

# Business activity and results

January-June

# 2021



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

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

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

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

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

## Commercial positioning

### CLIENTS

**21.0**  
million

### BUSINESS ACTIVITY

**674,088**  
in total assets (€ million)

**600,993**  
in customer funds (€ million)

**363,012**  
in loans and advances to  
customers (€ million)

## Balance sheet indicators

### RISK MANAGEMENT

**3.6%**  
NPL ratio

**64%**  
NPL  
coverage ratio

**0.31%**  
Cost of risk (12 months)

### CAPITAL ADEQUACY

**12.9%**  
CET1

**17.4%**  
Total capital

**25.1%**  
MREL

### LIQUIDITY

**162,731**  
in total liquid assets (€ million)

**292%**  
liquidity coverage ratio (LCR),  
trailing 12 months

**148%**  
NSFR

## Results, profitability and cost-to-income

### ATTRIBUTABLE PROFIT/(LOSS)



### COST-TO-INCOME

**54.3%**  
cost-to-income ratio stripping out  
extraordinary expenses (12 months)

### PROFITABILITY

**9.8%**  
12-month ROTE  
ex M&A impacts

## Key Group figures

€ million / %	January – June		Change	2Q21	Quarter-on-quarter
	2021	2020			
<b>PROFIT/(LOSS)</b>					
Net interest income	2,827	2,425	16.6%	1,636	37.4%
Net fee and commission income	1,640	1,266	29.5%	981	48.9%
Core income	4,899	4,064	20.6%	2,833	37.1%
Gross income	4,883	4,117	18.6%	2,820	36.7%
Recurring administrative expenses, depreciation and amortisation	(2,747)	(2,345)	17.1%	(1,598)	39.1%
Pre-impairment income	166	1,772	(90.7%)	(708)	-
Pre-impairment income stripping out extraordinary expenses	2,136	1,772	20.5%	1,222	33.7%
Profit/(loss) attributable to the Group	4,181	205	-	(605)	-
Profit/(loss) attributable to the Group ex M&A impacts	1,278	205	-	764	48.6%
<b>MAIN RATIOS (last 12 months)</b>					
Cost-to-income ratio	75.8%	56.9%	18.9	75.8%	21.8
Cost-to-income ratio stripping out extraordinary expenses	54.3%	56.9%	(2.6)	54.3%	0.8
Cost of risk <sup>1</sup> (last 12 months)	0.31%	0.61%	(0.30)	0.31%	(0.30)
ROE <sup>1</sup>	8.2%	4.7%	3.5	8.2%	1.6
ROTE <sup>1</sup>	9.8%	5.6%	4.2	9.8%	1.8
ROA <sup>1</sup>	0.5%	0.3%	0.2	0.5%	0.1
RORWA <sup>1</sup>	1.4%	0.8%	0.7	1.4%	0.3
<b>BALANCE SHEET</b>					
Total assets	674,088	451,520	49.3%	663,569	1.6%
Equity	34,571	25,278	36.8%	35,552	(2.8%)
<b>BUSINESS ACTIVITY</b>					
Customer funds	600,993	415,408	44.7%	579,934	3.6%
Customer funds, excluding the Bankia integration	440,394	415,408	6.0%	419,335	-
Loans and advances to customers, gross	363,012	243,924	48.8%	363,821	(0.2%)
Loans and advances to customers, gross, excluding the Bankia integration	241,996	243,924	(0.8%)	242,805	-
<b>RISK MANAGEMENT</b>					
Non-performing loans (NPL)	14,005	8,601	5,404	14,077	(72)
Non-performing loans (NPL), excluding the Bankia integration	8,578	8,601	(23)	8,650	-
Non-performing loan ratio	3.6%	3.3%	0.3	3.6%	0.0
Provisions for insolvency risk	9,001	5,755	3,246	9,415	(414)
Provisions for insolvency risk, excluding the Bankia integration	5,383	5,755	(372)	5,797	-
NPL coverage ratio	64%	67%	(3)	67%	(3)
Net foreclosed available for sale real estate assets	2,297	930	1,367	2,267	30
Foreclosed available for sale real estate assets, ex.Bankia integration	1,114	930	184	1,084	-
<b>LIQUIDITY</b>					
Total Liquid Assets	162,731	114,451	48,280	147,146	15,585
Liquidity Coverage Ratio (last 12 months)	292%	248%	44	273%	19
Net Stable Funding Ratio (NSFR)	148%	145%	3	146%	2
Loan to deposits	94%	97%	(3)	97%	(3)
<b>CAPITAL ADEQUACY</b>					
Common Equity Tier 1 (CET1)	12.9%	13.6%	(0.7)	14.1%	(1.2)
Tier 1	14.8%	15.7%	(0.9)	16.2%	(1.4)
Total capital	17.4%	18.1%	(0.7)	19.0%	(1.6)
MREL	25.1%	26.3%	(1.2)	26.3%	(1.2)
Risk-Weighted Assets (RWAs) <sup>2</sup>	220,660	144,073	76,587	208,585	12,075
Leverage ratio	5.1%	5.6%	(0.5)	5.4%	(0.3)
<b>SHARE INFORMATION<sup>3</sup></b>					
Share price (€/share)	2.594	2.101	0.493	2.639	(0.045)
Market capitalisation	20,890	12,558	8,332	21,259	(369)
Book value per share (€/share)	4.29	4.22	0.06	4.41	(0.12)
Tangible book value per share (€/share)	3.66	3.49	0.16	3.78	(0.12)
Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.34	0.21	0.13	0.28	0.06
PER (Price/Profit, ex M&A impacts; times)	7.63	10.14	(2.52)	9.43	(1.80)
Tangible PBV (Market value/ book value of tangible assets)	0.71	0.60	0.11	0.70	0.01
<b>OTHER DATA (units)</b>					
Employees <sup>4</sup>	51,071	35,434	15,637	51,227	(156)
Branches <sup>4</sup>	6,160	4,208	1,952	6,298	(138)
Of which: retail branches in Spain	5,433	3,571	1,862	5,552	(119)
ATMs <sup>4</sup>	15,285	10,283	5,002	15,372	(87)

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

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

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

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

# Key information

## Our Bank

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

Following this operation, the CaixaBank Group exceeds €670,000 million in assets and serves over 21 million customers through a network of more than 6,000 branches in Spain and Portugal.

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

*Euromoney* has acknowledged CaixaBank as the **"Best Bank in Spain 2021"**. Furthermore, CaixaBank has been named **"Best Bank in Spain"** for the seventh consecutive year and **"Best Bank in Western Europe"** for the third time, at the *Best Bank Awards* handed out each year by the magazine *Global Finance*, for its social responsibility, financial robustness and leadership position following the merger with Bankia.

## Customer experience

- With a **customer base of 19.1 million in Spain**, CaixaBank provides a unique omnichannel distribution platform with multi-product capabilities that continuously evolves to anticipate customer needs and preferences.

Our service vocation helps us establish solid market shares<sup>1</sup>, which have been reinforced with the integration of Bankia:

Loans to individuals and business	Consumer lending	Deposits by individuals and business	Investment funds	Pension plans	Long-term saving	Card turnover
24.9%	22.5%	25.1%	24.9%	33.7%	29.3%	33.4%

- BPI boasts a customer base of over **1.9 million clients in Portugal**, with a market share<sup>2</sup> of 10.8% in lending activity and 11.3% in customer funds.

In 2021, BPI was acknowledged with the **"Five Stars Award"** in the category of Major Banks and in the category of *Conta Ordenado* for its customer satisfaction and acknowledgement and the simplicity of Cuenta Valor, which is exempt from fees and offers free cards and transfers in digital channels. In addition, it has been selected **"Brand of Confidence"** in the banking sector for the eighth consecutive year by the magazine *Seleções do Reader's Digest*, improving its performance in all evaluated attributes: service quality, cost-benefit ratio and customer service.

## Digital transformation

- CaixaBank continues to strengthen its **leadership of the digital banking market**, with a proportion of digital customers<sup>3</sup> of 70.6%, maintaining a firm commitment towards digital transformation and supporting innovative companies with a potential for growth.
- CaixaBank was named **"Most innovative bank in Western Europe 2021"** by the magazine *Global Finance*.
- The magazine PWM (*Financial Times* Group) has acknowledged CaixaBank as **"Best Private Bank in Europe in Big Data Analysis and Artificial Intelligence 2021"** for its digital transformation strategy and continuous innovation.

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

(2) Latest available information. Data prepared in-house (includes deposits, investment funds, capitalisation insurance, PPRs and OTRVs). Source: Banco de Portugal, APS, APFIPP.

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

## People-centric culture

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

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

## Responsible management and social commitment

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

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

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

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

## Relevant issues

### CaixaBank and Bankia merger

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

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

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

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

Considering Bankia's share capital at this date, the Exchange Ratio and the closing price of the CaixaBank share at such date, the total value of the capital increase and, accordingly, the **cost of acquisition of the business**

combination amounted to **€5,314 million** (the par value of the newly issued shares was €2,079 million and the increase of issue premium was €3,235 million).

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

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

<b>Bankia Group equity at 31 Mar. 2021 (a)</b>	<b>13,088</b>
<b>Fair value adjustments and other<sup>1</sup>, net (b)</b>	<b>(3,474)</b>
<b>Acquisition price (c)</b>	<b>5,314</b>
<b>Negative consolidation difference (a+b-c)</b>	<b>4,300</b>

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

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

### Labour agreement

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

The income statement for the first half of 2021 includes the recognition of €1,884 million (€1,319 million, net) associated with the estimate of this agreement's cost, representing an impact on capital of -83 basis points on the CET1 ratio at 30 June 2021.

### Agreement to sell Bankia business lines

CaixaBank has agreed to sell certain lines of business directly pursued by Bankia to the following investees:

- Sale of the acquiring business (POS) to Comercia Global Payments EP, SL ("CGP") for €260 million. Global Payments Inc and CABK hold an 80% and 20% stake, respectively, in CGP.
- Sale of the prepaid card business to Global Payments MoneytoPay, EDE, SL ("MTP") for €17 million. Global Payments Inc and CABK hold a 51% and 49% stake, respectively, in MTP.

