022				
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	41,493	46,808	34,104	15,105	137,510
of which: Non-performing	433	679	820	2,231	4,163

€ million	31 Mar. 2022				
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	41,230	47,405	33,307	15,380	137,322
of which: Non-performing	439	710	898	2,730	4,776

€ million	31 Dec. 2021				
	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

(2) 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. 2021		31 Mar. 2022		30 Jun. 2022	
	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	6,430	4,420	5,912	4,209	5,278	3,608
Corporates and SMEs	6,045	2,783	5,881	2,848	5,996	2,828
Public sector	186	13	178	10	180	10
<b>Total</b>	<b>12,661</b>	<b>7,216</b>	<b>11,971</b>	<b>7,067</b>	<b>11,454</b>	<b>6,445</b>
Provisions	2,702	2,441	2,877	2,637	2,690	2,446

## Foreclosed real estate assets

- The portfolio of **Net foreclosed available for sale real estate assets**<sup>1</sup> in Spain amounts to €2,110 million. The change in the year is €-169 million (€-113 million in the quarter).

The **coverage ratio with accounting provisions**<sup>2</sup> is **30%** and **including write-downs, the coverage ratio**<sup>2</sup> is **48%**.

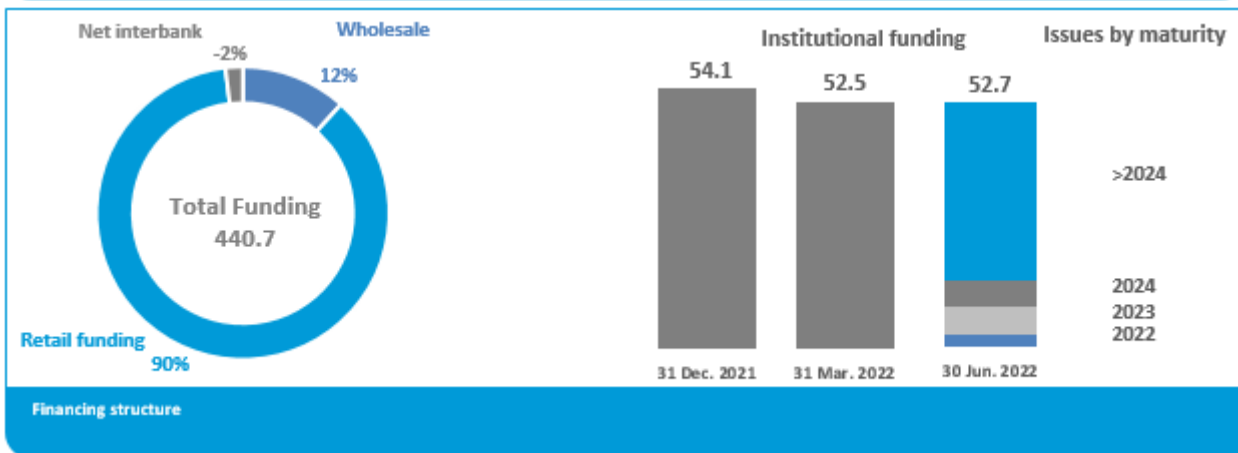
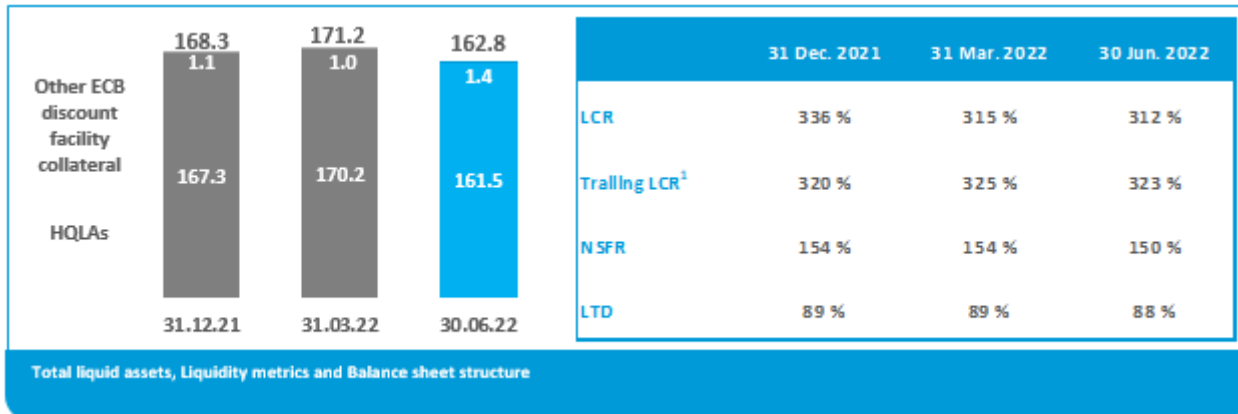
- Net foreclosed assets **held for rent** in Spain stand at €1,435 million. The change in the year is €-181 million (€-84 million in the quarter).
- Total sales**<sup>3</sup> in 2022 of properties originating from foreclosures amounts to €514 million.

(1) Does not include real estate assets in the process of foreclosure for €149 million, net, at 30 June 2022.

(2) See definition in 'Appendices'.

(3) At sale price.

# Liquidity and financing structure



- Total liquid assets amounted to €162,847 million at 30 June 2022, down €5,502 million in the year.
- The Group's **Liquidity Coverage Ratio** (LCR) at 30 June 2022 was 312%, showing an ample liquidity position (323% LCR trailing 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio** (NSFR) stood at 150% at 30 June 2022, above the 100% regulatory minimum required as of June 2021.
- Solid retail financing structure with a **loan-to-deposit ratio of 88%**.
- The **balance drawn** under the ECB facility at 30 June 2022 amounted to €80,752 million, corresponding to TLTRO III.
- **Wholesale funding<sup>2</sup>** amounted to €52,748 million, diversified by investors, instruments and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €21,954 million at 30 June 2022.

(1) Trailing 12 months.

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

## Information on issuances in 2022

€ million						
Issue	Amount	Issue date	Maturity <sup>1</sup>	Cost <sup>2</sup>	Demand	Category
Senior preferred debt	1,000	21 Jan. 2022	6 years	0.673% (mid-swap +0.62%)	1,500	Social bond
Senior non-preferred debt GBP <sup>3</sup>	£500	06 Apr. 2022	6 years	3.5% (UKT +2.10%)	£1,250	-
Senior non-preferred debt	1,000	13 Apr. 2022	4 years	1.664% (mid-swap +0.80%)	1,750	-
Senior non-preferred debt JPY <sup>4</sup>	JPY 4,000	15 Jun. 2022	4 years and 4 months	0.83%	Private	-

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

(2) Meaning the yield on the issue.

(3) Equivalent amount on the day of issuance, in euros: €592 million.

(4) Equivalent amount on the day of issuance, in euros: €28 million.

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

€ million		30 Jun. 2022
Mortgage covered bonds issued	a	69,188
Loans and credits (collateral for mortgage covered bonds)	b	137,561
<b>Collateralisation</b>	<b>b/a</b>	<b>199%</b>
<b>Overcollateralisation</b>	<b>b/a -1</b>	<b>99%</b>
<b>Mortgage covered bond issuance capacity<sup>5</sup></b>		<b>15,066</b>

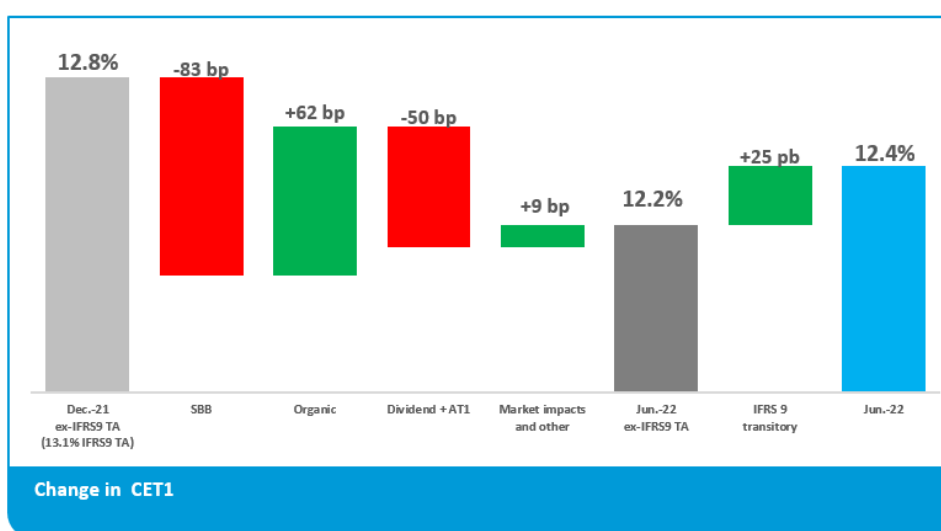
(5) There is also the ability to issue €6,889 million in regional public sector covered bonds.

# Capital management

- The **Common Equity Tier 1 (CET1) ratio stands at 12.4%** (12.2% without applying the IFRS 9 transitional adjustments), following the extraordinary impact from the share buy-back programme (-83 basis points, corresponding to the total deduction of the maximum authorised amount for €1,800 million).

The organic change in the first half of the year was +62 basis points (+22 basis points in the quarter), -50 basis points (-27 basis points in the quarter) caused by the forecast of dividends and AT1 coupon payment and +9 basis points (-8 basis points in the quarter) by the performance of the markets and other factors. The impact of IFRS 9 phase in was of +25 basis points at 30 June (+1 basis points in the quarter).

- The internal CET1 target ratio is set between 11% and 12% (without applying the IFRS 9 transitional adjustments), which implies a margin of between 250 and 350 basis points in relation to the SREP requirements.
- The **Tier 1 ratio reaches 14.4%** (14.2% without applying the IFRS 9 transitional adjustments). This quarter an AT1 issue of €750 million is no longer included, as it was amortised in July.
- The **Total Capital** ratio stood at **16.6%** (16.3% without applying the IFRS 9 transitional adjustments).
- The leverage ratio stands at 4.6%.
- On 30 June, the **subordinated MREL** ratio reached 21.7% and the **total MREL** ratio **24.6%**. The total MREL ratio reached 8.0% of LRE. The following three issuances of Senior non-preferred debt were carried out for €1,611 in the second quarter: one for £500 million, one for €1,000 million and another for JPY 4,000 million.



- Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The CET1 ratio under this perimeter reached 13.0%.
- BPI** is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 13.6%, Tier1 of 15.0% and Total Capital of 17.3%.

- In terms of regulatory requirements, the Group's domestic systemic risk buffer rose to 0.375% for 2022 (0.50% expected 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. At 30 June, CaixaBank has a margin of 405 basis points, equating to €8,735 million, until the Group's MDA trigger.
- As for the MREL requirement, in February 2022 the Bank of Spain communicated to CaixaBank the Total and Subordinated minimum MREL requirements that it must meet at consolidated level:

Request in % RWAs (including CBR)	2022	2024
Total MREL	22.21%	23.93%
Subordinated MREL	16.38%	18.70%

Request in % LRE	2022	2024
Total MREL	6.09%	6.19%
Subordinated MREL	6.09%	6.19%

- The Group's 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 or the interests of holders of Additional Tier 1 capital securities.
- On 20 April 2022, the bank paid its shareholders 0.1463 euros per share, corresponding to the ordinary dividend charged to 2021 profits and following the approval at the Annual General Meeting held on 8 April. This dividend distribution amounts to €1,179 million and is equivalent to 50% of consolidated net profit of 2021 adjusted by the extraordinary impacts from the merger with Bankia.

Furthermore, the Board of Directors approved on 27 January 2022 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.

After receiving the appropriate regulatory authorisation, the Board of Directors agreed to approve and commence the programme for the repurchase of treasury shares. As at 30 June, CaixaBank has acquired 190,664,468 shares for €641,186,443, equivalent to 35.6% of the maximum monetary amount (296,177,680 shares for €947,492,930, which represent 52.6% of the maximum amount, according to the latest information reported in the Other Relevant Information of 25 July 2022).