The execution of the aforementioned operations, which are independent of each other, is subject to the relevant authorisations. These include CaixaBank's authorisation from the Ministry of Economic Affairs and Digital Transformation for each of the operations and the authorisation from the Securities and Exchange Commission for the purchase of the acquiring business by CGP.

The above-mentioned operations will generate a consolidated net gain of €187 million, with an impact on CET1 of +11 basis points, based on the ratio at 30 June 2021.

The operations are expected to be completed in the fourth quarter of 2021.



## Attractive return and solid financials

### Results and business activity

- **Attributable profit in the first half of 2021 reached €4,181 million**, after including the one-off impacts related to the merger with Bankia.

**The result in the first half of the year stands at €1,278 million without considering 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, both net of tax). The result in the same period of 2020 was €205 million, impacted by the provisions made to anticipate future impacts associated with Covid-19.

**The comparative proforma result** in the first half of 2021 amounted to **€1,343 million versus €347 million in the same period of 2020, impacted by the provisions associated with Covid-19** (Bankia's result before the merger is included in both years . Extraordinary aspects related to the merger have been stripped out).

- **Total loans and advances to customers, gross** stands at €363,012 million, up 48.8% in the first half of 2021 (-0.8% ex Bankia).
- **Customer funds** increased by 44.7% in the first half of the year (+6.0% ex Bankia).

### Risk management

- The **NPL ratio** stands at **3.6%** and the **coverage ratio** at **64%** (3.3% and 67%, respectively at 2020 year-end).
- The **cost of risk (last 12 months)** came to **0.31%**.

### Liquidity management

- **Total liquid assets** amounted to **€162,731 million**, up €48,280 million in the half, mainly due to the integration of Bankia.
- The Group's **Liquidity Coverage Ratio (LCR)** was **333%** at 30 June 2021, showing an ample liquidity position (292% LCR average last 12 months) well clear of the minimum requirement of 100%.

### Capital management

- The **Common Equity Tier 1 (CET1)** ratio stands at **12.9%**.

The first quarter includes the one-off impact of Bankia's integration for +77 basis points and -89 basis points from the effect of the Purchase Price Allocation (PPA), and the second quarter is affected by -87 basis points from restructuring costs (of which -83 correspond to the labour integration agreement) and -71 points from regulatory impacts.

The organic change in the first half of 2021 was of +64 basis points and +45 basis points caused by the performance of the markets and other. The impact of IFRS 9 phase in was of -16 basis points.

- The CET1 ratio without applying the IFRS 9 transitional period stands at **12.5%**.
- The **Tier 1** ratio reaches **14.8%**, the **Total Capital** ratio **17.4%** and the **leverage** ratio **5.1%**.
- The MREL ratio stood at 25.1% on RWAs, meeting the level required for 2024.

## Dividend policy

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

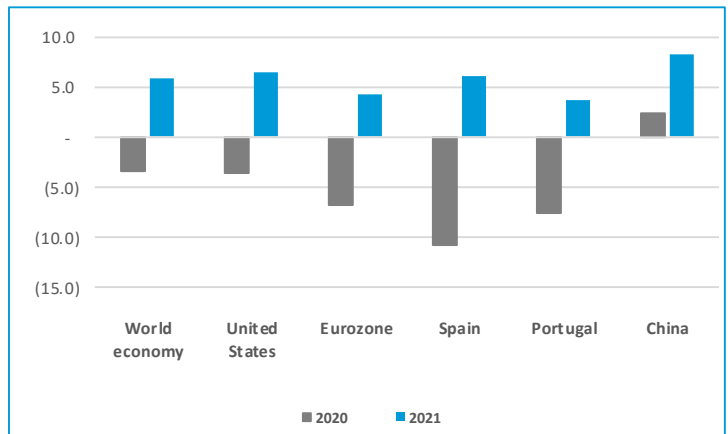
# Macroeconomic trends and state of the financial markets

## Global economic outlook

During the first quarter of 2021, the growth data revealed that the **global economy** is entering an unequal expansion phase as a consequence of the countries implementing different measures to control the pandemic and showing an uneven vaccination rate among them, as well as due to the existing gap between the economic structure and the implemented stimulus measures. Thus, whereas China has already surpassed its pre-pandemic level by 7% and continues to grow (+0.6% quarter on quarter in the first quarter of 2021) and the United States is following an upward trend that will lead it to exceed its pre-pandemic levels in the coming months, with an accelerating growth reaching a solid 1.6% quarter on quarter (slightly below 1% in the fourth quarter 2019), the eurozone's economy declined 0.3% quarter on quarter.

However, the most recent indicators obtained in the second quarter suggest that those countries that are most advanced in the post-Covid expansion phase will maintain their positive momentum and those lagging, specifically the advanced European economies, will return to economic growth. A significant acceleration in the pace of activity is expected in the second half of 2021 aided by a further fiscal stimulus, maintaining highly accommodative financial conditions and a progress in vaccination campaigns. As a whole, worldwide growth is estimated approximately at 6% for 2021, following the sharp fall of 3.3% in 2020.

In this context, the risk balance is less unfavourable than in the past and is changing rapidly. The main downside risks to economic growth in 2021 will continue stemming from the development of the health situation. Specifically, concerns arise on the possible emergence of new mutations against which current vaccines would be less effective. A more novel concern is the risk that the economy might overheat, especially in the United States. This risk is there, and its likelihood of occurrence has increased. Therefore, in spite of the rise of US inflation having a significant transitional component and the labour market still taking time to recover completely, the Federal Reserve toughened its tone in the meeting it held in June and stated that it will raise rates in 2023 (previously not planned until 2024). With regard to the upside risks, a greater impact than expected from the fiscal stimulus packages (e.g. thanks to a higher degree of international coordination than in the past) or a further mobilisation of accumulated savings are most likely to take place.



GDP<sup>1</sup>, main economies  
Annual change (%)

(1) CaixaBank Research forecasts for 2021.

## Economic scenario - Europe, Spain and Portugal

In the **eurozone**, following a decline in activity in the first quarter of 2021, 0.3% quarter on quarter, the latest data suggest that the growth in the second quarter will be higher than 1% quarter on quarter. The fall in the first quarter was mainly due to the extension of the restrictions to address the pandemic's winter wave. However, herd immunity in risk groups significantly advanced in the second quarter, as it also generally has in the rest of the European population in recent months. This positive evolution was reflected in the ease of the pressure on the health system, and it has led to a significant loosening of the social lockdown measures.

Inflation has also risen significantly in this scenario of economic recovery, albeit in Europe this spike is mainly due to idiosyncratic factors (calendar effects, new weightings in the basket of prices, readjustments in the German VAT, rebound in oil prices), which will continue causing volatility throughout 2021 and will probably take inflation temporarily above 2.5%. This volatility will wane gradually and should not condition the ECB's actions, which will continue maintaining the accommodative financial conditions without requiring any additional measures thanks to the higher rate of asset purchases in March.

We expect the recovery to pick up in the second half of the year and to bring overall net growth for 2021 above 4%. The following are the main factors behind this recovery: i) the progress made in the vaccination campaigns; ii) maintaining the aforementioned accommodating financial environment; iii) the mobilisation of the savings accumulated during the months of lockdown; and iv) the first disbursements made within the framework of Next Generation EU (NGEU) programme.

The indicators available to date suggest that the **Spanish** economy could follow a momentum similar to that of Europe, but with further intensity. Thus, following the fall in GDP of 0.4% quarter on quarter in the first quarter of 2021, the indicators available to date reveal that the Spanish economy experienced a significant expansion of economic activity in the second quarter. In this context, the good performance of the job and consumer markets stands out, suggesting that the quarter-on-quarter rise of GDP might exceed 2.0% in this quarter.

This scenario remains closely linked to the aforementioned shared European drivers of growth. Spain will additionally experience a positive impact from the partial recovery of the expected tourist flows. In spite of the rise in Covid infections during the months of June and July possibly posing a threat to the recovery of tourism in the third quarter of 2021, the positive performance of consumption and the swift implementation of the NGEU programme will help the GDP growth rate remain at relatively high levels in the coming quarters. Therefore, we expect the GDP to grow around 6.0% in 2021, and somewhat higher and slightly above 6.0% in 2022.

In **Portugal**, the acerbity of the third wave of infections forced the implementation of much more severe containment measures than those implemented in Spain, which resulted in a sharp fall in growth in the first quarter of 2021, 3.3% quarter on quarter. All in all, data in the second quarter show a dynamic recovery of activity, and the growth rate in 2021 is likely to be around 4%. The factors involved in the Portuguese recovery are similar to those in the Spanish economy, that is, the vaccination, the release of stagnant demand, the continuation of accommodative financial conditions, the recovery of tourism and the initial disbursement of the NGEU fund.

## State of the financial markets

In the year to date, **financial asset prices** have been adjusting to what has been called a reflation scenario, that is, the expectation that global economic activity will enjoy a sustained revival and that inflation will leave its weakness behind and become more buoyant, both backed by the recent fiscal and monetary stimuli. Thus, on the one hand, optimism about economic growth has driven up stocks and other risk assets, such as raw materials, whereas on the other hand, expectations of higher inflation have led to a rise in market interest rates in the long tranches of the curves. In the stock markets this readjustment favoured the sectors most sensitive to the economic cycle, which pushed up the major stock market indices.

Initially, the major central banks did not appear to be concerned about the rise in market interest rates, noting that the movement reflects an improvement in the economic outlook. However, when rates also began to be stressed in real terms and doubts on the more or less temporary nature of the current inflationary episode slightly increased, the central banks reaffirmed their commitment towards maintaining an accommodating financial environment. The main central banks, particularly the ECB for the eurozone, forecast that the tightening of prices will be temporary. All in all, as previously mentioned, the Federal Reserve has toughened its tone, and normalisation is expected earlier than initially anticipated.