## Performance and key capital adequacy indicators

€ million	30 Jun. 2021	30 Sep. 2021	31 Dec. 2021	31 Mar. 2022	30 Jun. 2022	Quarter-on-quarter
CET1 Instruments	34,528	34,828	34,824	35,011	33,377	(1,634)
Shareholders' equity	36,271	36,708	37,013	37,641	36,608	(1,033)
Capital	8,061	8,061	8,061	8,061	8,061	
Profit/(loss) attributable to the Group	4,181	4,801	5,226	707	1,573	
Reserves and other	24,029	23,846	23,727	28,874	26,974	
Other CET1 instruments <sup>1</sup>	(1,743)	(1,880)	(2,189)	(2,630)	(3,231)	(601)
Deductions from CET1	(6,135)	(6,126)	(6,487)	(6,305)	(6,562)	(257)
<b>(CET1)</b>	<b>28,393</b>	<b>28,702</b>	<b>28,337</b>	<b>28,707</b>	<b>26,815</b>	<b>(1,892)</b>
AT1 instruments	4,237	4,984	4,984	4,985	4,236	(749)
AT1 Deductions						
<b>TIER 1</b>	<b>32,630</b>	<b>33,685</b>	<b>33,322</b>	<b>33,692</b>	<b>31,051</b>	<b>(2,641)</b>
T2 instruments	5,888	5,720	5,192	4,677	4,694	17
T2 Deductions						
<b>TIER 2</b>	<b>5,888</b>	<b>5,720</b>	<b>5,192</b>	<b>4,677</b>	<b>4,694</b>	<b>17</b>
<b>TOTAL CAPITAL</b>	<b>38,518</b>	<b>39,405</b>	<b>38,514</b>	<b>38,369</b>	<b>35,744</b>	<b>(2,625)</b>
Other computable subordinated instruments	10,598	10,603	10,628	9,375	10,979	1,604
MREL						
<b>MREL, subordinated</b>	<b>49,116</b>	<b>50,008</b>	<b>49,141</b>	<b>47,744</b>	<b>46,724</b>	<b>(1,020)</b>
Other computable instruments. MREL	6,378	6,379	6,382	7,380	6,383	(997)
<b>MREL</b>	<b>55,494</b>	<b>56,387</b>	<b>55,524</b>	<b>55,124</b>	<b>53,107</b>	<b>(2,017)</b>
Risk-weighted assets	220,881	220,201	215,651	214,249	215,521	1,272
CET1 ratio	12.9%	13.0%	13.1%	13.4%	12.4%	(1.0%)
Tier 1 Ratio	14.8%	15.3%	15.5%	15.7%	14.4%	(1.3%)
Total Capital Ratio	17.4%	17.9%	17.9%	17.9%	16.6%	(1.3%)
MDA Buffer <sup>2</sup>	10,314	10,678	10,686	10,902	8,735	(2,167)
MREL Ratio, subordinated	22.2%	22.7%	22.8%	22.3%	21.7%	(0.6%)
MREL Ratio	25.1%	25.6%	25.7%	25.7%	24.6%	(1.1%)
Leverage ratio	5.1%	5.2%	5.3%	5.2%	4.6%	(0.6%)
CET1 Ratio - CABK (non-consolidated basis)	13.4%	13.4%	13.9%	14.1%	13.0%	(1.1%)
Tier 1 Ratio CABK (non-consolidated basis)	15.5%	15.8%	16.4%	16.6%	15.1%	(1.5%)
Total Capital Ratio - CABK (non-consolidated basis)	18.4%	18.7%	18.9%	19.0%	17.4%	(1.6%)
Risk-weighted assets (non-consolidated basis)	203,417	202,300	200,755	197,049	199,041	1,992
Profit/loss (non-consolidated basis)	3,490	3,565	4,215	790	1,416	
ADIs <sup>3</sup>	6,572	6,466	6,987	7,707	7,076	(631)
MDA Buffer - CABK (non-consolidated basis) <sup>2</sup>	12,986	12,891	13,782	13,976	11,827	(2,149)
Leverage Ratio - CABK (non-consolidated basis)	5.2%	5.2%	5.5%	5.4%	4.7%	(0.7%)

Data at March 2022 updated using the latest official information.

- (1) Mainly includes the amount pending execution from the share buy-back programme up to the maximum amount (€1,159 million), forecast for dividends, IFRS 9 transitional adjustment and OClS.
- (2) MDA (Maximum Distributable Amount) Buffer: the capital threshold below which limitations exist on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments. It is defined as Pillar 1 + Pillar 2 capital requirements + capital buffers + possible AT1 and T2 deficits. Either the non-consolidated or the consolidated, whichever is lower.
- (3) Does not include the issue premium.

# Segment reporting

This section shows financial information on the business segments of the CaixaBank Group, which have been reconfigured in 2022. The 2021 data has been restated for comparability purposes.

The Group's key financial information is presented in the following business segments:

- **Banking and Insurance:** shows earnings from the Group's banking, insurance, asset management, real estate and ALCO's activity mainly in Spain.

Most of the activity and results generated by Bankia are included in this business. For accounting purposes, the reference date taken for the merger is 31 March 2021, the financial statements included Bankia's assets and liabilities on that date at fair value. As of the second quarter of 2021, the generated results are included in the various lines of the income statement.

- **BPI:** covers the income from the BPI's domestic banking business, essentially in Portugal. The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination.

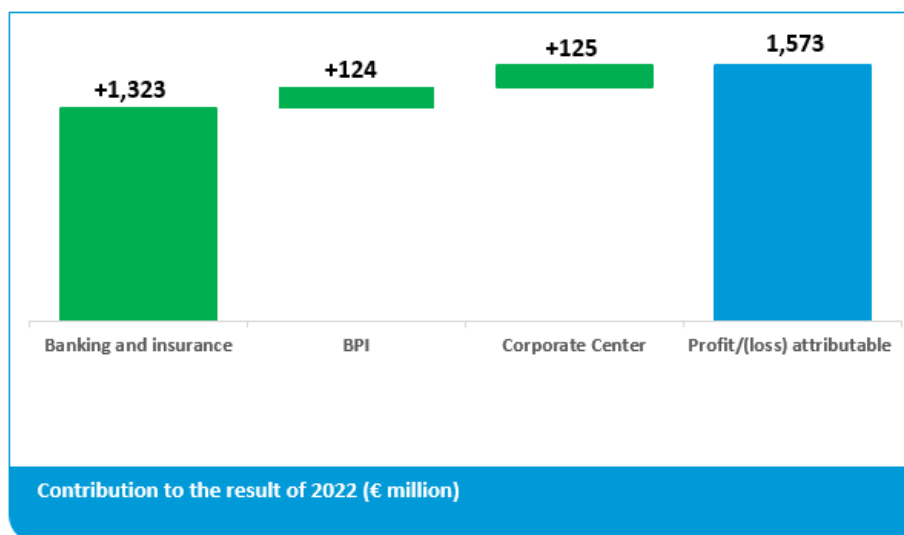
- **Corporate centre:** includes the investees allocated to the equity investments business in the segmentation effective until 2021, that is, Telefónica, BFA, BCI, Coral Homes and Gramina Homes, as well as Erste Group Bank until its divestment in the fourth quarter of 2021. This line of business shows earnings from the stakes net of funding expenses.

In addition, the Group's excess capital is allocated to the corporate centre, which is calculated as the difference between the Group's total shareholders' equity and the capital assigned to the Banking and Insurance business, BPI and the investees allocated to the corporate centre. Specifically, the allocation of capital to these businesses and investees takes into account the 11.5% capital consumption for risk-weighted assets, as well as any applicable deductions. Liquidity is the counterpart of the excess capital allocated to the corporate centre.

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods. The corporate expenses at Group level are assigned to the corporate centre.



Results for the first half of 2022 arranged by business are as follows:



€ million	Banking & insurance	BPI	Corporate centre	Group
<b>Net interest income</b>	<b>2,919</b>	<b>232</b>	<b>4</b>	<b>3,156</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	91	15	138	243
Net fee and commission income	1,850	145		1,994
Trading income	210	18	20	247
Income and expense under insurance or reinsurance contracts	411			411
Other operating income and expense	(349)	(41)	(7)	(397)
<b>Gross income</b>	<b>5,132</b>	<b>369</b>	<b>154</b>	<b>5,655</b>
Recurring administrative expenses, depreciation and amortisation	(2,756)	(226)	(29)	(3,011)
Extraordinary expenses	(23)			(23)
<b>Pre-impairment income</b>	<b>2,353</b>	<b>143</b>	<b>125</b>	<b>2,621</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,376</b>	<b>143</b>	<b>125</b>	<b>2,644</b>
Allowances for insolvency risk	(403)	28		(376)
Other charges to provisions	(89)	(0)		(90)
Gains/(losses) on disposal of assets and others	(37)	1		(36)
<b>Profit/(loss) before tax</b>	<b>1,823</b>	<b>172</b>	<b>125</b>	<b>2,120</b>
Income tax expense	(499)	(48)	0	(546)
<b>Profit/(loss) after tax</b>	<b>1,324</b>	<b>124</b>	<b>125</b>	<b>1,574</b>
Profit/(loss) attributable to minority interest and others	1			1
<b>Profit/(loss) attributable to the Group</b>	<b>1,323</b>	<b>124</b>	<b>125</b>	<b>1,573</b>

## Banking and insurance business

The performance in the first half of 2022 stands at €1,323 million (€3,895 million in the first half of 2021 which included the negative consolidation difference for an amount of €4,300 million and extraordinary expenses associated with the integration). Considering the proforma Profit/(loss) of the first half of 2021, which includes Bankia and does not include the associated extraordinary income, the Profit/(loss) increased by 24.7%.

The ROTE (last 12 months) stood at 8.5%, stripping out the extraordinary impacts recognised in 2021.

€ million	1H22	1H21	Change %	Proforma	
				1H21	Change %
<b>INCOME STATEMENT</b>					
<b>Net interest income</b>	<b>2,919</b>	<b>2,621</b>	<b>11.4</b>	<b>3,069</b>	<b>(4.9)</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	91	113	(19.4)	125	(27.3)
Net fee and commission income	1,850	1,510	22.5	1,792	3.2
Trading income	210	65		76	
Income and expense under insurance or reinsurance contracts	411	318	29.3	318	29.3
Other operating income and expense	(349)	(299)	16.5	(341)	2.4
<b>Gross income</b>	<b>5,132</b>	<b>4,327</b>	<b>18.6</b>	<b>5,038</b>	<b>1.9</b>
Recurring administrative expenses, depreciation and amortisation	(2,756)	(2,494)	10.5	(2,932)	(6.0)
Extraordinary expenses	(23)	(1,969)	(98.8)		
<b>Pre-impairment income</b>	<b>2,353</b>	<b>(136)</b>		<b>2,106</b>	<b>11.7</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,376</b>	<b>1,833</b>	<b>29.6</b>	<b>2,106</b>	<b>12.8</b>
Allowances for insolvency risk	(403)	(337)	19.8	(460)	(12.3)
Other charges to provisions	(89)	(149)	(40.1)	(146)	(39.0)
Gains/(losses) on disposal of assets and others	(37)	4,284		(39)	(5.3)
<b>Profit/(loss) before tax</b>	<b>1,823</b>	<b>3,662</b>	<b>(50.2)</b>	<b>1,461</b>	<b>24.8</b>
Income tax expense	(499)	232		(400)	24.6
<b>Profit/(loss) after tax</b>	<b>1,324</b>	<b>3,894</b>	<b>(66.0)</b>	<b>1,061</b>	<b>24.9</b>
Profit/(loss) attributable to minority interest and others	1	(0)		(0)	
<b>Profit/(loss) attributable to the Group</b>	<b>1,323</b>	<b>3,895</b>	<b>(66.0)</b>	<b>1,061</b>	<b>24.7</b>
<b>INCOME STATEMENT BREAKDOWN</b>					
<b>Core income</b>	<b>5,254</b>	<b>4,553</b>	<b>15.4</b>	<b>5,295</b>	<b>(0.8)</b>
Banking services, securities and other fees	1,040	841	23.7	1,021	1.8
Recurring	921	740	24.4	914	0.7
Wholesale banking	119	101	18.6	107	11.1
Sale of insurance products	166	116	43.9	158	5.6
Long-term savings products	643	553	16.3	613	5.0
Mutual funds, managed accounts and SICAVs	399	338	18.2	382	4.6
Pension plans	151	134	12.8	149	1.1
Unit Link and other	93	81	14.2	81	14.1
<b>Net fee and commission income</b>	<b>1,850</b>	<b>1,510</b>	<b>22.5</b>	<b>1,792</b>	<b>3.2</b>
Personnel expenses	(1,699)	(1,572)	8.1	(1,843)	(7.8)
General expenses	(700)	(643)	8.9	(765)	(8.5)
Depreciation and amortisation	(357)	(278)	28.2	(324)	10.0
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(2,756)</b>	<b>(2,494)</b>	<b>10.5</b>	<b>(2,932)</b>	<b>(6.0)</b>
<b>Extraordinary expenses</b>	<b>(23)</b>	<b>(1,969)</b>	<b>(98.8)</b>		
<b>FINANCIAL INDICATORS</b>					
ROTE <sup>1</sup>	8.5%	10.2%	(1.7)		
Cost-to-income ratio stripping out ext. exp. (12 months)	56.7%	54.8%	1.9		
Cost of risk (12 months)	0.25%	0.35%	(0.1)		

(1) In 2Q22, the ratio (last 12 months) excludes the extraordinary impacts associated with the integration of Bankia from 3Q21 and 4Q21 (€-36 million). In 2Q21, the ratio excludes €2,903 million corresponding to the extraordinary impacts associated with the integration of Bankia and the gains on the partial sale of Comercia (€+420 million in 4Q20). The coupon for the part of the AT1 issue assigned to this business has also been deducted.

The performance in the first half of 2022 amounts to **€1,323 million**, +24.7% when compared to the proforma performance of 2021 (€+1,061 million):

**Gross income grew to €5,132 million (+1.9%):**

- **Core income** slightly dropped 0.8% with respect to the first half of 2021, impacted by the performance of net interest income (-4.9%).
- **Trading income** stands at €210 million, €76 million in the same period of 2021.
- **Other operating income and expense** totalled €-349 million (€-341 million in the same period of the previous year). It includes the contribution to the Single Resolution Fund of €-136 million (€-162 million in 2021).
- **Recurring administrative expenses, depreciation and amortisation** amounted to €-2,756 million, down 6.0% mainly due to the capture of synergies, especially from the departure of employees within the framework of the labour agreement reached after the merger with Bankia.
- **Pre-impairment income increased by 11.7%** on the same period of the previous year.
- **Allowances for insolvency risk** amounted to €-403 million in the first half of 2022 (-12.3%).
- **Other charges to provisions** stood at €-89 million (-39.0%). 2022 includes the use of provisions for €39 million established in 2021 to cover asset write-downs from the plan to restructure the commercial network. When the expense materialises, it is recognised in **Gains/(losses) on disposal of assets and others**.

The following table shows the proforma quarterly performance:

PROFORMA INCOME STATEMENT					
€ million	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Net interest income</b>	<b>1,484</b>	<b>1,435</b>	<b>1,447</b>	<b>1,484</b>	<b>1,530</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	46	44	57	95	63
Net fee and commission income	953	897	1,017	890	915
Trading income	91	119	87	39	34
Income and expense under insurance or reinsurance contracts	209	202	172	162	154
Other operating income and expense	(228)	(120)	(470)	(91)	(242)
<b>Gross income</b>	<b>2,554</b>	<b>2,578</b>	<b>2,310</b>	<b>2,579</b>	<b>2,452</b>
Recurring administrative expenses, depreciation and amortisation	(1,362)	(1,394)	(1,457)	(1,474)	(1,471)
Extraordinary expenses	(16)	(8)			
<b>Pre-impairment income</b>	<b>1,176</b>	<b>1,176</b>	<b>853</b>	<b>1,105</b>	<b>981</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,192</b>	<b>1,184</b>	<b>853</b>	<b>1,105</b>	<b>981</b>
Allowances for insolvency risk	(141)	(262)	(309)	(151)	(148)
Other charges to provisions	(44)	(45)	(161)	(63)	(75)
Gains/(losses) on disposal of assets and others	(27)	(9)	(76)	(12)	(19)
<b>Profit/(loss) before tax</b>	<b>963</b>	<b>860</b>	<b>307</b>	<b>879</b>	<b>740</b>
Income tax expense	(275)	(224)	(84)	(217)	(200)
<b>Profit/(loss) after tax</b>	<b>689</b>	<b>636</b>	<b>223</b>	<b>662</b>	<b>540</b>
Profit/(loss) attributable to minority interest and others	0	1	2	0	1
<b>Profit/(loss) attributable to the Group</b>	<b>688</b>	<b>635</b>	<b>221</b>	<b>662</b>	<b>540</b>
INCOME STATEMENT BREAKDOWN					
<b>Core income</b>	<b>2,683</b>	<b>2,570</b>	<b>2,686</b>	<b>2,624</b>	<b>2,656</b>
Banking services, securities and other fees	557	483	534	492	528
Recurring	490	431	479	450	463
Wholesale banking	67	52	55	42	66
Sale of insurance products	80	87	100	66	73
Long-term savings products	316	328	382	332	314
Mutual funds, managed accounts and SICAVs	193	206	228	208	196
Pension plans	76	76	95	79	75
Unit Link and other	47	46	58	45	42
<b>Net fee and commission income</b>	<b>953</b>	<b>897</b>	<b>1,017</b>	<b>890</b>	<b>915</b>
Personnel expenses	(832)	(868)	(907)	(935)	(927)
General expenses	(350)	(350)	(374)	(374)	(384)
Depreciation and amortisation	(180)	(176)	(176)	(164)	(160)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(1,362)</b>	<b>(1,394)</b>	<b>(1,457)</b>	<b>(1,474)</b>	<b>(1,471)</b>

The following table shows business activity and asset quality indicators at 30 June 2022:

- **Loans and advances to customers, gross stood at €334,122 million, up 2.7% in the year** (+1.7% excluding the seasonal impact from the advance of double payments made to pension holders).
- **Customer funds stood at €588,145 million, up 0.7% in the year.**
- The **NPL ratio** dropped to 3.2%, while the **coverage ratio** rose to 65%.

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
<b>BALANCE SHEET</b>					
Assets	655,614	639,638	2.5	632,422	3.7
Liabilities	627,668	611,997	2.6	604,170	3.9
Assigned capital	27,914	27,609	1.1	28,221	(1.1)
<b>LOANS AND ADVANCES TO CUSTOMERS</b>					
<b>Loans to individuals</b>	<b>170,500</b>	<b>167,675</b>	<b>1.7</b>	<b>169,873</b>	<b>0.4</b>
Home purchases	124,850	125,230	(0.3)	126,709	(1.5)
Other	45,650	42,445	7.6	43,164	5.8
of which: Consumer lending	17,637	17,306	1.9	17,218	2.4
<b>Loans to business</b>	<b>143,247</b>	<b>137,708</b>	<b>4.0</b>	<b>136,882</b>	<b>4.6</b>
<b>Public sector</b>	<b>20,375</b>	<b>19,782</b>	<b>3.0</b>	<b>18,689</b>	<b>9.0</b>
<b>Loans and advances to customers, gross</b>	<b>334,122</b>	<b>325,165</b>	<b>2.8</b>	<b>325,444</b>	<b>2.7</b>
of which: Performing loans	323,010	313,096	3.2	313,090	3.2
of which: Non-performing loans	11,112	12,069	(7.9)	12,355	(10.1)
Provisions for insolvency risk	(7,228)	(7,740)	(6.6)	(7,689)	(6.0)
<b>Loans and advances to customers, net</b>	<b>326,894</b>	<b>317,426</b>	<b>3.0</b>	<b>317,755</b>	<b>2.9</b>
Contingent liabilities	27,001	25,609	5.4	25,382	6.4
<b>CUSTOMER FUNDS</b>					
Customer funds	369,018	356,371	3.5	355,628	3.8
Demand deposits	347,901	333,380	4.4	330,323	5.3
Time deposits	21,118	22,991	(8.1)	25,306	(16.5)
Insurance contract liabilities	66,413	67,694	(1.9)	67,376	(1.4)
of which: Unit Link and other	18,529	19,584	(5.4)	19,366	(4.3)
Reverse repurchase agreements and other	3,595	4,205	(14.5)	3,315	8.4
<b>On-balance sheet funds</b>	<b>439,027</b>	<b>428,269</b>	<b>2.5</b>	<b>426,320</b>	<b>3.0</b>
Mutual funds, managed accounts and SICAVs	95,451	100,105	(4.6)	103,632	(7.9)
Pension plans	44,158	46,581	(5.2)	47,930	(7.9)
<b>Assets under management</b>	<b>139,609</b>	<b>146,687</b>	<b>(4.8)</b>	<b>151,563</b>	<b>(7.9)</b>
<b>Other accounts</b>	<b>9,509</b>	<b>8,794</b>	<b>8.1</b>	<b>6,411</b>	<b>48.3</b>
<b>Total customer funds</b>	<b>588,145</b>	<b>583,751</b>	<b>0.8</b>	<b>584,294</b>	<b>0.7</b>
<b>ASSET QUALITY</b>					
Non-performing loan ratio (%)	3.2%	3.6%	(0.4)	3.7%	(0.4)
Non-performing loan coverage ratio (%)	65%	64%	1	62%	3
<b>OTHER INDICATORS</b>					
Customers (millions)	18.5	18.6	(0.4)	18.8	(1.7)
Relational individual customers (%)	69.4%	68.6%	0.8	67.9%	1.5
Employees	40,561	41,994	(3.4)	45,284	(10.4)
Branches	4,206	4,485	(6.2)	4,970	(15.4)
of which retail	3,934	4,213	(6.6)	4,615	(14.8)
ATMs	11,719	12,175	(3.7)	13,008	(9.9)

## 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.

VidaCaixa's results include, in the first half of 2022, the income from Bankia Vida (100% after the acquisition of 51% from Mapfre on December 2021) and Bankia Pensiones (100% following the merger with VidaCaixa in 2021).

The following table shows the income statement of the VidaCaixa Group<sup>1</sup>:

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Net interest income</b>	<b>186</b>	<b>160</b>	<b>16.3</b>	<b>93</b>	<b>93</b>	<b>84</b>	<b>81</b>	<b>79</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	85	93	(8.7)	43	41	36	80	46
Net fee and commission income	(59)	(39)	50.7	(28)	(31)	43	(10)	(16)
Trading income	22	3		(4)	26	1	4	1
Income and expense under insurance or reinsurance contracts	410	321	27.7	209	201	170	162	157
Other operating income and expense	(0)	0			(0)	(2)	(0)	0
<b>Gross income</b>	<b>643</b>	<b>538</b>	<b>19.6</b>	<b>313</b>	<b>331</b>	<b>331</b>	<b>317</b>	<b>267</b>
Recurring administrative expenses, depreciation and amortisation	(114)	(69)	65.8	(54)	(60)	(42)	(34)	(34)
Extraordinary expenses	(9)	(1)		(7)	(2)	(2)	(1)	(1)
<b>Pre-impairment income</b>	<b>520</b>	<b>468</b>	<b>11.1</b>	<b>251</b>	<b>269</b>	<b>287</b>	<b>281</b>	<b>232</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>529</b>	<b>469</b>	<b>12.8</b>	<b>258</b>	<b>271</b>	<b>290</b>	<b>282</b>	<b>233</b>
Other charges to provisions								
<b>Profit/(loss) before tax</b>	<b>520</b>	<b>468</b>	<b>11.1</b>	<b>251</b>	<b>269</b>	<b>287</b>	<b>281</b>	<b>232</b>
Income tax expense	(132)	(109)	20.3	(62)	(70)	(74)	(59)	(54)
<b>Profit/(loss) after tax</b>	<b>389</b>	<b>359</b>	<b>8.3</b>	<b>189</b>	<b>200</b>	<b>213</b>	<b>222</b>	<b>179</b>
Profit/(loss) attributable to minority interest and others								
<b>Profit/(loss) attributable to the Group</b>	<b>389</b>	<b>359</b>	<b>8.3</b>	<b>189</b>	<b>200</b>	<b>213</b>	<b>222</b>	<b>179</b>

(1) At VidaCaixa level prior to consolidation adjustments. After acquiring control over 100% of Bankia Vida at the end of 2021 and its transfer to VidaCaixa, the results of Bankia Vida are integrated by global consolidation in 2022, mainly impacting the performance of Net interest income, Income and expense under insurance or reinsurance contracts and Recurring administrative expenses, depreciation and a mortisation.

In addition to the VidaCaixa Group, CaixaBank holds other insurance interests from Bankia: Bankia Mediación (100%), SegurBankia (100%) and Sa Nostra Vida (18.7%). The income from these investees and of Vi daCaixa totals €391 million at 30 June 2022.

The profit attributable to the VidaCaixa Group stands at €+389 million, up 8.3% with respect for the first half of 2021:

- **Net interest income** includes the margin on life savings insurance products, which was up 16.3% with respect to the same period of the previous year, impacted by the consolidation of Bankia Vida.
- **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 stands at €+85 million (-8.7%).
- **Net fee and commission income<sup>1</sup>** 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 27.7%, impacted by the consolidation of Bankia Vida.
- **Recurring administrative expenses, depreciation and amortisation** reflect the impacts associated with the incorporation of Bankia Vida in the first half of 2022.

*(1) 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.*

## BPI

Profit from the banking business of BPI amounted to €+124 million, up 31.2% with respect to the first half of 2021 (€+95 million).