# Income statement

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

## Year-on-year performance

**Attributable profit for the first half of 2021 amounts to €4,181 million.**

The result in the first half stands at €1,278 million, stripping out the extraordinary expenses related to the merger (negative consolidation difference for €4,300 million and extraordinary expenses and charges to provisions for €-1,397 million, both net of taxes). In the same half of 2020 the result was €205 million, impacted by the provisions made to anticipate future impacts associated with Covid-19.

€ million	1H21	M&A one offs <sup>(1)</sup>	1H21 ex M&A	1H20	Change	Change %
<b>Net interest income</b>	<b>2,827</b>		<b>2,827</b>	<b>2,425</b>	<b>402</b>	<b>16.6</b>
Dividend income	152		152	94	58	61.3
Share of profit/(loss) of entities accounted for using the equity method	205		205	97	109	112.2
Net fee and commission income	1,640		1,640	1,266	374	29.5
Trading income	80		80	142	(62)	(43.8)
Income and expense under insurance or reinsurance contracts	318		318	292	26	9.0
Other operating income and expense	(339)		(339)	(199)	(140)	70.5
<b>Gross income</b>	<b>4,883</b>		<b>4,883</b>	<b>4,117</b>	<b>766</b>	<b>18.6</b>
Recurring administrative expenses, depreciation and amortisation	(2,747)		(2,747)	(2,345)	(402)	17.1
Extraordinary expenses	(1,970)	(1,969)	(1)		(1)	
<b>Pre-impairment income</b>	<b>166</b>	<b>(1,969)</b>	<b>2,135</b>	<b>1,772</b>	<b>363</b>	<b>20.5</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,136</b>		<b>2,136</b>	<b>1,772</b>	<b>364</b>	<b>20.5</b>
Allowances for insolvency risk	(328)		(328)	(1,334)	1,006	(75.4)
Other charges to provisions	(155)	(26)	(129)	(184)	55	(30.0)
Gains/(losses) on disposal of assets and others	4,284	4,300	(16)	(49)	34	(68.2)
<b>Profit/(loss) before tax</b>	<b>3,966</b>	<b>2,304</b>	<b>1,662</b>	<b>204</b>	<b>1,458</b>	
Income tax expense	214	599	(384)	(1)	(384)	
<b>Profit/(loss) after tax</b>	<b>4,180</b>	<b>2,903</b>	<b>1,277</b>	<b>203</b>	<b>1,074</b>	
Profit/(loss) attributable to minority interest and others	(0)		(0)	(1)	1	(79.7)
<b>Profit/(loss) attributable to the Group</b>	<b>4,181</b>	<b>2,903</b>	<b>1,278</b>	<b>205</b>	<b>1,073</b>	

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

- Extraordinary expenses €-1,969 million: estimated cost of the labour agreement (€-1.884 million) and other integration expenses (€-85 million).
- Other charges to provisions €-26 million: restructuring costs associated with commitments already assumed with providers.
- Gains/(losses) on disposal of assets €+4,300 million: negative consolidation difference.

Core income	1H21	1H20	Change	Change %
Net interest income	2,827	2,425	402	16.6
Income from Bancassurance equity investments	115	82	33	40.5
Net fee and commission income	1,640	1,266	374	29.5
Income and expenses under insurance or reinsurance contracts	318	292	26	9.0
<b>Total core income</b>	<b>4,899</b>	<b>4,064</b>	<b>835</b>	<b>20.6</b>

**Core income** stands at €4,899 million (+20.6%), after the integration of Bankia, which mainly impacts the Net interest income and Fee and commission income as of the second quarter of 2021:

- **Net interest income** came to €2,827 million, up 16.6% with respect to the same period of the previous year. The customer spread reached 1.74% and the balance spread sheet 1.01% in the half year.
- **Fee and commission income** grew 29.5% to €1,640 million.
- **Income from Bancassurance equity investments** amounted to €115 million, up 40.5%, and includes the improved performance in 2021 and the incorporation of insurance investees of Bankia.
- **Income and expenses under insurance or reinsurance contracts** reached €318 million in the half year, up 9.0% on the previous year as a result of the increase of commercial activity.

**Dividend income**, which mainly included dividends from Telefónica and BFA, totalled €152 million in the first half of 2021. The 61.3% increase with respect to the same period of 2020 is mainly due to income associated with an extraordinary dividend from BFA for €54.5 million.

**Share of profit/(loss) of entities accounted for using the equity method** amounted to €205 million, up 112.2% with respect to the same period of the previous year as a result of the higher results attributed in a context of improvement in the economic outlook.

**Trading income** stands at €80 million. In 2020 it included, among others, the materialisation of unrealised gains from fixed-income assets.

**Other operating income and expense** includes, among other items, income and expenses of non-real estate subsidiaries, income from rentals and expenses incurred in managing foreclosed properties and contributions, levies and taxes. In its performance stands out, among others, the higher contribution to the Single Resolution Fund<sup>1</sup> for €181 million in the second quarter of 2021 versus the €111 million made in the previous year, reflecting the further contribution made by the company arising from the merger.

**Gross income €4,883 million**, up 18.6%, whereas **Recurring administrative expenses, depreciation and amortisation** increased by 17.1% (€-2,747 million), resulting in a recurring cost-to-income ratio of 54.3% versus 56.9% in the same period of the previous year.

**Extraordinary expenses** (€-1,970 million) include €-1,884 million, gross, associated with the cost of the labour agreement and €-85 million with other expenses incurred in the integration process.

**Allowances for insolvency risk** reached €-328 million, down 75.4% with respect to the first half of 2020, which includes the increased provisions for credit risk made to anticipate future impacts associated with Covid-19 (€-1,155 million).

The **cost of risk** (last 12 months) came to **0.31%**.

**Other charges to provisions** include in 2020 the recognition of €-109 million in connection with early retirements. In 2021 it includes €-26 million from a provision linked to the estimated restructuring costs associated with the commitments already assumed with providers within the framework of the integration.

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

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

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

## Quarterly performance

€ million	2Q21			1Q21			2Q20		
	2Q21	M&A one offs	2Q21 ex M&A	1Q21	M&A one offs	1Q21 ex M&A	Change %	2Q20	Change %
<b>Net interest income</b>	<b>1,636</b>		<b>1,636</b>	<b>1,191</b>		<b>1,191</b>	<b>37.4</b>	<b>1,225</b>	<b>33.6</b>
Dividend income	151		151					93	62.9
Share of profit/(loss) of entities accounted for using the equity method	129		129	77		77	67.4	41	
Net fee and commission income	981		981	659		659	48.9	608	61.3
Trading income	38		38	42		42	(9.6)	162	(76.5)
Income and expense under insurance or reinsurance contracts	154		154	164		164	(6.4)	141	8.6
Other operating income and expense	(268)		(268)	(70)		(70)		(136)	96.8
<b>Gross income</b>	<b>2,820</b>		<b>2,820</b>	<b>2,063</b>		<b>2,063</b>	<b>36.7</b>	<b>2,134</b>	<b>32.2</b>
Recurring administrative expenses, depreciation and amortisation	(1,598)		(1,598)	(1,149)		(1,149)	39.1	(1,157)	38.1
Extraordinary expenses	(1,930)	(1,929)	(1)	(40)	(40)				
<b>Pre-impairment income</b>	<b>(708)</b>	<b>(1,929)</b>	<b>1,221</b>	<b>874</b>	<b>(40)</b>	<b>914</b>	<b>33.6</b>	<b>976</b>	<b>25.1</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,222</b>		<b>1,222</b>	<b>914</b>		<b>914</b>	<b>33.7</b>	<b>976</b>	<b>25.2</b>
Allowances for insolvency risk	(155)		(155)	(174)		(174)	(11.0)	(819)	(81.1)
Other charges to provisions	(106)	(26)	(80)	(49)		(49)	63.4	(41)	96.3
Gains/(losses) on disposal of assets and others	(18)		(18)	4,303	4,300	3		(19)	(1.2)
<b>Profit/(loss) before tax</b>	<b>(987)</b>	<b>(1,955)</b>	<b>968</b>	<b>4,954</b>	<b>4,260</b>	<b>694</b>	<b>39.5</b>	<b>98</b>	
Income tax expense	382	587	(204)	(168)	12	(180)	13.4	15	
<b>Profit/(loss) after tax</b>	<b>(605)</b>	<b>(1,369)</b>	<b>763</b>	<b>4,785</b>	<b>4,272</b>	<b>513</b>	<b>48.9</b>	<b>113</b>	
Profit/(loss) attributable to minority interest and others	(0)		(0)				(26.9)	(2)	(93.4)
<b>Profit/(loss) attributable to the Group</b>	<b>(605)</b>	<b>(1,369)</b>	<b>764</b>	<b>4,786</b>	<b>4,272</b>	<b>514</b>	<b>48.6</b>	<b>115</b>	

Core income	2Q21	1Q21	Change %	2Q20	Change %
Net interest income	1,636	1,191	37.4	1,225	33.6
Income from Bancassurance equity investments	63	52	20.4	44	41.7
Net fee and commission income	981	659	48.9	608	61.3
Income and expense under insurance or reinsurance contracts	154	164	(6.4)	141	8.6
<b>Total core income</b>	<b>2,833</b>	<b>2,066</b>	<b>37.1</b>	<b>2,019</b>	<b>40.3</b>

# Comparative proforma income statement

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

## Year-on-year performance

The Comparative proforma Profit/(loss) in the first half stands at **€1,343 million**. In the same period of 2020 it reached €347 million, impacted by the provisions made to anticipate future impacts associated with Covid-19.

€ million	1H21	1H20	Change	Change %
<b>Net interest income</b>	<b>3,275</b>	<b>3,352</b>	<b>(78)</b>	<b>(2.3)</b>
Dividend income	152	95	57	60.7
Share of profit/(loss) of entities accounted for using the equity method	217	121	96	79.0
Net fee and commission income	1,922	1,822	100	5.5
Trading income	90	285	(195)	(68.4)
Income and expense under insurance or reinsurance contracts	318	292	26	9.0
Other operating income and expense	(380)	(339)	(41)	12.2
<b>Gross income</b>	<b>5,593</b>	<b>5,628</b>	<b>(35)</b>	<b>(0.6)</b>
Recurring administrative expenses, depreciation and amortisation	(3,191)	(3,208)	18	(0.6)
Extraordinary expenses	(1)		(1)	
<b>Pre-impairment income</b>	<b>2,402</b>	<b>2,420</b>	<b>(18)</b>	<b>(0.8)</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,403</b>	<b>2,420</b>	<b>(17)</b>	<b>(0.7)</b>
Allowances for insolvency risk	(451)	(1,814)	1,363	(75.1)
Other charges to provisions	(152)	(209)	57	(27.1)
Gains/(losses) on disposal of assets and others	(38)	(66)	28	(42.1)
<b>Profit/(loss) before tax</b>	<b>1,760</b>	<b>331</b>	<b>1,429</b>	
Income tax expense	(417)	15	(432)	
<b>Profit/(loss) after tax</b>	<b>1,343</b>	<b>346</b>	<b>997</b>	
Profit/(loss) attributable to minority interest and others	(0)	(1)	1	(79.7)
<b>Comparative proforma Profit/(loss)<sup>1</sup></b>	<b>1,343</b>	<b>347</b>	<b>996</b>	
- Profit/(loss) Bankia stripping out extraordinary expenses, net <sup>2</sup>	(65)	(142)	77	
+ M&A impacts, net <sup>3</sup>	2,903		2,903	
<b>Profit/(loss) attributable to the Group (accounting profit/(loss))</b>	<b>4,181</b>	<b>205</b>	<b>3,976</b>	

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

(2) €65 million, corresponding to the first quarter of 2021 (before materialising the merger), and €142 million corresponding to the first half of 2020, are deducted as Bankia Profit/(loss) stripping out extraordinary expenses, net.

(3) €2,903 million, net are added to the first half of 2021, which results from the negative consolidation difference for €+4,300 million and extraordinary expenses and charges to provisions, net of taxes, for €-1,397 million.

Core income	1H21	1H20	Change	Change %
Net interest income	3,275	3,352	(78)	(2.3)
Income from Bancassurance equity investments	127	109	17	16.0
Net fee and commission income	1,922	1,822	100	5.5
Income and expense under insurance or reinsurance contracts	318	292	26	9.0
<b>Total core income</b>	<b>5,641</b>	<b>5,575</b>	<b>66</b>	<b>1.2</b>



**Core income** grows 1.2% to reach €5,641 million. Its performance is impacted by the lower **Net interest income** (-2.3%), which is compensated by the growth of **Fee and commission income** (+5.5%), the recovery of **Income from Bancassurance equity investments** (+16.0%) and **Income and expenses under insurance or reinsurance contracts** (+9.0%).

Despite the increase of core income, dividend income (+60.7%) and income from equity investments (+79.0%), **Gross income** dropped 0.6% mainly due to lower Trading income (-68.4%) and higher costs recognised in Other operating income and expense (+12.2%).

**Recurring administrative expenses, depreciation and amortisation** slightly drop 0.6%, showing the management of the cost base and savings associated with the early retirements of 2020. The core cost-to-income ratio (54.6%) improved by 2.1 percentage points.

The performance of **Allowances for insolvency risk** (-75.1%) is impacted, among others, by the increased provisions for credit risk established in the first half of 2020, aimed to anticipate future impacts associated with Covid-19 (€-1,450 million).

**Other charges to provisions** included in 2020 the recognition of €-109 million in connection with early retirements.

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

## Quarterly performance

€ million	2Q21	1Q21	Change %	2Q20	Change %
<b>Net interest income</b>	<b>1,636</b>	<b>1,639</b>	<b>(0.2)</b>	<b>1,691</b>	<b>(3.3)</b>
Dividend income	151	0		93	62.7
Share of profit/(loss) of entities accounted for using the equity method	129	89	45.1	53	
Net fee and commission income	981	941	4.3	896	9.5
Trading income	38	52	(27.2)	233	(83.7)
Income and expense under insurance or reinsurance contracts	154	164	(6.4)	141	8.6
Other operating income and expense	(268)	(111)		(237)	13.1
<b>Gross income</b>	<b>2,820</b>	<b>2,774</b>	<b>1.7</b>	<b>2,869</b>	<b>(1.7)</b>
Recurring administrative expenses, depreciation and amortisation	(1,598)	(1,593)	0.3	(1,574)	1.6
Extraordinary expenses	(1)				
<b>Pre-impairment income</b>	<b>1,221</b>	<b>1,181</b>	<b>3.4</b>	<b>1,296</b>	<b>(5.8)</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,222</b>	<b>1,181</b>	<b>3.5</b>	<b>1,296</b>	<b>(5.7)</b>
Allowances for insolvency risk	(155)	(297)	(47.9)	(1,104)	(86.0)
Other charges to provisions	(80)	(72)	10.6	(51)	56.0
Gains/(losses) on disposal of assets and others	(18)	(20)	(5.3)	(16)	
<b>Profit/(loss) before tax</b>	<b>968</b>	<b>792</b>	<b>22.2</b>	<b>125</b>	
Income tax expense	(204)	(212)	(3.8)	37	
<b>Profit/(loss) after tax</b>	<b>763</b>	<b>579</b>	<b>31.9</b>	<b>162</b>	
Profit/(loss) attributable to minority interest and others	(0)	0		(2)	
<b>Comparative proforma Profit/(loss)</b>	<b>764</b>	<b>580</b>	<b>31.7</b>	<b>163</b>	
- Profit/(loss) Bankia stripping out extraordinary expenses, net		(65)		(48)	
+ M&A impacts, net	(1,369)	4,272			
<b>Profit/(loss) attributable to the Group (accounting profit/(loss))</b>	<b>(605)</b>	<b>4,786</b>		<b>115</b>	

Core income	2Q21	1Q21	Change %	2Q20	Change %
Net interest income	1,636	1,639	(0.2)	1,691	(3.3)
Income from Bancassurance equity investments	63	64	(2.3)	58	7.1
Net fee and commission income	981	941	4.3	896	9.5
Income and expense under insurance or reinsurance contracts	154	164	(6.4)	141	8.6
<b>Total core income</b>	<b>2,833</b>	<b>2,808</b>	<b>0.9</b>	<b>2,787</b>	<b>1.7</b>

**Comparative proforma Profit/(loss) in the second quarter of 2021 stands at €764 million** versus €580 million in the previous quarter:

Gross income in the quarter amounted to €2,820 million, up 1.7%:

- **Core income** grew 0.9% thanks to the good performance of Fee and commission income (+4.3%), compensating the drop in Income from Bancassurance equity investments (-2.3%) and Income and expenses under insurance or reinsurance contracts (-6.4%). Net interest income remains fairly stable (-0.2%).
- The second quarter includes **Dividend income** for €151 million from BFA and Telefónica and higher **Share of profit/(loss) of entities accounted for using the equity method**, up 45.1%.
- Lower **Trading income** (-27.2%).
- The first quarter includes the recognition of the Spanish property tax for €-19 million, and the second quarter the contribution of €-181 million paid to the Single Resolution Fund (SRF).

**Recurring administrative expenses, depreciation and amortisation** remained **stable** (+0.3%).

Lower **Allowances for insolvency risk** (-47.9%) and a slight increase of **Other charges to provisions** (+10.6%).

**The change in attributable profit in the second quarter of 2021 (€764 million), when compared to the same quarter of the previous year (€163 million), was mainly due to the following:**

Gross income dropped 1.7% with respect to the same period of the previous year.

- Good performance of **core income**, up 1.7%, and increase in dividend income and income from equity investments.
- Lower contribution of **Trading income**, which in 2020 included the materialisation of unrealised gains from fixed-income assets.

Higher **Recurring administrative expenses, depreciation and amortisation** (+1.6%).

The performance of **Allowances for insolvency risk** is impacted in the second quarter of 2020 by the increased provisions associated with Covid-19 (€-940 million).

## Proforma returns on average total assets<sup>1</sup>

	2Q21	1Q21	4Q20	3Q20	2Q20
%					
Interest income	1.25	1.34	1.39	1.38	1.40
Interest expense	(0.27)	(0.33)	(0.34)	(0.34)	(0.33)
<b>Net interest income</b>	<b>0.98</b>	<b>1.01</b>	<b>1.05</b>	<b>1.04</b>	<b>1.07</b>
Dividend income	0.09	0.00	0.03	0.00	0.06
Share of profit/(loss) of entities accounted for using the equity method	0.07	0.05	0.08	0.08	0.03
Net fee and commission income	0.59	0.58	0.60	0.56	0.57
Trading income	0.02	0.03	0.04	0.02	0.15
Income and expense under insurance or reinsurance contracts	0.09	0.10	0.09	0.09	0.09
Other operating income and expense	(0.16)	(0.07)	(0.21)	(0.04)	(0.15)
<b>Gross income</b>	<b>1.68</b>	<b>1.70</b>	<b>1.68</b>	<b>1.75</b>	<b>1.82</b>
Recurring administrative expenses, depreciation and amortisation	(0.95)	(0.97)	(0.92)	(0.95)	(1.00)
<b>Pre-impairment income</b>	<b>0.73</b>	<b>0.73</b>	<b>0.76</b>	<b>0.80</b>	<b>0.82</b>
Allowances for insolvency risk	(0.09)	(0.18)	(0.33)	(0.36)	(0.70)
Other charges to provisions	(0.05)	(0.04)	(0.04)	0.04	(0.03)
Gains/(losses) on disposal of assets and others	(0.01)	(0.02)	0.09	(0.05)	(0.01)
<b>Profit/(loss) before tax</b>	<b>0.58</b>	<b>0.49</b>	<b>0.48</b>	<b>0.43</b>	<b>0.08</b>
Income tax expense	(0.12)	(0.13)	(0.06)	(0.09)	0.02
<b>Profit/(loss) after tax</b>	<b>0.46</b>	<b>0.36</b>	<b>0.42</b>	<b>0.34</b>	<b>0.10</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>0.46</b>	<b>0.36</b>	<b>0.42</b>	<b>0.34</b>	<b>0.10</b>
<b>Average total net assets (€ million)</b>	<b>671,368</b>	<b>660,552</b>	<b>668,680</b>	<b>661,993</b>	<b>635,202</b>