€ million	1H22	1H21	Change %	2Q22	1Q22	4Q21	3Q21	2Q21
<b>INCOME STATEMENT</b>								
<b>Net interest income</b>	<b>232</b>	<b>224</b>	<b>3.8</b>	<b>120</b>	<b>112</b>	<b>113</b>	<b>111</b>	<b>112</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	15	12	21.7	10	5	7	5	7
Net fee and commission income	145	130	10.9	73	71	84	74	67
Trading income	18	13	40.8	9	9	0	(2)	3
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(41)	(32)	27.8	(21)	(19)	4	4	(19)
<b>Gross income</b>	<b>369</b>	<b>347</b>	<b>6.2</b>	<b>191</b>	<b>178</b>	<b>209</b>	<b>193</b>	<b>170</b>
Recurring administrative expenses, depreciation and amortisation	(226)	(223)	1.0	(111)	(114)	(104)	(116)	(110)
Extraordinary expenses		(1)				0		(1)
<b>Pre-impairment income</b>	<b>143</b>	<b>123</b>	<b>16.7</b>	<b>80</b>	<b>64</b>	<b>104</b>	<b>76</b>	<b>59</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>143</b>	<b>124</b>	<b>15.6</b>	<b>80</b>	<b>64</b>	<b>104</b>	<b>76</b>	<b>60</b>
Allowances for insolvency risk	28	8		(6)	34	(35)	(13)	(7)
Other charges to provisions	(0)	(6)	(95.5)	(0)	(0)	(21)	(10)	(5)
Gains/(losses) on disposal of assets and others	1	0		1	0	(7)	0	0
<b>Profit/(loss) before tax</b>	<b>172</b>	<b>126</b>	<b>36.8</b>	<b>74</b>	<b>98</b>	<b>42</b>	<b>53</b>	<b>47</b>
Income tax expense	(48)	(31)	54.0	(19)	(29)	(10)	(12)	(10)
<b>Profit/(loss) after tax</b>	<b>124</b>	<b>95</b>	<b>31.2</b>	<b>55</b>	<b>69</b>	<b>32</b>	<b>41</b>	<b>36</b>
Profit/(loss) attributable to minority interest and others								
<b>Profit/(loss) attributable to the Group</b>	<b>124</b>	<b>95</b>	<b>31.2</b>	<b>55</b>	<b>69</b>	<b>32</b>	<b>41</b>	<b>36</b>
<b>INCOME STATEMENT BREAKDOWN</b>								
<b>Core income</b>	<b>391</b>	<b>365</b>	<b>7.3</b>	<b>203</b>	<b>189</b>	<b>204</b>	<b>191</b>	<b>183</b>
Banking services, securities and other fees	85	77	10.3	44	41	48	43	41
Recurring	84	76	10.4	44	40	48	43	40
Wholesale banking	1	1	2.5	0	0	1	0	0
Sale of insurance products	26	26	2.2	13	14	16	13	12
Long-term savings products	33	28	20.7	16	17	20	18	14
Mutual funds, managed accounts and SICAVs	19	17	8.9	9	10	13	12	8
Pension plans	0	0	5.2	0	0	0	0	0
Unit Link and other	14	10	42.2	7	7	6	6	5
<b>Net fee and commission income</b>	<b>145</b>	<b>130</b>	<b>10.9</b>	<b>73</b>	<b>71</b>	<b>84</b>	<b>74</b>	<b>67</b>
Personnel expenses	(114)	(116)	(1.2)	(57)	(58)	(58)	(61)	(57)
General expenses	(75)	(72)	4.4	(37)	(38)	(27)	(36)	(36)
Depreciation and amortisation	(36)	(35)	1.7	(18)	(18)	(19)	(19)	(18)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(226)</b>	<b>(223)</b>	<b>1.0</b>	<b>(111)</b>	<b>(114)</b>	<b>(104)</b>	<b>(116)</b>	<b>(110)</b>
<b>Extraordinary expenses</b>		<b>(1)</b>				<b>0</b>		<b>(1)</b>
<b>FINANCIAL INDICATORS</b>								
ROTE stripping out one-off impacts <sup>1</sup>	6.8%	7.4%	(0.7)	6.8%	5.7%	5.4%	7.1%	7.4%
Cost-to-income ratio stripping out ext. exp. (12 months)	58.0%	60.0%	(2.1)	58.0%	59.5%	59.3%	59.1%	60.0%

(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 (€8 million and €32 million in the first half of 2022 and 2021, respectively).
- Deduction of the coupon for the part of the AT1 issue assigned to this business.



- **Gross income** stands at €369 million, up 6.2% with respect to the first half of 2021:
  - **Core income** up 7.3% following the 3.8% increase of Net interest income and the good performance of Fee and commission income (+10.9%).
  - **Trading income** amounted to €18 million.
  - **Other operating income and expense** totalled €-41 million and includes the contribution paid to the SRF and the Portuguese Fundo de Resolução (€-23 million and €-19 million in the second quarter of the 2022 and 2021, respectively).

In addition, the first quarter of 2022 includes the contribution to the banking sector for €-21.2 million (€-18.8 million in the same period of the previous year) and €-3.9 million from the solidarity tax on the banking sector (€-3.6 million in the same period of 2021).
- **Recurring administrative expenses, depreciation and amortisation** stood at €-226 million (+1.0%). Increase in general expenses (+4.4%) and depreciation and amortisation (+1.7%), which is partially compensated by the decline in personnel expenses (-1.2% as a result of the savings associated with the early retirements throughout 2021).
- **Allowances for insolvency risk** stood at €28 million in the first half of 2022, €8 million in the same period of the previous year, with one-off income in both years.

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 **€28,649 million**, up 4.2% in the year, showing growth in practically all segments, except the public sector.
- **Customer funds stood at €35,942 million**, up 0.7% in the year. On-balance sheet funds grew 3.9% and Assets under management dropped 11.5% mainly due to the negative performance of the markets.
- BPI's **NPL ratio** remained stable at 2.3%, as per the CaixaBank Group's NPL classification criteria.
- The NPL coverage ratio came to 78%.

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
<b>BALANCE SHEET</b>					
Assets	43,034	42,210	2.0	41,308	4.2
Liabilities	40,121	39,484	1.6	38,763	3.5
Assigned capital	2,913	2,726	6.9	2,546	14.4
<b>LOANS AND ADVANCES TO CUSTOMERS</b>					
Loans to individuals	15,627	15,248	2.5	14,879	5.0
Home purchases	13,800	13,435	2.7	13,083	5.5
Other	1,828	1,813	0.8	1,796	1.8
of which: Consumer lending	1,533	1,519	0.9	1,498	2.3
Loans to business	11,266	10,867	3.7	10,537	6.9
Public sector	1,755	2,124	(17.4)	2,091	(16.0)
Loans and advances to customers, gross	28,649	28,239	1.5	27,507	4.2
of which: Performing loans	28,003	27,603	1.4	26,882	4.2
of which: Non-performing loans	646	636	1.6	625	3.3
Provisions for insolvency risk	(539)	(537)	0.3	(576)	(6.4)
Loans and advances to customers, net	28,110	27,701	1.5	26,931	4.4
Contingent liabilities	2,045	1,882	8.6	1,828	11.9
<b>CUSTOMER FUNDS</b>					
Customer funds	29,755	29,444	1.1	28,641	3.9
Demand deposits	21,167	20,957	1.0	20,126	5.2
Time deposits	8,588	8,488	1.2	8,515	0.9
Reverse repurchase agreements and other	5	6	(4.8)	7	(21.8)
On-balance sheet funds	29,760	29,450	1.1	28,648	3.9
Mutual funds, managed accounts and SICAVs	5,715	6,136	(6.9)	6,457	(11.5)
Assets under management	5,715	6,136	(6.9)	6,457	(11.5)
Other accounts	467	555	(15.9)	572	(18.4)
Total customer funds	35,942	36,142	(0.6)	35,677	0.7
<b>Memorandum items</b>					
Insurance contracts sold <sup>1</sup>	4,359	4,520	(3.6)	4,588	(5.0)
<b>ASSET QUALITY</b>					
Non-performing loan ratio (%)	2.3%	2.3%	-	2.3%	-
Non-performing loan coverage ratio (%)	78%	79%	(1)	87%	(8)
<b>OTHER INDICATORS</b>					
Customers (millions)	1.8	1.8	0.2	1.8	0.1
Employees	4,461	4,486	(0.6)	4,478	(0.4)
Branches	337	339	(0.6)	347	(2.9)
of which retail	290	290	-	297	(2.4)
ATMs	1,376	1,393	(1.2)	1,418	(3.0)

(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.

## Corporate centre

Profit in the first half of 2022 stands at €125 million.

€ million	1H22	1H21	Change %	Proforma	
				1H21	Change %
<b>Net interest income</b>	<b>4</b>	<b>(18)</b>		<b>(18)</b>	
Dividend income	126	149	(15.8)	149	(15.8)
Share of profit/(loss) of entities accounted for using the equity method	12	83	(85.6)	82	(85.5)
Net fee and commission income					
Trading income	20	2		2	
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(7)	(8)	(7.4)	(8)	(7.4)
<b>Gross income</b>	<b>154</b>	<b>209</b>	<b>(26.2)</b>	<b>208</b>	<b>(26.0)</b>
Recurring administrative expenses, depreciation and amortisation	(29)	(30)	(2.2)	(35)	(16.2)
Extraordinary expenses					
<b>Pre-impairment income</b>	<b>125</b>	<b>179</b>	<b>(30.2)</b>	<b>173</b>	<b>(28.0)</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>125</b>	<b>179</b>	<b>(30.2)</b>	<b>173</b>	<b>(28.0)</b>
Allowances for insolvency risk					
Other charges to provisions					
Gains/(losses) on disposal of assets and others					
<b>Profit/(loss) before tax</b>	<b>125</b>	<b>179</b>	<b>(30.2)</b>	<b>173</b>	<b>(28.0)</b>
Income tax expense	0	13	(97.3)	14	(97.6)
<b>Profit/(loss) after tax</b>	<b>125</b>	<b>191</b>	<b>(34.7)</b>	<b>187</b>	<b>(33.3)</b>
Profit/(loss) attributable to minority interest and others					
<b>Profit/(loss) attributable to the Group</b>	<b>125</b>	<b>191</b>	<b>(34.7)</b>	<b>187</b>	<b>(33.3)</b>

The following highlights shaped the year-on-year performance:

- The **Net interest income** corresponds to the net between the cost of financing the investee business and the income from the liquidity associated with the Group's excess capital. Its performance is impacted by the adaptation of the financing rates to market conditions.
- **Dividend income** amounted to €126 million (€149 million in 2021) and includes in the second quarter of 2022 the dividends from Telefónica for €38 million and BFA for €87 million (€51 million and €98 million, respectively in 2021).
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €12 million (€82 million in the first half of 2021), after the divestment of the stake held in Erste Group Bank in the fourth quarter of 2021.

The following balance sheet shows the corporate centre's indicators, the performance of which is impacted by the share buy-back programme for the amount executed at the end of the quarter:

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
<b>BALANCE SHEET</b>					
<b>Assets</b>	<b>5,857</b>	<b>7,369</b>	<b>(20.5)</b>	<b>6,305</b>	<b>(7.1)</b>
Investments (Financial assets at fair value with changes in OCI and Investments in JVs and associates) and other	2,393	2,352	1.7	2,176	10.0
Cash and cash balances at central banks and other demand deposits	3,464	5,016	(30.9)	4,129	(16.1)
<b>Liabilities</b>					
Intra-group financing and other liabilities	1,873	1,820	2.9	1,678	11.6
<b>Assigned capital</b>	<b>3,984</b>	<b>5,549</b>	<b>(28.2)</b>	<b>4,627</b>	<b>(13.9)</b>
of which: associated with investees	520	533	(2.4)	498	4.4

The following table shows the quarterly performance of the corporate centre:

€ million	2Q22	1Q22	4Q21	3Q21	2Q21
<b>INCOME STATEMENT</b>					
<b>Net interest income</b>	<b>2</b>	<b>2</b>	<b>(1)</b>	<b>(6)</b>	<b>(6)</b>
Dividend income	126		38		149
Share of profit/(loss) of entities accounted for using the equity method	10	2	6	49	62
Net fee and commission income					
Trading income	4	16	2	12	1
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(7)				(8)
<b>Gross income</b>	<b>135</b>	<b>19</b>	<b>45</b>	<b>56</b>	<b>198</b>
Recurring administrative expenses, depreciation and amortisation	(14)	(15)	(16)	(16)	(17)
Extraordinary expenses					
<b>Pre-impairment income</b>	<b>120</b>	<b>4</b>	<b>30</b>	<b>39</b>	<b>181</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>120</b>	<b>4</b>	<b>30</b>	<b>39</b>	<b>181</b>
Allowances for insolvency risk					
Other charges to provisions					
Gains/(losses) on disposal of assets and others			51		
<b>Profit/(loss) before tax</b>	<b>120</b>	<b>4</b>	<b>81</b>	<b>39</b>	<b>181</b>
Income tax expense	2	(1)	4	3	6
<b>Profit/(loss) after tax</b>	<b>122</b>	<b>3</b>	<b>84</b>	<b>42</b>	<b>187</b>
Profit/(loss) attributable to minority interest and others					
<b>Profit/(loss) attributable to the Group</b>	<b>122</b>	<b>3</b>	<b>84</b>	<b>42</b>	<b>187</b>

# Sustainability and social commitment

## Sustainability in the 2022-24 Strategic Plan

CaixaBank takes on the responsibility of driving the well-being of people and economic and social development. With this in mind, the **2022-2024 Strategic Plan** establishes three major ambitions aimed at becoming the benchmark of sustainability in Europe:

- Drive the **energy transition of businesses and society as a whole**, by developing solutions that focus on energy efficiency, mobility and sustainable housing, while also promoting investments with ESG criteria.
- **Lead the positive social impact and foster financial inclusion** by promoting microfinance solutions – mainly through MicroBank – and remaining committed to rural communities and adapting customer service channels to the needs of the various customer segments.
- **Promote a responsible culture to set a benchmark in governance** by adopting best practices in sustainability, reporting and responsible marketing.