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

## Net interest income

• **Net interest income** totalled €3,275 million (down 2.3% with respect to the same period in 2020). In an environment of negative interest rates, this decrease is due to:

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

These effects have been partially compensated by:

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

• Net interest income in the **quarter** declines 0.2% with respect to the previous quarter due to:

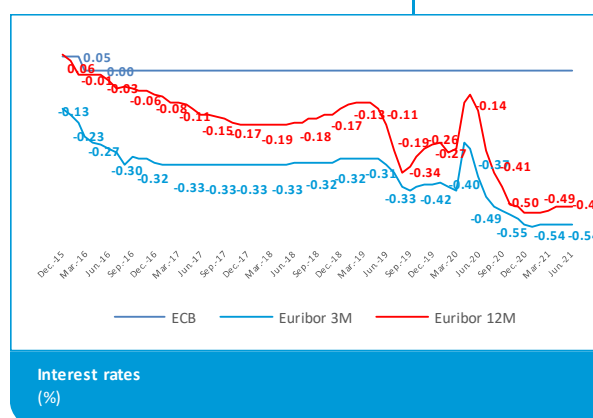
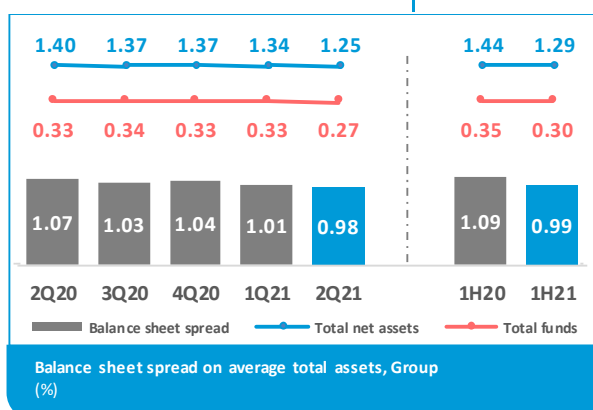
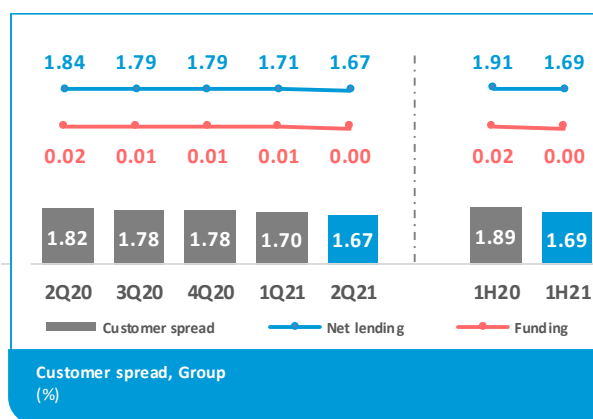
- Decline in the income of loans and advances due to a lower portfolio interest rate, resulting from the negative repricing effect as a consequence of a drop of the rate curve. A lower average volume is added to this rate reduction.
- Lower contribution of the fixed-income portfolio due to lower volumes and the reduction of the average rate, mainly as a result of the revaluation of assets at market value within the framework of the CaixaBank and Bankia integration.

These effects have been partially compensated by:

- Savings in the costs of institutional financing due to a lower price, mainly as a result of the remeasurement of liabilities at market value within the framework of the CaixaBank and Bankia integration.
- Lower costs of retail funds associated with a drop in the rate on maturity deposits.

The **customer spread** fell by 3 basis points in the quarter to 1.67%, in spite of the better performance of the cost of deposits, due to a reduction in the return on lending activity.

The **balance sheet spread** is 3 basis points below the previous quarter, reaching 0.98%.



## Quarterly cost and income

€ million	2Q21			1Q21			4Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	90,624	237	1.05	74,982	213	1.15	78,399	223	1.13
Loans and advances (a)	339,866	1,418	1.67	343,818	1,448	1.71	345,967	1,557	1.79
Debt securities	81,848	49	0.24	86,985	106	0.49	88,763	111	0.50
Other assets with returns	63,497	379	2.40	66,739	413	2.51	67,415	413	2.44
Other assets	95,533	4	-	88,028	2	-	88,136	5	-
<b>Total average assets (b)</b>	<b>671,368</b>	<b>2,087</b>	<b>1.25</b>	<b>660,552</b>	<b>2,182</b>	<b>1.34</b>	<b>668,680</b>	<b>2,309</b>	<b>1.37</b>
Financial Institutions	109,060	(96)	0.35	103,939	(76)	0.30	107,934	(84)	0.31
Retail customer funds (c)	362,009	(2)	-	354,718	(6)	0.01	357,931	(5)	0.01
Wholesale marketable debt securities & other	47,690	(35)	0.29	47,226	(87)	0.75	49,332	(95)	0.77
Subordinated liabilities	9,727	(7)	0.30	9,179	(32)	1.41	8,939	(34)	1.49
Other funds with cost	75,907	(297)	1.57	76,773	(328)	1.73	76,547	(323)	1.68
Other funds	66,975	(14)	-	68,717	(14)	-	67,997	(18)	-
<b>Total average funds (d)</b>	<b>671,368</b>	<b>(451)</b>	<b>0.27</b>	<b>660,552</b>	<b>(543)</b>	<b>0.33</b>	<b>668,680</b>	<b>(559)</b>	<b>0.33</b>
Net interest income		1,636			1,639			1,750	
Customer spread (%) (a-c)		1.67			1.70			1.78	
Balance sheet spread (%) (b-d)		0.98			1.01			1.04	

€ million	3Q20			2Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	74,146	198	1.06	45,051	118	1.05
Loans and advances (a)	343,973	1,549	1.79	341,282	1,562	1.84
Debt securities	90,447	116	0.51	96,401	131	0.55
Other assets with returns	65,856	410	2.48	64,295	394	2.47
Other assets	87,571	5	-	88,173	6	-
<b>Total average assets (b)</b>	<b>661,993</b>	<b>2,278</b>	<b>1.37</b>	<b>635,202</b>	<b>2,211</b>	<b>1.40</b>
Financial Institutions	108,150	(82)	0.30	92,557	(49)	0.21
Retail customer funds (c)	354,728	(9)	0.01	345,872	(14)	0.02
Wholesale marketable debt securities & other	49,636	(106)	0.85	49,104	(103)	0.85
Subordinated liabilities	8,356	(34)	1.62	8,356	(34)	1.62
Other funds with cost	74,518	(319)	1.70	72,373	(305)	1.69
Other funds	66,604	(14)	-	66,939	(15)	-
<b>Total average funds (d)</b>	<b>661,993</b>	<b>(564)</b>	<b>0.34</b>	<b>635,202</b>	<b>(520)</b>	<b>0.33</b>
Net interest income		1,714			1,691	
Customer spread (%) (a-c)		1.78			1.82	
Balance sheet spread (%) (b-d)		1.03			1.07	

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 stand at €1,922 million**, which represents a growth of 5.5% on the same period of 2020. The quarterly performance (+4.3%), up 9.5% with respect to the same quarter of the previous year, is impacted by the recovery of the commercial activity and the good performance of the financial markets.

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

The year-on-year change in recurring fees and commissions (+2.5%) is mainly due to the higher transaction fees and commissions, which compensate the lower e-payment activity. The quarterly change (+3.2%) is impacted by increased e-payment fees, in a quarter with less mobility restrictions (+8.3% with respect to the same quarter of the previous year).

Fees and commissions from wholesale banking drop in the half year (-16.0%) and when compared to the same quarter of the previous year (-14.7%) following the lower activity in investment banking. Good performance with respect to the previous quarter as a result of higher activity (+55.5%).

- **Fees and commissions from the sale of insurance products** grew when compared to the same period in 2020 (+9.7%) and the same quarter of the previous year (+4.4%), mainly due to the higher commercial activity in a context of fewer restrictions. With respect to the previous quarter (-13.7%), their performance is impacted by one-off income recognised in the first quarter of 2021.
- **Fees and commissions from managing long-term savings products** (investment funds, pension plans and Unit Link) stand at €640 million, due to managing higher asset volumes following the good performance of the markets and sales. Growth of 14.3% with respect to the same half of 2020, +4.7% with respect to the first quarter of 2021 and +20.1% with respect to the same quarter of the previous year:
  - **Commissions from mutual funds, managed accounts and SICAVs** came to €399 million, with a year-on-year increase of 14.3% and a growth of 5.0% in the quarter (+20.0% with respect to the same quarter of the previous year).
  - **Commissions from managing pension plans** stand at €150 million, showing a positive performance of 5.9% year-on-year and of 1.5% in the quarter (+10.6% with respect to the same quarter of 2020).
  - **Unit Link fees and commissions** reached €91 million, +32.1% on the same period of 2020 and +9.0% on the previous quarter (+39.5% with respect to the same quarter of the previous year).

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Banking services, securities and other fees	1,098	1,095	0.3	569	529	574	550	542
<i>Recurring</i>	990	966	2.5	503	488	519	496	464
<i>Wholesale banking</i>	108	129	(16.0)	66	43	55	54	77
Sale of insurance products	183	167	9.7	85	98	89	79	81
Long-term savings products	640	560	14.3	327	312	329	291	273
<i>Mutual funds, managed accounts and SICAVs</i>	399	349	14.3	204	195	196	182	170
<i>Pension plans</i>	150	142	5.9	76	75	89	74	68
<i>Unit Link and other<sup>1</sup></i>	91	69	32.1	47	43	44	36	34
<b>Net fee and commission income</b>	<b>1,922</b>	<b>1,822</b>	<b>5.5</b>	<b>981</b>	<b>941</b>	<b>993</b>	<b>921</b>	<b>896</b>

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

## Income from equity investments

- The Dividend income (€152 million) includes, in the second quarter of 2021, the dividends from Telefónica for €51 million and BFA<sup>1</sup> for €98 million (€50 million and €40 million, respectively in 2020). With regard to BFA, it includes an extraordinary dividend for €54.5 million.
- Attributable profit of entities accounted for using the equity method** (€217 million) recovered as a result of an improvement of the pandemic situation, up 79.0% with respect to the same half of the previous year and +45.1% with respect to the first quarter of 2021.

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

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Dividend income	152	95	60.7	151	0	53	2	93
Share of profit/(loss) of entities accounted for using the equity method	217	121	79.0	129	89	115	130	53
<b>Income from equity investments</b>	<b>369</b>	<b>216</b>	<b>71.0</b>	<b>280</b>	<b>89</b>	<b>167</b>	<b>132</b>	<b>146</b>

## Trading income

- Trading income** stands at €90 million at the end of the first half of 2021. Its year-on-year change (-68.4%) is due mainly to the materialisation of unrealised gains from fixed-income assets in the second quarter of 2020.

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Trading income</b>	<b>90</b>	<b>285</b>	<b>(68.4)</b>	<b>38</b>	<b>52</b>	<b>71</b>	<b>41</b>	<b>233</b>

## Income and expense under insurance or reinsurance contracts

- The **income and expense under insurance or reinsurance contracts** stands at €318 million, showing a solid year-on-year growth of 9.0% (€154 million in the second quarter) and 8.6% with respect to the same quarter of 2020.

Its change when compared to the previous quarter (-6.4%) is impacted by one-off income in the first quarter, as well as by increased provisions for claims and higher expenses in the second quarter. The commercial activity remains at a similar level as the previous quarter.

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Income and expense under insurance or reinsurance contracts</b>	<b>318</b>	<b>292</b>	<b>9.0</b>	<b>154</b>	<b>164</b>	<b>156</b>	<b>150</b>	<b>141</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:

- The contribution to the SRF<sup>1</sup> of €181 stands out in the second quarter of 2021, higher than the contribution recognised in the same quarter of the previous year (€171 million).
- Recognition in the first quarter of the contribution to the Portuguese banking sector for €18.8 million (€15.5 million in 2020).
- Contribution to the Deposit Guarantee Fund (DGF) of €418 million in the fourth quarter.

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

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

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

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Contributions and levies	(200)	(187)	7.3	(181)	(19)	(418)		(171)
Other real estate operating income and expense (including Spanish property tax in Q1)	(44)	(42)	4.2	(14)	(29)	(14)	(8)	(17)
Other	(136)	(110)	23.5	(73)	(63)	91	(64)	(49)
<b>Other operating income and expense</b>	<b>(380)</b>	<b>(339)</b>	<b>12.2</b>	<b>(268)</b>	<b>(111)</b>	<b>(341)</b>	<b>(73)</b>	<b>(237)</b>

## Administration expenses, depreciation and amortisation

• The year-on-year performance of **Recurring administrative expenses, depreciation and amortisation** (-0.6%) is a result of the cost base management. Stable personnel expenses (-0.2%), which includes the savings associated with the early retirements of 2020. General expenses dropped by 2.4% and depreciation and amortisation increased by 2.3%.

The effort in reducing costs, with a decrease of 0.6%, together with the performance of core income (+1.2%), has improved the core cost-to-income ratio by 2.1 percentage points.

• With respect to the quarterly performance, **Recurring administrative expenses, depreciation and amortisation** grew slightly 0.3%.

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Gross income</b>	<b>5,593</b>	<b>5,628</b>	<b>(0.6)</b>	<b>2,820</b>	<b>2,774</b>	<b>2,798</b>	<b>2,885</b>	<b>2,869</b>
Personnel expenses	(1,986)	(1,991)	(0.2)	(997)	(989)	(959)	(957)	(969)
General expenses	(844)	(864)	(2.4)	(423)	(421)	(402)	(430)	(432)
Depreciation and amortisation	(361)	(353)	2.3	(178)	(182)	(174)	(181)	(173)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(3,191)</b>	<b>(3,208)</b>	<b>(0.6)</b>	<b>(1,598)</b>	<b>(1,593)</b>	<b>(1,535)</b>	<b>(1,568)</b>	<b>(1,574)</b>
<b>Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)</b>	<b>55.8</b>	<b>57.2</b>	<b>(1.4)</b>	<b>55.8</b>	<b>55.4</b>	<b>55.8</b>	<b>57.2</b>	<b>57.2</b>
Core income	5,641	5,575	1.2	2,833	2,808	3,003	2,878	2,787
Recurring administrative expenses, depreciation and amortisation	(3,191)	(3,208)	(0.6)	(1,598)	(1,593)	(1,535)	(1,568)	(1,574)
<b>Core cost-to-income ratio (12 months)</b>	<b>54.6</b>	<b>56.7</b>	<b>(2.1)</b>	<b>54.6</b>	<b>54.6</b>	<b>55.1</b>	<b>56.2</b>	<b>56.7</b>



## Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk** amounted to €-451 million, versus €-1,814 million in the first half of 2020, which included the recognition of €1,450 million made to anticipate future impacts associated with Covid-19.

Throughout 2020, within the framework of the pandemic, the Group changed the macroeconomic scenarios and the weighting established for each scenario employed in the estimate of expected loss due to credit risk. Given the uncertainty in the macroeconomic forecasts regarding its performance in a context of potential end of the pandemic, the scenarios and weightings in the first half of 2021 to calculate the provisions under the forward-looking approach required by IFRS 9 have not been altered with respect to the end of 2020.

The **cost of risk (last 12 months)** came to **0.41%**.

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

The year-on-year performance is mainly affected, among others, by the recognition of €109 million associated with the early retirements in the first quarter of 2020.

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Allowances for insolvency risk	(451)	(1,814)	(75.1)	(155)	(297)	(553)	(592)	(1,104)
Other charges to provisions	(152)	(209)	(27.1)	(80)	(72)	(64)	59	(51)
<b>Allowances for insolvency risk and other charges to provisions</b>	<b>(604)</b>	<b>(2,024)</b>	<b>(70.2)</b>	<b>(235)</b>	<b>(369)</b>	<b>(617)</b>	<b>(532)</b>	<b>(1,155)</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 the first half of 2020 is impacted by, among others, higher provisions for real estate assets.

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

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

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Real estate results	(3)	(46)	(93.6)	(5)	2	(99)	(46)	(18)
Other	(35)	(20)	76.4	(13)	(22)	243	(33)	2
<b>Gains/(losses) on disposal of assets and others</b>	<b>(38)</b>	<b>(66)</b>	<b>(42.1)</b>	<b>(18)</b>	<b>(20)</b>	<b>145</b>	<b>(79)</b>	<b>(16)</b>

# Business Activity

## Balance sheet

The Group's total assets reached €674,088 million on 30 June 2021, up 1.6% in the quarter. Excluding the balances transferred from Bankia as a result of the business combination, the organic change was +4.1% in the year.

€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %	Organic change %
- Cash and cash balances at central banks and other demand deposits	94,326	81,823	15.3	51,611	82.8	59.3
- Financial assets held for trading	11,813	12,440	(5.0)	6,357	85.8	(8.1)
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	255	339	(24.9)	317	(19.7)	(24.1)
Equity instruments	172	183	(5.9)	180	(4.3)	(6.0)
Debt securities	5	59	(91.4)	52	(90.2)	(90.2)
Loans and advances	77	97	(20.0)	85	(9.1)	(22.0)
- Financial assets at fair value with changes in other comprehensive income	17,520	22,386	(21.7)	19,309	(9.3)	(60.0)
- Financial assets at amortised cost	428,151	426,168	0.5	267,509	60.1	0.4
Credit institutions	7,703	9,085	(15.2)	5,851	31.7	(32.3)
Customers	355,132	354,473	0.2	236,988	49.9	(0.2)
Debt securities	65,315	62,610	4.3	24,670	14.8	
- Derivatives - Hedge accounting	1,129	1,214	(7.0)	515		(65.7)
- Investments in joint ventures and associates	4,160	4,104	1.3	3,443	20.8	2.0
- Assets under the insurance business <sup>1</sup>	75,645	75,534	0.1	77,241	(2.1)	(2.1)
- Tangible assets	8,887	8,962	(0.8)	6,957	27.7	(4.4)
- Intangible assets	4,512	4,501	0.2	3,949	14.3	0.2
- Non-current assets and disposal groups classified as held for sale	2,880	2,933	(1.8)	1,198		9.4
- Other assets	24,810	23,164	7.1	13,114	89.2	8.8
<b>Total assets</b>	<b>674,088</b>	<b>663,569</b>	<b>1.6</b>	<b>451,520</b>	<b>49.3</b>	<b>4.1</b>
<b>Liabilities</b>	<b>639,517</b>	<b>628,017</b>	<b>1.8</b>	<b>426,242</b>	<b>50.0</b>	<b>4.5</b>
- Financial liabilities held for trading	5,361	6,432	(16.7)	424		
- Financial liabilities at amortised cost	547,604	536,485	2.1	342,403	59.9	5.9
Deposits from central banks and credit institutions	97,466	103,692	(6.0)	55,356	76.1	3.4
Customer deposits	384,605	372,545	3.2	245,167	56.9	5.6
Debt securities issued	53,089	52,792	0.6	35,813	48.2	(2.4)
Other financial liabilities	12,445	7,456	66.9	6,067		85.4
- Liabilities under the insurance business <sup>1</sup>	73,965	73,996	(0.0)	75,129	(1.5)	(1.5)
- Provisions	6,807	4,806	41.6	3,195		55.2
- Other liabilities	5,781	6,297	(8.2)	5,091	13.6	(18.5)
<b>Equity</b>	<b>34,571</b>	<b>35,552</b>	<b>(2.8)</b>	<b>25,278</b>	<b>36.8</b>	<b>(1.3)</b>
- Shareholders' equity	36,271	37,172	(2.4)	27,118	33.8	(1.7)
- Minority interest	29	29	0.5	25	14.6	14.6
- Accumulated other comprehensive income	(1,729)	(1,649)	4.9	(1,865)	(7.3)	(7.3)
<b>Total liabilities and equity</b>	<b>674,088</b>	<b>663,569</b>	<b>1.6</b>	<b>451,520</b>	<b>49.3</b>	<b>4.1</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 **€363,012 million**, up 48.8% in the year following the merger with Bankia (-0.8% organic change, that is, excluding the balances transferred from Bankia in the merger). In the quarter, Loans and advances drops 0.2%.