In line with these ambitions, CaixaBank has developed a set of initiatives and action plans in which the entire Group is involved and which are included in the Sustainability Master Plan, with the following goals over the next three years:

### Our commitments



#### Global:

- 64,000 million euros made available in the sustainable finance<sup>1</sup>

- Maintain category "A" in the synthetic sustainability indicator<sup>2</sup>



#### Environmental:

- Advance in the decarbonisation of the portfolio to reach zero emissions by 2050<sup>3</sup>



#### Social:

- 413,300 beneficiaries of MicroBank, CaixaBank's social bank



#### Good governance:

- 42 % of women in managerial positions<sup>4</sup>

1- Green mortgages (with energy performance certificate "A" or "B"), financing for home refurbishment, financing for hybrid/ electric vehicles and microloans granted by MicroBank; Sustainable financing to Business; CaixaBank's share in the issuance and placement of sustainable bonds (green, social or mixed) by customers; Net increase of Assets under management (AuM) in CaixaBank Asset Management, in products classified under Article 8 and Article 9 of SFDR; Gross increase of Assets under management (AuM) in VidaCaixa, in products classified under Article 8 and Article 9 of SFDR.

2- Synthetic ESG index created by CaixaBank based on methodology developed by KPMG that provides aggregate information from the main ESG analysis institutions. The indicator objectively weights the results obtained by the company in the scores awarded by the main international ESG analysts (S&P Global, Sustainalytics, MSCI and ISS ESG).

3- Decarbonisation goals: publication planned for October 2022.

4- % of women in managerial positions, starting from asst. manager at large branches (A and B branches).

## Key features within the scope of sustainability in 2022

- CaixaBank has received the award for "**Best Bank for Sustainable Finance in Spain 2022**" at the *Sustainable Finance Awards* by the magazine *Global Finance*. These awards highlight leaders in sustainable financing initiatives in order to curb the negative effects of climate change.

In addition, CaixaBank has been certified with distinction in **Good Corporate Governance by AENOR**, becoming one of the first companies to obtain this certification.

With respect to the **conflict in Ukraine**, the Group has shown its commitment towards the people affected by the transfer of families from conflict zones in Ukraine to host territories in Spain.

- The **Corporate Policy for managing sustainability/ESG risks** has been approved, which establishes the criteria for ESG analysis in the processes of customer admission and credit approval. The Policy establishes a series of general and sectorial exclusions relating to activities that may have a significant impact on human rights, the environment and climate, under which CaixaBank cannot take on credit risk.

**Statement of Principal Adverse Impacts of investment decisions on sustainability factors:** CaixaBank, CaixaBank Asset Management and VidaCaixa anticipated the regulatory requirement of 2023 by publishing on 30 June 2022 information about the Group's most relevant indicators<sup>1</sup>, with the aim of promoting further transparency in the market and becoming the benchmark of sustainability in Europe.

- In 2022, **CaixaBank continued to finance environmentally sustainable activities:**

- CaixaBank was the **leading bank in sustainable financing in Europe** in the first half of the year, according to the Refinitiv ranking, while also taking **top spot on the EMEA Top Tier Green & ESG-Linked Loans league table**.
- CaixaBank has signed 53 **loans** with a volume of €7,077 million, **whose conditions are attached to ESG indexes conducted by independent entities recognising good sustainability performance** among companies.
- **Real estate developments** with an **energy efficiency rating of A or B** have been formalised for €729 million.
- Participation in **financing 15 renewable energy projects** for €370 million.
- The bank has granted loans for €38 million in **consumer and Agrobank ecofinancing lines**.
- With regard to **Green Loans**, the bank has signed 35 loans for an amount of €3,225 million. Of these, €986 million were set aside for 12 real-estate projects with energy certification A or B.

In addition, the bank has financed green mortgages for €261.5 million, solar panels for €45.9 million and sustainable vehicles for €2.6 million.

- CaixaBank has participated in the **placement of a green bond issue** for an amount of €500 million and the **placement of 4 sustainable bonds issues** amounting to €3,000 million.
- **BPI** has granted **environmentally sustainable financing** in 2022 for €232 million and has participated in the **placement of ESG issues** for €25 million.
- Within the **social scope**, CaixaBank has been named "**Western Europe's Best Bank for Corporate Responsibility 2022**" by the magazine *Euromoney*. Furthermore, CaixaBank has registered 12,103 social housing units through the social housing programme and has opened social accounts to more than 345,000 clients as a solution for vulnerable groups in the first half of the year.

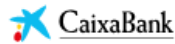
In January 2022, CaixaBank **completed a Social senior preferred issuance** of €1,000 million to finance activities and projects that contribute to combating poverty, promoting education and welfare and fostering economic and social development in the most disadvantaged areas.

MicroBank, the Group's social bank, has **granted €571 million in microcredits and other financing with an social impact**. In addition, in 2022 it established a facility for €7.9 million aimed at financing students (Skill & Education programme).

(1) See Statement of Principal Adverse Impacts of investment decisions on sustainability factors at [www.caixabank.com](http://www.caixabank.com), which reflects the value of these adverse impacts (data on greenhouse gas emissions, gender diversity and exposure to controversial weapons, among others) with respect to the positions in the discretionary management portfolios of CaixaBank customers at the end of 2021, in direct investment in corporate fixed income, public debt and equity, and in investment in funds managed by CaixaBank AM.

CaixaBank reaffirmed its **commitment towards the senior group** by launching ten initiatives, among which stand out the creation of a team of 2,000 advisors, the extension of the cashiers' hours in branches and the strengthening of all communication channels with this group.

## ESG Ratings



Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

MSCI  
**MSCI ESG RATINGS** AA

STOXX SUSTAINALYTICS  
ESG LEADERS REPORT

**QUALITYSCORE**  
ENVIRONMENTAL SOCIAL GOVERNANCE  
HIGHEST RANKED BY ISS ESG > 1

**ISS ESG**  
ethix · climate · oekom

**FTSE4Good**

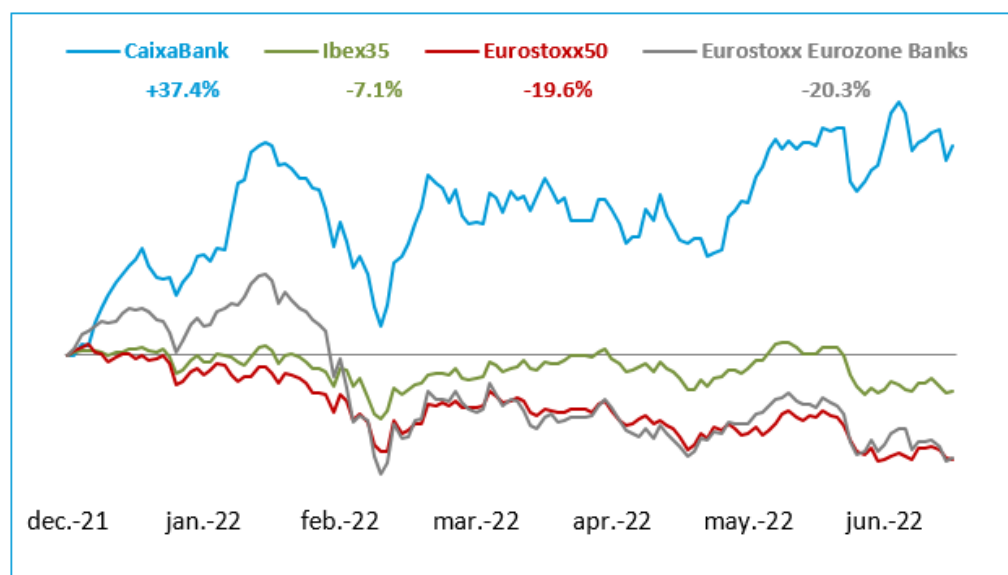
**CDP**  
DRIVING SUSTAINABLE ECONOMIES

VE part of  
**Moody's ESG**

## The CaixaBank share

- The **CaixaBank share** closed trading on 30 June 2022 at €3.317/share, up 7.8% in the quarter and 37.4% in the year. This evolution in the first half of 2022 compares favourably both to that of the general indices (-7.1% IBEX 35 and -19.6% EURO STOXX 50) and to that of the selective bank benchmarks (-0.3% IBEX 35 Banks and -20.3% EURO STOXX Banks).
- In the second quarter, volatility continues to prevail in the financial markets, reflecting the fragile investor sentiment in an environment of persistent inflationary pressures, prospects of an economic slowdown and high uncertainty. Added to this is a fear of a sharper and more intense monetary policy tightening in the United States, United Kingdom and eurozone causing a recession. This fear has in turn led to a greater demand for safe-haven assets and a global pull back from risk assets. However, Spanish banking stocks have weathered the storm better due to the change of scenario of interest rates since February and less direct exposure to Russia than other European peers.
- In the second quarter of 2022, the number of shares traded<sup>1</sup> increased 71.7% with respect to the same period of the previous year and dropped 19.1% on the first quarter of 2022. In addition, the trading volume<sup>1</sup> in euros was 106.5% up on the volume of shares traded in the second quarter of 2021 and 11.9% down on the previous quarter. In the first half of 2022, the trading volume in shares and euros were 74.7% and 114.5% up, respectively, with respect to the first half of 2021.

(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.



Performance of the CaixaBank share compared to the main Spanish and European indices.



## Key performance indicators for the CaixaBank share

30 Jun. 2022

Market capitalisation (€ million)	26,079
Number of outstanding shares <sup>1</sup>	7,862,230
<b>Share price (€/share)</b>	
Share price at the beginning of the period (31 Dec. 2021)	2.414
Share price at closing of the period (30 Jun. 2022)	3.317
Maximum price <sup>2</sup>	3.585
Minimum price <sup>2</sup>	2.411
<b>Trading volume in 2022 (number of shares, excluding special transactions, in thousands)</b>	
Maximum daily trading volume	93,320
Minimum daily trading volume	10,896
Average daily trading volume	31,659
<b>Stock market ratios</b>	
EPS - Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.30
Book value <sup>3</sup> (€/share)	4.43
Tangible book value <sup>3</sup> (€/share)	3.75
PER (Price / EPS ex M&A; times)	11.21
P/tangible BV (Market value / tangible book value)	0.88
Dividend yield <sup>4</sup>	4.41%

(1) Number of shares, in thousands, excluding treasury shares and shares already purchased within the framework of the share buy-back programme. See additional information in 'Key information – Relevant aspects in the quarter'.

(2) Price at close of trading.

(3) The book value and tangible book value per share include the impact of the share buy-back programme for the amount executed at the end of the quarter, in both the numerator (excluding the repurchased shares from shareholder equity, in spite of not being redeemed) and the denominator (the number of shares does not include the repurchased shares).

(4) Calculated by dividing the remuneration for the financial year 2021 (0.1463 euros/share) by the closing price at the end of the period (3.317 euros/share).

### Shareholder returns

- On 20 April 2022, the bank paid its shareholders 0.1463 euros per share, corresponding to the ordinary dividend charged to 2021 profits and following the approval at the Annual General Shareholders Meeting held on 8 April. This dividend distribution amounts to €1,179 million and is equivalent to 50% of the consolidated net profit of 2021 adjusted by the extraordinary impacts from the merger with Bankia.