Changes by segment include:

- **Loans for home purchases** (-0.9% in the quarter and -2.3% organic change in the year) continues to be marked by the portfolio's repayments.
- **Loans to individuals - Other** has grown 5.7% in the quarter with a +5.5% organic change in the year, impacted by the advance of double payments made to pension holders in June for an amount of €3,000 million.

Consumer lending drops 2.7% in the organic year, affected by the mobility restrictions. Its performance in the second quarter (-1.0%) is also impacted by the transfer of €140 million to written-off loans, mainly due to the unification of criteria for the portfolio transferred from Bankia.

- Financing for **Corporates and SMEs drops 2.0% in the quarter with a -2.9% organic change in the year**, following the growth registered in the previous year, in a context where companies were managing their liquidity requirements.
- Loans to the **public sector** grew by 4.0% in the quarter with a +7.4% organic change in the year.

€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %	Organic change %
<b>Loans to individuals</b>	<b>192,592</b>	<b>191,315</b>	<b>0.7</b>	<b>120,648</b>	<b>59.6</b>	<b>(0.0)</b>
Home purchases	143,564	144,939	(0.9)	85,575	67.8	(2.3)
Other	49,028	46,376	5.7	35,074	39.8	5.5
of which: Consumer lending <sup>1</sup>	18,913	19,107	(1.0)	14,170	33.5	(2.7)
<b>Loans to business</b>	<b>146,337</b>	<b>149,358</b>	<b>(2.0)</b>	<b>106,425</b>	<b>37.5</b>	<b>(2.9)</b>
Corporates and SMEs	140,102	142,875	(1.9)	100,705	39.1	(2.6)
Real estate developers	6,234	6,484	(3.8)	5,720	9.0	(8.1)
<b>Public sector</b>	<b>24,083</b>	<b>23,148</b>	<b>4.0</b>	<b>16,850</b>	<b>42.9</b>	<b>7.4</b>
<b>Loans and advances to customers, gross<sup>2</sup></b>	<b>363,012</b>	<b>363,821</b>	<b>(0.2)</b>	<b>243,924</b>	<b>48.8</b>	<b>(0.8)</b>
Of which:						
Performing loans	349,689	350,554	(0.2)	235,655	48.4	(0.9)
Provisions for insolvency risk	(8,609)	(9,027)	(4.6)	(5,620)	53.2	(6.6)
<b>Loans and advances to customers, net</b>	<b>354,402</b>	<b>354,794</b>	<b>(0.1)</b>	<b>238,303</b>	<b>48.7</b>	<b>(0.7)</b>
Contingent liabilities	26,377	26,276	0.4	16,871	56.3	2.4

(1) After reviewing the segmentation criteria for the portfolio of consumer loans and in accordance with CaixaBank criteria, €276 million have been reclassified, with respect to the information published in 1Q21, from Consumer lending to Other.

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

## Breakdown of government guaranteed loans

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

Amounts drawn, in € million	30 Jun. 2021		31 Mar. 2021		31 Dec. 2020	
	Total	Spain (ICO)	Total	Spain (ICO)	Total	Spain (ICO)
<b>Loans to individuals</b>	<b>1,534</b>	<b>1,505</b>	<b>1,512</b>	<b>1,487</b>	<b>1,216</b>	<b>1,196</b>
Other (self-employed workers)	1,534	1,505	1,512	1,487	1,216	1,196
<b>Loans to business</b>	<b>21,296</b>	<b>20,498</b>	<b>21,151</b>	<b>20,503</b>	<b>11,967</b>	<b>11,437</b>
Corporates and SMEs	21,155	20,414	20,998	20,389	11,925	11,396
Real estate developers	141	84	153	114	42	41
<b>Public sector</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>6</b>	<b>6</b>
<b>Loans and advances to customers, gross<sup>1</sup></b>	<b>22,841</b>	<b>22,013</b>	<b>22,674</b>	<b>22,001</b>	<b>13,191</b>	<b>12,640</b>

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

## Customer funds

**Customer funds reached €600,993 million** on 30 June 2021, up 44.7% in the year, after the integration of Bankia (+6.0% organic change excluding the integration). Growth of 3.6% in the quarter.

- On-balance sheet funds stood at €434,672 million (+2.9% in the quarter and +3.3% in the year, organic).
  - **Demand deposits** amounted to €333,438 million. Its evolution (+3.9% in the quarter and +5.4% in the year, organic) was impacted by the usual seasonal effect in the second quarter of the year.
  - **Time deposits** totalled €37,754 million (-6.0% in the quarter and -17.5% in the year, organic). Their performance continues to be marked by the reduction of deposits on the renewal of maturities against a backdrop of historically low interest rates.
  - The increase of **liabilities under insurance contracts**, up 1.5% in the quarter and 3.4% in the year (organic), includes the positive net subscriptions and the impact of the favourable market effect on Unit Links.
- **Assets under management** stand at €151,456 million. Its quarterly performance (+3.8% in the quarter and +10.3% in the year, organic) is due to increased sales and the favourable market effect.
  - The **assets managed in mutual funds, managed accounts and SICAVs** stood at €105,040 million, +4.3% in the quarter and +12.1% in the year (organic).
  - **Pension plans** reached €46,416 million, +2.7% in the quarter and +6.7% in the year (organic).
- **Other accounts** includes the amount of Savings insurance marketed by Bankia (€5,072 million), which largely corresponds to the joint venture with Mapfre. It also includes temporary funds associated with transfers and collections, the performance of which in the second quarter is the result, among other factors, of the collection from filed income tax returns, which coincides with the end of the quarter.

€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %	Organic change %
Customer funds	371,191	361,031	2.8	242,234	53.2	3.3
Demand deposits	333,438	320,882	3.9	220,325	51.3	5.4
Time deposits <sup>1</sup>	37,754	40,148	(6.0)	21,909	72.3	(17.5)
Insurance contract liabilities <sup>2</sup>	61,384	60,493	1.5	59,360	3.4	3.4
of which: Unit Link and other <sup>3</sup>	17,144	15,833	8.3	14,607	17.4	17.4
Reverse repurchase agreements and other	2,096	1,023		2,057	1.9	1.9
<b>On-balance sheet funds</b>	<b>434,672</b>	<b>422,546</b>	<b>2.9</b>	<b>303,650</b>	<b>43.1</b>	<b>3.3</b>
Mutual funds, managed accounts and SICAVs	105,040	100,723	4.3	71,315	47.3	12.1
Pension plans	46,416	45,207	2.7	35,328	31.4	6.7
<b>Assets under management</b>	<b>151,456</b>	<b>145,930</b>	<b>3.8</b>	<b>106,643</b>	<b>42.0</b>	<b>10.3</b>
<b>Other accounts</b>	<b>14,865</b>	<b>11,458</b>	<b>29.7</b>	<b>5,115</b>		<b>77.0</b>
<b>Total customer funds<sup>4</sup></b>	<b>600,993</b>	<b>579,934</b>	<b>3.6</b>	<b>415,408</b>	<b>44.7</b>	<b>6.0</b>

(1) Includes retail debt securities amounting to €1,408 million at 30 June 2021.

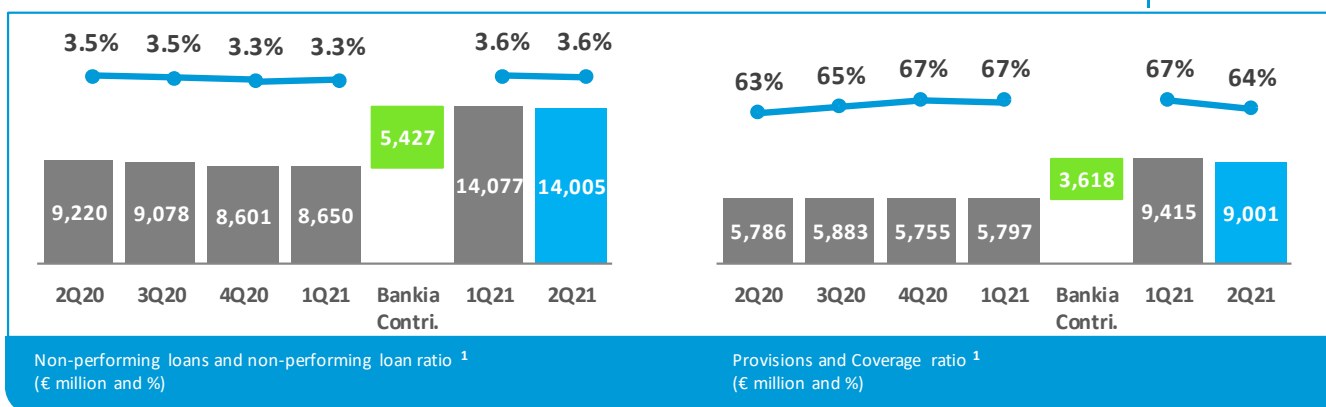
(2) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

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

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

# Risk management

## Credit risk quality



**Non-performing loans** amounted to **€14,005 million** at the end of the second quarter versus €8,601 million at the end of 2020, with their organic performance down €23 million. €72 million drop in the quarter.

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

**Provisions for insolvency risk** on 30 June stood at **€9,001 million** versus €9,415 million at the end of March and €5,755 at the end of 2020.

The **coverage ratio** at 30 June stood at **64%** versus 67% at March 2021 and December 2020.

(1) Calculations include loans and contingent liabilities.