Furthermore, the Board of Directors approved on 27 January 2022 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, subject to final approval at the Annual General Shareholders Meeting.

- After receiving the appropriate regulatory approval, the Board of Directors on 16 May 2022 agreed to approve and commence an open-market share buy-back programme for a maximum amount of €1,800 million, in order to bring the CET1 ratio closer to our target level. In this respect, the Annual General Shareholders Meeting held on April 2022 approved the reduction of CaixaBank's share capital up to a maximum amount of 10% -subject to the appropriate regulatory authorisations- through the redemption of treasury shares acquired within the framework of the aforementioned share buy-back programme. The definitive figure of capital reduction will be set by the Board of Directors within the aforementioned maximum limit and based on the number of shares that are acquired. As at 30 June, CaixaBank has acquired 190,664,468 shares for €641,186,443, equivalent to 35.6% of the maximum monetary amount (296,177,680 shares for €947,492,930, which represent 52.6% of the maximum amount, according to the latest information reported in the Other Relevant Information of 25 July 2022).

## Investment portfolio

Main investees at 30 June 2022:

	%	Business segment
SegurCaixa Adeslas	49.9%	Banking and insurance
Comercia Global Payments	20.0%	Banking and insurance
Telefónica <sup>1</sup>	4.5%	Corporate centre
Coral Homes	20.0%	Corporate centre
Gramina Homes	20.0%	Corporate centre
Banco de Fomento Angola (BFA)	48.1%	Corporate centre
Banco Comercial e de Investimentos (BCI)	35.7%	Corporate centre

(1) On 30 June 2022 CaixaBank held a fair value hedge on 1.95% of Telefónica's share capital.

## 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-2	Stable	A-	25 Apr. 2022	AA+	28 Mar. 2022
Fitch Ratings	BBB+	F2	Stable	A-	30 Jun. 2022	-	-
Moody's	Baa1	P-2	Stable	Baa1	16 Feb. 2022	Aa1	24 Aug. 2021
DBRS	A	R-1 (low)	Stable	A	29 Mar. 2022	AAA	08 Jul. 2022

## 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.*

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

		2Q21	3Q21	4Q21	1Q22	2Q22
Numerator	Annualised quarterly income from loans and advances to customers	5,688	5,499	5,376	5,297	5,447
Denominator	Net average balance of loans and advances to customers	339,866	336,605	333,254	329,860	335,025
<b>(a)</b>	<b>Average yield rate on loans (%)</b>	<b>1.67</b>	<b>1.63</b>	<b>1.61</b>	<b>1.61</b>	<b>1.63</b>
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	8	(8)	4	(65)	(96)
Denominator	Average balance of on-balance sheet retail customers funds	362,009	371,366	376,774	382,008	387,613
<b>(b)</b>	<b>Average cost rate of retail customer funds (%)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.02)</b>	<b>(0.03)</b>
	<b>Customer spread (%) (a - b)</b>	<b>1.67</b>	<b>1.63</b>	<b>1.61</b>	<b>1.63</b>	<b>1.66</b>

**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 dosing balances of each month.*

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

		2Q21	3Q21	4Q21	1Q22	2Q22
Numerator	Annualised quarterly interest income	8,371	8,272	8,197	8,464	8,507
Denominator	Average total assets for the quarter	671,368	690,460	695,346	706,116	707,629
<b>(a)</b>	<b>Average return rate on assets (%)</b>	<b>1.25</b>	<b>1.20</b>	<b>1.18</b>	<b>1.20</b>	<b>1.20</b>
Numerator	Annualised quarterly interest expenses	1,809	1,968	2,011	2,178	2,066
Denominator	Average total funds for the quarter	671,368	690,460	695,346	706,116	707,629
<b>(b)</b>	<b>Average cost of fund rate (%)</b>	<b>0.27</b>	<b>0.28</b>	<b>0.29</b>	<b>0.31</b>	<b>0.29</b>
	<b>Balance sheet spread (%) (a - b)</b>	<b>0.98</b>	<b>0.92</b>	<b>0.89</b>	<b>0.89</b>	<b>0.91</b>

**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).

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

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Profit/(loss) attributable to the Group 12M	5,357	5,456	5,226	1,147	2,617
(b)	Additional Tier 1 coupon	(185)	(217)	(244)	(269)	(276)
<b>Numerator</b>	<b>Adjusted profit/(loss) attributable to the Group 12M (a+b)</b>	<b>5,172</b>	<b>5,239</b>	<b>4,981</b>	<b>878</b>	<b>2,342</b>
(c)	Average shareholder equity 12M	29,464	32,019	34,516	37,000	36,940
(d)	Average valuation adjustments 12M	(1,806)	(1,765)	(1,689)	(1,649)	(1,709)
<b>Denominator</b>	<b>Average shareholder equity + valuation adjustments 12M (c+d)</b>	<b>27,657</b>	<b>30,254</b>	<b>32,827</b>	<b>35,351</b>	<b>35,232</b>
	<b>ROE (%)</b>	<b>18.7%</b>	<b>17.3%</b>	<b>15.2%</b>	<b>2.5%</b>	<b>6.6%</b>
(e)	Extraordinary income from the merger in 2021	2,903	2,779	2,867	(1,405)	(37)
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-e)</b>	<b>2,269</b>	<b>2,460</b>	<b>2,115</b>	<b>2,283</b>	<b>2,378</b>
	<b>ROE (%) ex M&amp;A impacts</b>	<b>8.2%</b>	<b>8.1%</b>	<b>6.4%</b>	<b>6.5%</b>	<b>6.8%</b>

d) **ROTE:**

**Explanation:** quotient between:

- Profit/(loss) attributed to the Group (adjusted by the amount of the Additional Tier 1 coupon, registered in shareholder equity).
- 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).

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

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Profit/(loss) attributable to the Group 12M	5,357	5,456	5,226	1,147	2,617
(b)	Additional Tier 1 coupon	(185)	(217)	(244)	(269)	(276)
<b>Numerator</b>	<b>Adjusted profit/(loss) attributable to the Group 12M (a+b)</b>	<b>5,172</b>	<b>5,239</b>	<b>4,981</b>	<b>878</b>	<b>2,342</b>
(c)	Average shareholder equity 12M	29,464	32,019	34,516	37,000	36,940
(d)	Average valuation adjustments 12M	(1,806)	(1,765)	(1,689)	(1,649)	(1,709)
(e)	Average intangible assets 12M	(4,555)	(4,752)	(4,948)	(5,155)	(5,210)
<b>Denominator</b>	<b>Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)</b>	<b>23,102</b>	<b>25,501</b>	<b>27,879</b>	<b>30,196</b>	<b>30,022</b>
	<b>ROTE (%)</b>	<b>22.4%</b>	<b>20.5%</b>	<b>17.9%</b>	<b>2.9%</b>	<b>7.8%</b>
(f)	Extraordinary income from the merger in 2021	2,903	2,779	2,867	(1,405)	(37)
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-f)</b>	<b>2,269</b>	<b>2,460</b>	<b>2,115</b>	<b>2,283</b>	<b>2,378</b>
	<b>ROTE (%) ex M&amp;A impacts</b>	<b>9.8%</b>	<b>9.6%</b>	<b>7.6%</b>	<b>7.6%</b>	<b>7.9%</b>

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).

**Purpose:** measures the level of return relative to assets.

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Profit/(loss) after tax and before minority interest 12M	5,360	5,458	5,229	1,151	2,622
(b)	Additional Tier 1 coupon	(185)	(217)	(244)	(269)	(276)
<b>Numerator</b>	<b>Adjusted net profit 12M (a+b)</b>	<b>5,174</b>	<b>5,241</b>	<b>4,984</b>	<b>882</b>	<b>2,346</b>
<b>Denominator</b>	<b>Average total assets 12M</b>	<b>506,854</b>	<b>568,619</b>	<b>628,707</b>	<b>690,792</b>	<b>699,832</b>
	<b>ROA (%)</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.1%</b>	<b>0.3%</b>
(c)	M&A impacts in 2021	2,903	2,779	2,867	(1,405)	(37)
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-c)</b>	<b>2,271</b>	<b>2,462</b>	<b>2,118</b>	<b>2,287</b>	<b>2,383</b>
	<b>ROA (%) ex M&amp;A impacts</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>

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).

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

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Profit/(loss) after tax and before minority interest 12M	5,360	5,458	5,229	1,151	2,622
(b)	Additional Tier 1 coupon	(185)	(217)	(244)	(269)	(276)
<b>Numerator</b>	<b>Adjusted net profit 12M (a+b)</b>	<b>5,174</b>	<b>5,241</b>	<b>4,984</b>	<b>882</b>	<b>2,346</b>
<b>Denominator</b>	<b>Risk-weighted assets (regulatory) 12M</b>	<b>163,801</b>	<b>182,510</b>	<b>200,869</b>	<b>218,558</b>	<b>217,093</b>
	<b>RORWA (%)</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>0.4%</b>	<b>1.1%</b>
(c)	M&A impacts in 2021	2,903	2,779	2,867	(1,405)	(37)
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-c)</b>	<b>2,271</b>	<b>2,462</b>	<b>2,118</b>	<b>2,287</b>	<b>2,383</b>
	<b>RORWA (%) ex M&amp;A impacts</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>1.1%</b>

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.

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Administrative expenses, depreciation and amortisation 12M</b>	6,952	7,468	8,049	8,391	6,366
<b>Denominator</b>	<b>Gross income 12M</b>	9,175	9,860	10,274	10,987	11,046
	<b>Cost-to-income ratio</b>	<b>75.8%</b>	<b>75.7%</b>	<b>78.3%</b>	<b>76.4%</b>	<b>57.6%</b>

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M</b>	4,981	5,448	5,930	6,305	6,194
<b>Denominator</b>	<b>Gross income 12M</b>	9,175	9,860	10,274	10,987	11,046
	<b>Cost-to-income ratio stripping out extraordinary expenses</b>	<b>54.3%</b>	<b>55.3%</b>	<b>57.7%</b>	<b>57.4%</b>	<b>56.1%</b>

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M</b>	4,981	5,448	5,930	6,305	6,194
<b>Denominator</b>	<b>Core income 12M</b>	9,145	9,860	10,597	11,293	11,347
	<b>Core cost-to-income ratio</b>	<b>54.5%</b>	<b>55.3%</b>	<b>56.0%</b>	<b>55.8%</b>	<b>54.6%</b>

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).

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

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Allowances for insolvency risk 12M</b>	910	814	838	892	885
<b>Denominator</b>	<b>Average of gross loans + contingent liabilities 12M</b>	302,243	333,404	363,368	382,176	382,125
	<b>Cost of risk (%)</b>	<b>0.30%</b>	<b>0.24%</b>	<b>0.23%</b>	<b>0.23%</b>	<b>0.23%</b>

**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.

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Non-performing loans and contingent liabilities</b>	14,005	13,955	13,634	13,361	12,424
<b>Denominator</b>	<b>Total gross loans and contingent liabilities</b>	389,389	382,801	380,160	380,895	391,816
	<b>Non-performing loan ratio (%)</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.5%</b>	<b>3.2%</b>

**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.

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Provisions on loans and contingent liabilities</b>	9,001	8,955	8,625	8,648	8,126
<b>Denominator</b>	<b>Non-performing loans and contingent liabilities</b>	14,005	13,955	13,634	13,361	12,424
	<b>Coverage ratio (%)</b>	<b>64%</b>	<b>64%</b>	<b>63%</b>	<b>65%</b>	<b>65%</b>

**d) Real estate available for sale coverage ratio:****Explanation:** quotient between:

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

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Gross debt cancelled at the foreclosure	1,917	1,933	4,417	4,262	4,030
(b)	Net book value of the foreclosed assets	1,109	1,117	2,279	2,223	2,110
<b>Numerator</b>	<b>Total coverage of the foreclosed asset (a - b)</b>	<b>808</b>	<b>816</b>	<b>2,138</b>	<b>2,039</b>	<b>1,920</b>
<b>Denominator</b>	<b>Gross debt cancelled at the foreclosure</b>	<b>1,917</b>	<b>1,933</b>	<b>4,417</b>	<b>4,262</b>	<b>4,030</b>
	<b>Real estate available for sale coverage ratio (%)</b>	<b>42%</b>	<b>42%</b>	<b>48%</b>	<b>48%</b>	<b>48%</b>

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

**Explanation:** quotient between:

- Accounting coverage: charges to provisions of foreclosed assets.
- 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.

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Accounting provisions of the foreclosed assets</b>	<b>1,103</b>	<b>1,087</b>	<b>1,006</b>	<b>960</b>	<b>917</b>
(a)	Net book value of the foreclosed assets	2,297	2,289	2,279	2,223	2,110
(b)	Accounting provisions of the foreclosed assets	1,103	1,087	1,006	960	917
<b>Denominator</b>	<b>Gross book value of the foreclosed asset (a + b)</b>	<b>3,400</b>	<b>3,376</b>	<b>3,285</b>	<b>3,183</b>	<b>3,027</b>
	<b>Real estate available for sale accounting coverage (%)</b>	<b>32%</b>	<b>32%</b>	<b>31%</b>	<b>30%</b>	<b>30%</b>

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.

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	<b>High Quality Liquid Assets (HQLAs)</b>	161,929	172,066	167,290	170,170	<b>161,451</b>
(b)	<b>Available balance under the ECB facility (non-HQLAs)</b>	802	1,059	1,059	1,033	<b>1,397</b>
	<b>Total liquid assets (a + b)</b>	<b>162,731</b>	<b>173,125</b>	<b>168,349</b>	<b>171,202</b>	<b>162,847</b>

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).

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Loans and advances to customers, net (a-b-c)</b>	<b>350,468</b>	<b>343,506</b>	<b>340,948</b>	<b>341,477</b>	<b>351,449</b>
(a)	Loans and advances to customers, gross	363,012	355,929	352,951	353,404	362,770
(b)	Provisions for insolvency risk	8,609	8,554	8,265	8,277	7,767
(c)	Brokered loans	3,935	3,869	3,738	3,650	3,554
<b>Denominator</b>	<b>On-balance sheet customer funds</b>	<b>371,191</b>	<b>377,551</b>	<b>384,270</b>	<b>385,816</b>	<b>398,773</b>
	<b>Loan to Deposits (%)</b>	<b>94%</b>	<b>91%</b>	<b>89%</b>	<b>89%</b>	<b>88%</b>



#### 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 (includes the impact of the share buy-back programme for the executed volume). 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.*

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Profit/(loss) attributable to the Group 12M	5,357	5,456	5,226	1,147	2,617
(b)	Additional Tier 1 coupon	(185)	(217)	(244)	(269)	(276)
<b>Numerator</b>	<b>Adjusted profit attributable to the Group (a+b)</b>	<b>5,172</b>	<b>5,239</b>	<b>4,981</b>	<b>878</b>	<b>2,342</b>
<b>Denominator</b>	<b>Average number of shares outstanding, net of treasury shares (c)</b>	<b>6,670</b>	<b>7,096</b>	<b>7,575</b>	<b>8,054</b>	<b>8,034</b>
	<b>EPS (Earnings per share)</b>	<b>0.78</b>	<b>0.74</b>	<b>0.66</b>	<b>0.11</b>	<b>0.29</b>
(d)	Extraordinary impacts from the merger	2,903	2,779	2,867	(1,405)	(37)
<b>Numerator</b>	<b>Adjusted numerator (a+b-d)</b>	<b>2,269</b>	<b>2,460</b>	<b>2,115</b>	<b>2,283</b>	<b>2,378</b>
	<b>EPS (Earnings per share) ex M&amp;A impacts</b>	<b>0.34</b>	<b>0.35</b>	<b>0.28</b>	<b>0.28</b>	<b>0.30</b>

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

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Share price at the end of the period</b>	<b>2.594</b>	<b>2.684</b>	<b>2.414</b>	<b>3.077</b>	<b>3.317</b>
<b>Denominator</b>	<b>Earnings per share (EPS)</b>	<b>0.78</b>	<b>0.74</b>	<b>0.66</b>	<b>0.11</b>	<b>0.29</b>
	<b>PER (Price-to-earnings ratio)</b>	<b>3.33</b>	<b>3.64</b>	<b>3.67</b>	<b>28.23</b>	<b>11.38</b>
<b>Denominator</b>	<b>Earnings per share (EPS) ex M&amp;A impacts</b>	<b>0.34</b>	<b>0.35</b>	<b>0.28</b>	<b>0.28</b>	<b>0.30</b>
	<b>PER (Price-to-earnings ratio) ex M&amp;A impacts</b>	<b>7.63</b>	<b>7.74</b>	<b>8.65</b>	<b>10.85</b>	<b>11.21</b>

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

		2Q21	3Q21	4Q21	1Q22	2Q22
<b>Numerator</b>	<b>Dividends paid (in shares or cash) last year</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.15</b>	<b>0.15</b>
<b>Denominator</b>	<b>Share price at the end of the period</b>	<b>2.594</b>	<b>2.684</b>	<b>2.414</b>	<b>3.077</b>	<b>3.317</b>
	<b>Dividend yield</b>	<b>1.03%</b>	<b>1.00%</b>	<b>1.11%</b>	<b>4.75%</b>	<b>4.41%</b>

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

*The book value and tangible book value per share include the impact of the share buy-back programme for the amount executed at the end of the quarter, in both the numerator (excluding the repurchased shares from shareholder equity, in spite of not having been redeemed yet) and the denominator (the number of shares does not include the repurchased shares).*

*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:

- equity less minority interests and intangible assets.
- 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.

		2Q21	3Q21	4Q21	1Q22	2Q22
(a)	Equity	34,571	35,124	35,425	35,916	34,843
(b)	Minority interests	(29)	(29)	(31)	(32)	(31)
<b>Numerator</b>	<b>Adjusted equity (c = a+b)</b>	<b>34,542</b>	<b>35,095</b>	<b>35,394</b>	<b>35,884</b>	<b>34,811</b>
<b>Denominator</b>	<b>Shares outstanding, net of treasury shares (d)</b>	<b>8,053</b>	<b>8,053</b>	<b>8,053</b>	<b>8,053</b>	<b>7,862</b>
<b>e = (c/d)</b>	<b>Book value (€/share)</b>	<b>4.29</b>	<b>4.36</b>	<b>4.39</b>	<b>4.46</b>	<b>4.43</b>
(f)	Intangible assets (reduce adjusted equity)	(5,102)	(5,104)	(5,316)	(5,304)	(5,340)
<b>g = ((c+f)/d)</b>	<b>Tangible book value (€/share)</b>	<b>3.66</b>	<b>3.72</b>	<b>3.73</b>	<b>3.80</b>	<b>3.75</b>
(h)	Share price at end the period	2.594	2.684	2.414	3.077	3.317
<b>h/e</b>	<b>P/BV (Share price divided by book value)</b>	<b>0.60</b>	<b>0.62</b>	<b>0.55</b>	<b>0.69</b>	<b>0.75</b>
<b>h/g</b>	<b>P/TBV tangible (Share price divided by tangible book value)</b>	<b>0.71</b>	<b>0.72</b>	<b>0.65</b>	<b>0.81</b>	<b>0.88</b>

## 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

June 2022	
€ million	
Financial assets at amortised cost - Customers (Public Balance Sheet)	355,444
Reverse repurchase agreements (public and private sector)	(1,137)
Clearing houses and sureties provided in cash	(2,187)
Other, non-retail, financial assets	(261)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss - Loans and advances (Public Balance Sheet)	54
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	3,036
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	56
Provisions for insolvency risk	7,767
<b>Loans and advances to customers (gross) using management criteria</b>	<b>362,770</b>

### Insurance contract liabilities

June 2022	
€ million	
Liabilities under the insurance business (Public Balance Sheet)	69,292
Capital gains/(losses) under the insurance business (excluding unit link and other)	(2,878)
<b>Liabilities under insurance contracts, using management criteria</b>	<b>66,413</b>

### Customer funds

June 2022	
€ million	
Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	428,404
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	(27,357)
Multi-issuer covered bonds and subordinated deposits	(5,121)
Counterparties and other	(22,236)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	1,326
Retail issues and other	1,326
Liabilities under insurance contracts, using management criteria	66,413
<b>Total on-balance sheet customer funds</b>	<b>468,787</b>
Assets under management	145,324
Other accounts <sup>1</sup>	9,976
<b>Total customer funds</b>	<b>624,087</b>

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

## Institutional issuances for banking liquidity purposes

June 2022	
€ million	
<b>Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)</b>	<b>52,062</b>
<b>Institutional financing not considered for the purpose of managing bank liquidity</b>	<b>(4,435)</b>
Securitised bonds	(1,360)
Value adjustments	(1,993)
Retail	(1,326)
Issues acquired by companies within the group and other	245
<b>Customer deposits for the purpose of managing bank liquidity<sup>1</sup></b>	<b>5,121</b>
<b>Institutional financing for the purpose of managing bank liquidity</b>	<b>52,748</b>

(1) A total of €5,088 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)

June 2022	
€ million	
<b>Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)</b>	<b>2,895</b>
Other non-foreclosed assets	(829)
<b>Inventories under the heading - Other assets (Public Balance Sheet)</b>	<b>44</b>
<b>Foreclosed available for sale real estate assets</b>	<b>2,110</b>
<b>Tangible assets (Public Balance Sheet)</b>	<b>7,738</b>
Tangible assets for own use	(6,047)
Other assets	(256)
<b>Foreclosed rental real estate assets</b>	<b>1,435</b>

## Historical figures for the CABK and BPI perimeters

### a) Quarterly performance of the income statement and solvency ratios

€ million	CABK				
	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Net interest income</b>	<b>1,482</b>	<b>1,435</b>	<b>1,443</b>	<b>1,476</b>	<b>1,524</b>
Dividend income	39	1	39	1	52
Share of profit/(loss) of entities accounted for using the equity method	45	37	54	138	120
Net fee and commission income	953	897	1,017	890	915
Trading income	91	119	87	39	34
Income and expense under insurance or reinsurance contracts	209	202	172	162	154
Other operating income and expense	(228)	(120)	(470)	(91)	(242)
<b>Gross income</b>	<b>2,590</b>	<b>2,571</b>	<b>2,341</b>	<b>2,615</b>	<b>2,555</b>
Recurring administrative expenses, depreciation and amortisation	(1,377)	(1,409)	(1,472)	(1,490)	(1,488)
Extraordinary expenses	(16)	(8)	(99)	(49)	(1,929)
<b>Pre-impairment income</b>	<b>1,198</b>	<b>1,155</b>	<b>770</b>	<b>1,076</b>	<b>(861)</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,213</b>	<b>1,162</b>	<b>869</b>	<b>1,125</b>	<b>1,068</b>
Allowances for insolvency risk	(141)	(262)	(309)	(151)	(148)
Other charges to provisions	(44)	(45)	(98)	(194)	(101)
Gains/(losses) on disposal of assets and others	(27)	(9)	136	(9)	(19)
<b>Profit/(loss) before tax</b>	<b>985</b>	<b>838</b>	<b>499</b>	<b>721</b>	<b>(1,129)</b>
Income tax expense	(270)	(219)	(116)	(157)	393
<b>Profit/(loss) after tax</b>	<b>715</b>	<b>619</b>	<b>383</b>	<b>564</b>	<b>(736)</b>
Profit/(loss) attributable to minority interest and others	0	1	2		
<b>Profit/(loss) attributable to the Group</b>	<b>715</b>	<b>618</b>	<b>382</b>	<b>564</b>	<b>(736)</b>
<i>Risk-weighted assets</i>	196,572	195,596	197,370	201,811	202,532
<i>Common Equity Tier 1 (CET1)</i>	12.3%	13.4%	13.0%	12.9%	12.7%
<i>Total capital</i>	16.5%	17.9%	17.9%	17.9%	17.4%

€ million	BPI				
	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Net interest income</b>	<b>124</b>	<b>115</b>	<b>116</b>	<b>113</b>	<b>111</b>
Dividend income	91	0			100
Share of profit/(loss) of entities accounted for using the equity method	17	13	16	11	9
Net fee and commission income	73	71	84	74	67
Trading income	13	24	3	11	4
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(28)	(19)	4	4	(26)
<b>Gross income</b>	<b>289</b>	<b>204</b>	<b>222</b>	<b>213</b>	<b>265</b>
Recurring administrative expenses, depreciation and amortisation	(111)	(114)	(104)	(116)	(110)
Extraordinary expenses					(1)
<b>Pre-impairment income</b>	<b>178</b>	<b>90</b>	<b>118</b>	<b>96</b>	<b>153</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>178</b>	<b>90</b>	<b>118</b>	<b>96</b>	<b>154</b>
Allowances for insolvency risk	(6)	34	(35)	(13)	(7)
Other charges to provisions	(0)	(0)	(21)	(10)	(5)
Gains/(losses) on disposal of assets and others	1	0	(7)	0	
<b>Profit/(loss) before tax</b>	<b>173</b>	<b>124</b>	<b>55</b>	<b>73</b>	<b>141</b>
Income tax expense	(22)	(35)	(12)	(17)	(11)
<b>Profit/(loss) after tax</b>	<b>151</b>	<b>89</b>	<b>43</b>	<b>56</b>	<b>131</b>
Profit/(loss) attributable to minority interest and others	(0)				
<b>Profit/(loss) attributable to the Group</b>	<b>151</b>	<b>89</b>	<b>43</b>	<b>56</b>	<b>131</b>
<i>Risk-weighted assets</i>	18,949	18,653	18,281	18,390	18,349
<i>Common Equity Tier 1 (CET1)</i>	13.6%	13.7%	14.2%	14.5%	14.3%
<i>Total capital</i>	17.3%	17.5%	17.4%	17.6%	17.4%

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

€ million	CAIXABANK														
	2Q22			1Q22			4Q21			3Q21			2Q21		
	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	127,373	256	0.81	129,157	265	0.83	116,310	250	0.85	107,992	239	0.88	84,242	224	1.06
Loans and advances (a)	310,127	1,253	1.62	305,524	1,208	1.60	309,290	1,258	1.61	313,015	1,291	1.64	316,909	1,322	1.67
Debt securities	84,079	79	0.38	81,097	56	0.28	75,918	45	0.24	72,231	39	0.21	75,573	43	0.23
Other assets with returns	62,310	385	2.48	67,682	427	2.56	63,773	388	2.42	63,755	392	2.44	63,497	379	2.40
Other assets	84,439	14	-	85,391	13	-	94,146	4	-	98,139	6	-	96,248	2	-
<b>Total average assets (b)</b>	<b>668,328</b>	<b>1,987</b>	<b>1.19</b>	<b>668,851</b>	<b>1,969</b>	<b>1.19</b>	<b>659,437</b>	<b>1,945</b>	<b>1.17</b>	<b>655,132</b>	<b>1,967</b>	<b>1.19</b>	<b>636,469</b>	<b>1,970</b>	<b>1.24</b>
Financial Institutions	125,090	(171)	0.55	119,233	(163)	0.55	111,142	(139)	0.50	109,581	(121)	0.44	103,196	(91)	0.35
Retail customer funds (c)	357,838	22	(0.02)	353,115	13	(0.02)	348,722	(4)	-	343,716	(1)	-	335,029	(5)	0.01
Wholesale marketable debt securities & other	46,691	(37)	0.32	46,874	(27)	0.23	47,252	(34)	0.29	47,371	(35)	0.29	46,689	(34)	0.29
Subordinated liabilities	9,265	(3)	0.11	9,936	(5)	0.21	10,380	(8)	0.31	9,841	(8)	0.34	9,727	(7)	0.30
Other funds with cost	75,932	(295)	1.56	82,038	(332)	1.64	82,167	(308)	1.49	83,201	(313)	1.49	75,901	(297)	1.57
Other funds	53,512	(21)	-	57,655	(20)	-	59,774	(9)	-	61,422	(13)	-	65,927	(12)	-
<b>Total average funds (d)</b>	<b>668,328</b>	<b>(505)</b>	<b>0.30</b>	<b>668,851</b>	<b>(534)</b>	<b>0.32</b>	<b>659,437</b>	<b>(502)</b>	<b>0.30</b>	<b>655,132</b>	<b>(491)</b>	<b>0.30</b>	<b>636,469</b>	<b>(446)</b>	<b>0.28</b>
Net interest income		1,482			1,435			1,443			1,476			1,524	
Customer spread (%) (a-c)		1.64			1.62			1.64			1.64			1.66	
Balance sheet spread (%) (b-d)		0.89			0.87			0.87			0.89			0.96	

€ million	BPI														
	2Q22			1Q22			4Q21			3Q21			2Q21		
	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	8,562	20	0.94	7,581	13	0.72	7,047	13	0.73	6,965	13	0.74	6,584	13	0.78
Loans and advances (a)	24,911	105	1.69	24,387	98	1.64	23,981	98	1.62	23,595	95	1.60	22,959	96	1.68
Debt securities	8,264	11	0.52	8,158	10	0.49	7,632	13	0.69	6,813	12	0.70	7,334	12	0.63
Other assets with returns		-	-		-	-		-	-		-	-		-	-
Other assets	3,189	3	-	2,596	3	-	2,593	3	-	2,670	2	-	2,687		-
<b>Total average assets (b)</b>	<b>44,927</b>	<b>139</b>	<b>1.23</b>	<b>42,721</b>	<b>124</b>	<b>1.18</b>	<b>41,251</b>	<b>127</b>	<b>1.22</b>	<b>40,043</b>	<b>122</b>	<b>1.22</b>	<b>39,564</b>	<b>121</b>	<b>1.22</b>
Financial Institutions	7,914	(11)	0.55	6,780	(5)	0.29	5,861	(5)	0.36	5,961	(5)	0.34	5,912	(5)	0.33
Retail customer funds (c)	29,907	2	(0.03)	29,029	2	(0.03)	28,285	2	(0.03)	27,779	2	(0.03)	27,172	3	(0.04)
Wholesale marketable debt securities & other	1,898	(3)	0.62	1,898	(3)	0.55	1,781	(3)	0.78	1,200	(3)	0.97	1,451	(3)	0.81
Subordinated liabilities	425	(3)	2.86	322	(4)	5.50	300	(4)	5.29	300	(4)	5.30	300	(4)	5.30
Other funds with cost		-	-		-	-		-	-		-	-		-	-
Other funds	4,783	-	-	4,693	-	-	5,024	(1)	-	4,803	-	-	4,730	(1)	-
<b>Total average funds (d)</b>	<b>44,927</b>	<b>(15)</b>	<b>0.13</b>	<b>42,721</b>	<b>(9)</b>	<b>0.09</b>	<b>41,251</b>	<b>(11)</b>	<b>0.11</b>	<b>40,043</b>	<b>(9)</b>	<b>0.09</b>	<b>39,564</b>	<b>(10)</b>	<b>0.10</b>
Net interest income		124			115			116			113			111	
Customer spread (%) (a-c)		1.72			1.67			1.65			1.63			1.72	
Balance sheet spread (%) (b-d)		1.10			1.09			1.11			1.13			1.12	

## c) Quarterly change in fees and commissions

€ million	CAIXABANK				
	2Q22	1Q22	4Q21	3Q21	2Q21
Banking services, securities and other fees	553	483	534	492	528
Sale of insurance products	80	87	100	66	73
Mutual funds, managed accounts and SICAVs	197	206	228	208	196
Pension plans	76	76	95	79	75
Unit Link and other	47	46	58	45	42
<b>Net fee and commission income</b>	<b>953</b>	<b>897</b>	<b>1,017</b>	<b>890</b>	<b>915</b>

€ million	BPI				
	2Q22	1Q22	4Q21	3Q21	2Q21
Banking services, securities and other fees	44	41	48	43	41
Sale of insurance products	13	14	16	13	12
Mutual funds, managed accounts and SICAVs	9	10	13	12	8
Unit Link and other	7	7	6	6	5
<b>Net fee and commission income</b>	<b>73</b>	<b>71</b>	<b>84</b>	<b>74</b>	<b>67</b>

d) Quarterly change in administrative expenses, depreciation and amortisation

€ million	CAIXABANK				
	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Gross income</b>	<b>2,590</b>	<b>2,571</b>	<b>2,341</b>	<b>2,615</b>	<b>2,555</b>
Personnel expenses	(843)	(879)	(919)	(948)	(940)
General expenses	(353)	(353)	(376)	(377)	(387)
Depreciation and amortisation	(181)	(177)	(177)	(165)	(160)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(1,377)</b>	<b>(1,409)</b>	<b>(1,472)</b>	<b>(1,490)</b>	<b>(1,488)</b>
Extraordinary expenses	(16)	(8)	(99)	(49)	(1,929)

€ million	BPI				
	2Q22	1Q22	4Q21	3Q21	2Q21
<b>Gross income</b>	<b>289</b>	<b>204</b>	<b>222</b>	<b>213</b>	<b>265</b>
Personnel expenses	(57)	(58)	(58)	(61)	(57)
General expenses	(37)	(38)	(27)	(36)	(36)
Depreciation and amortisation	(18)	(18)	(19)	(19)	(18)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(111)</b>	<b>(114)</b>	<b>(104)</b>	<b>(116)</b>	<b>(110)</b>
Extraordinary expenses			0		(1)

e) Changes in the NPL ratio

	CAIXABANK			BPI		
	30 Jun. 2022	31 Mar. 2022	31 Dec. 2021	30 Jun. 2022	31 Mar. 2022	31 Dec. 2021
<b>Loans to individuals</b>	<b>3.7%</b>	<b>4.3%</b>	<b>4.4%</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.2%</b>
Home purchases	3.2%	3.7%	3.7%	1.6%	1.7%	1.8%
Other	5.2%	6.3%	6.4%	5.8%	5.4%	5.0%
<b>Loans to business</b>	<b>3.3%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>
<b>Public sector</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>NPL Ratio (loans and contingent liabilities)</b>	<b>3.2%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.3%</b>



## Activity indicators by region

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

### Spain

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
<b>LOANS AND ADVANCES TO CUSTOMERS</b>					
Loans to individuals	170,329	167,514	1.7	169,705	0.4
Home purchases	124,850	125,230	(0.3)	126,709	(1.5)
Other	45,479	42,284	7.6	42,996	5.8
of which: Consumer lending	17,547	17,216	1.9	17,128	2.4
Loans to business	143,155	137,584	4.0	136,716	4.7
Public sector	20,375	19,782	3.0	18,689	9.0
Loans and advances to customers, gross	333,860	324,881	2.8	325,111	2.7
<b>CUSTOMER FUNDS</b>					
Customer funds	369,018	356,371	3.5	355,628	3.8
Demand deposits	347,901	333,380	4.4	330,323	5.3
Time deposits	21,118	22,991	(8.1)	25,306	(16.5)
Insurance contract liabilities	62,054	63,174	(1.8)	62,788	(1.2)
of which: Unit Link and other	14,873	15,819	(6.0)	15,601	(4.7)
Reverse repurchase agreements and other	3,595	4,205	(14.5)	3,315	8.4
On-balance sheet funds	434,668	423,750	2.6	421,732	3.1
Mutual funds, managed accounts and SICAVs	95,451	100,105	(4.6)	103,632	(7.9)
Pension plans	41,073	43,284	(5.1)	44,541	(7.8)
Assets under management	136,524	143,389	(4.8)	148,173	(7.9)
Other accounts	9,509	8,794	8.1	6,411	48.3
Total customer funds	580,701	575,933	0.8	576,316	0.8

### Portugal

€ million	30 Jun. 2022	31 Mar. 2022	Change %	31 Dec. 2021	Change %
<b>LOANS AND ADVANCES TO CUSTOMERS</b>					
Loans to individuals	15,798	15,409	2.5	15,046	5.0
Home purchases	13,800	13,435	2.7	13,083	5.5
Other	1,998	1,974	1.2	1,963	1.8
of which: Consumer lending	1,623	1,609	0.9	1,588	2.2
Loans to business	11,357	10,990	3.3	10,703	6.1
Public sector	1,755	2,124	(17.4)	2,091	(16.0)
Loans and advances to customers, gross	28,911	28,523	1.4	27,840	3.8
<b>CUSTOMER FUNDS</b>					
Customer funds	29,755	29,444	1.1	28,641	3.9
Demand deposits	21,167	20,957	1.0	20,126	5.2
Time deposits	8,588	8,488	1.2	8,515	0.9
Insurance contract liabilities	4,359	4,520	(3.6)	4,588	(5.0)
of which: Unit Link and other	3,656	3,765	(2.9)	3,765	(2.9)
Reverse repurchase agreements and other	5	6	(4.8)	7	(21.8)
On-balance sheet funds	34,119	33,970	0.4	33,236	2.7
Mutual funds, managed accounts and SICAVs	5,715	6,136	(6.9)	6,457	(11.5)
Pension plans	3,085	3,298	(6.4)	3,390	(9.0)
Assets under management	8,800	9,434	(6.7)	9,847	(10.6)
Other accounts	467	555	(15.9)	572	(18.4)
Total customer funds	43,386	43,959	(1.3)	43,655	(0.6)

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Best Bank in Spain 2022



Best Bank for Corporate Responsibility in Western Europe 2022



Best Bank in Spain and Best Bank in Western Europe 2022

Best Bank for Sustainable Finance in Spain 2022



Bank of the Year 2021 in Spain



Most Innovative Financial Institution in Western Europe 2022



Best Private Bank for Big Data Analytics and Artificial Intelligence in Europe 2022



Best Private Bank for Digital Marketing & Communication in Europe 2022

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AA  
CCC B BB BBB A AA AAA