## Changes in non-performing loans

€ million	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Opening balance</b>	<b>8,957</b>	<b>9,220</b>	<b>9,078</b>	<b>8,601</b>	<b>14,077</b>
Exposures recognized as non-performing (NPL-inflows)	1,022	672	690	610	1,509
Derecognitions from non-performing exposures	(760)	(814)	(1,167)	(561)	(1,582)
of which: written off	(169)	(133)	(199)	(129)	(435)
Exposures recognized as non-performing (NPL-inflows), net, Bankia at 31 Mar. 2021				5,427	
<b>Closing balance</b>	<b>9,220</b>	<b>9,078</b>	<b>8,601</b>	<b>14,077</b>	<b>14,005</b>

## NPL ratio by segment

	31 Dec. 2020	31 Mar. 2021	30 Jun. 2021
<b>Loans to individuals</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.4%</b>
Home purchases	3.5%	3.6%	3.7%
Other	6.9%	6.9%	6.4%
of which: Consumer lending	4.2%	5.0%	4.8%
<b>Loans to business</b>	<b>2.7%</b>	<b>3.2%</b>	<b>3.3%</b>
Corporates and SMEs	2.4%	3.0%	3.1%
Real estate developers	6.7%	7.1%	6.5%
<b>Public sector</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.3%</b>
<b>NPL Ratio (loans and contingent liabilities)</b>	<b>3.3%</b>	<b>3.6%</b>	<b>3.6%</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 6.8%. The overall NPL ratio is not notably affected by this impact.

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

(1) Including loans and contingent liabilities.

€ million	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Opening balance</b>	<b>5,218</b>	<b>5,786</b>	<b>5,883</b>	<b>5,755</b>	<b>9,415</b>
Charges to provisions	819	260	321	174	155
Amounts used	(247)	(163)	(440)	(125)	(560)
Transfers and other changes	(4)	-	(9)	(7)	(8)
Provisions for insolvency risk, Bankia at 31 Mar. 2021				3,618	-
<b>Closing balance</b>	<b>5,786</b>	<b>5,883</b>	<b>5,755</b>	<b>9,415</b>	<b>9,001</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.

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

31 Mar. 2021	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
€ million								
Loans and advances	316,146	34,408	13,267	363,821	(1,421)	(2,008)	(5,598)	(9,027)
Contingent liabilities	23,757	1,708	810	26,276	(16)	(26)	(346)	(388)
<b>Total loans and contingent liabilities</b>	<b>339,904</b>	<b>36,116</b>	<b>14,077</b>	<b>390,097</b>	<b>(1,436)</b>	<b>(2,034)</b>	<b>(5,944)</b>	<b>(9,415)</b>

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

## Provisions for insolvency risk Covid-19

In the first half of 2021 the recurrent recalibration of specific provision models were resumed. These parameters had remained unchanged in the Group since March 2020, albeit they had been complemented by a collective accounting adjustment (Post Model Adjustment) amounting to €1,252 million at the end of 2020, which increased to €1,803 million after the integration of Bankia.

The **Covid-19 fund stands at €1,395 million on 30 June**, following the recurrent recalibration of the provision models in the second quarter of 2021 where a certain amount was specifically allocated, and it will be reviewed as new information becomes available.

Below is a breakdown of the fund according to stage:

30 Jun. 2021	Stage 1	Stage 2	Stage 3	TOTAL
€ million				
Provisions for insolvency risk Covid-19	345	729	321	1,395

31 Mar. 2021	Stage 1	Stage 2	Stage 3	TOTAL
€ million				
Provisions for insolvency risk Covid-19	670	639	494	1,803

31 Dec. 2020	Stage 1	Stage 2	Stage 3	TOTAL
€ million				
Provisions for insolvency risk Covid-19	414	477	361	1,252



## Breakdown of moratoria

(1) Mainly moratoria according to Royal Decree-Law 8/2020, 11/2020, 25/2020, 26/2020 (10/2020 in Portugal), 3/2021 or Sectorial Agreement.

Total moratoria<sup>1</sup> granted by the Group from the beginning of Covid-19 amounted to €23,896 million (617,212 operations). In Spain moratoria was granted for an amount of €17,617 million (502,499 operations).

Below is the breakdown of loans in moratoria outstanding as per the specified date:

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

	31 Mar. 2021					
	Spain		Portugal		Total	
	No. of contracts	Amount	No. of contracts	Amount	Amount	% on portfolio
<b>Moratoria to individuals</b>	<b>145,120</b>	<b>11,686</b>	<b>68,852</b>	<b>2,965</b>	<b>14,652</b>	<b>7.7</b>
Home purchases	102,081	9,746	39,565	2,516	12,263	8.5
Other	43,039	1,940	29,287	449	2,389	5.2
<i>of which: consumer lending</i>	9,274	77	27,401	334	412	2.1
<b>Moratoria to business</b>	<b>2,136</b>	<b>1,075</b>	<b>28,226</b>	<b>2,627</b>	<b>3,702</b>	<b>2.5</b>
Corporates and SMEs	1,929	1,016	26,738	2,362	3,378	2.4
Real estate developers	207	59	1,488	264	324	5.0
<b>Moratoria to the public sector</b>			<b>4</b>	<b>32</b>	<b>32</b>	<b>0.1</b>
<b>Total moratoria outstanding</b>	<b>147,256</b>	<b>12,762</b>	<b>97,082</b>	<b>5,624</b>	<b>18,385</b>	<b>5.1</b>
Moratoria in analysis	14,586	532	135	10	541	

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

Out of a total of €6,789 million in moratoria outstanding at 30 June 2021, 25% expires in the third quarter of 2021, and practically the entire amount before the end of the year.

€ million	3Q21	4Q21	1Q22	Total
<b>Individuals</b>	<b>1,306</b>	<b>2,093</b>	<b>221</b>	<b>3,621</b>
<b>Business</b>	<b>372</b>	<b>2,645</b>	<b>114</b>	<b>3,131</b>
<b>Public sector</b>		<b>38</b>		<b>38</b>
<b>Total moratoria outstanding</b>	<b>1,678</b>	<b>4,776</b>	<b>335</b>	<b>6,789</b>

Below is the **outstanding balance** (i.e. deducting the principal repaid) of loans that have been in moratoria and by 30 June 2021 are expired:

	30 Jun. 2021			31 Mar. 2021		
	Spain	Portugal	Total	Spain	Portugal	Total
<b>Moratoria to individuals</b>	<b>13,276</b>	<b>1,506</b>	<b>14,782</b>	<b>3,571</b>	<b>215</b>	<b>3,786</b>
Home purchases	9,915	1,156	11,071	1,700	173	1,873
Other	3,361	350	3,711	1,871	42	1,913
<i>of which: consumer lending</i>	1,257	336	1,593	1,358	37	1,396
<b>Moratoria to business</b>	<b>144</b>	<b>513</b>	<b>657</b>	<b>88</b>	<b>203</b>	<b>290</b>
Corporates and SMEs	129	491	619	85	199	284
Real estate developers	15	22	38	3	3	6
<b>Moratoria to the public sector</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total moratoria expired</b>	<b>13,420</b>	<b>2,019</b>	<b>15,439</b>	<b>3,659</b>	<b>417</b>	<b>4,076</b>

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

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

€ million	31 Mar. 2021			
	Stage 1	Stage 2	Stage 3	TOTAL
<b>Individuals</b>	<b>10,368</b>	<b>6,682</b>	<b>1,387</b>	<b>18,437</b>
<b>Business</b>	<b>2,943</b>	<b>931</b>	<b>118</b>	<b>3,992</b>
<b>Public sector</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>32</b>
<b>Total moratoria outstanding and expired</b>	<b>13,343</b>	<b>7,613</b>	<b>1,506</b>	<b>22,461</b>

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

**Loan-to-value<sup>1</sup> breakdown of the moratoria, outstanding and expired (pending amount), in the home purchase segment :**

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

€ million	31 Mar. 2021				TOTAL
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	
Gross amount	2,741	4,942	4,357	2,094	14,135

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

### Loan-to-value<sup>1</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. 2021				TOTAL
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	
Gross amount	42,046	49,698	35,059	15,371	142,174
of which: Non-performing	654	689	934	3,016	5,293

€ million	31 Mar. 2021				TOTAL
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	
Gross amount	42,102	50,598	35,695	15,383	143,779
of which: Non-performing	425	654	927	3,189	5,196

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

(1) Loan-to-value calculated on the basis of latest appraisals according to the criteria set out in Circular 4/2016. When comparing the information at 31 March 2021 to that published in the 1Q21 Business Activity and Results Report, it differs due to including the distribution of Bankia's home purchases portfolio by LTV incorporated in the merger and correcting certain incidents detected in the information unification process carried out between both entities in the tranche distribution of the CaixaBank Group's portfolio.

## Refinancing

€ million	31 Dec. 2020		31 Mar. 2021		30 Jun. 2021	
	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	4,093	3,288	6,776	4,803	6,821	4,804
Corporates and SMEs	2,084	1,261	4,031	2,128	4,934	2,403
Real estate developers	489	243	657	285	586	236
Public sector	209	2	236	17	197	16
<b>Total</b>	<b>6,874</b>	<b>4,796</b>	<b>11,701</b>	<b>7,233</b>	<b>12,537</b>	<b>7,460</b>
Provisions	1,648	1,564	2,715	2,286	2,664	2,464

## Foreclosed real estate assets

- The portfolio of **Net foreclosed available for sale real estate assets**<sup>1</sup> in Spain amounts to €2,297 million, of which €1,183 million<sup>2</sup> from the integration of Bankia. The organic change in the year is €+184 million (including €+145 million, net, from foreclosed assets held for rent). €30 million increase in the quarter.

The **coverage ratio with accounting provisions**<sup>3</sup> is **32%** and **including write-downs, the coverage ratio**<sup>3,4</sup> is **42%**.

- Net foreclosed assets **held for rent**<sup>1</sup> in Spain stand at €1,790 million, of which €358 million<sup>2</sup> stemming from the integration of Bankia. The organic change in the year is €-315 million (partially impacted by the aforementioned portfolio reclassification) and €-117 million in the quarter.
- Total properties sold**<sup>5</sup> in 2021 amounts to €315 million.

(1) Does not include real estate assets in the process of foreclosure for €188 million at 30 June 2021, of which €186 million correspond to Foreclosed available for sale real estate assets.

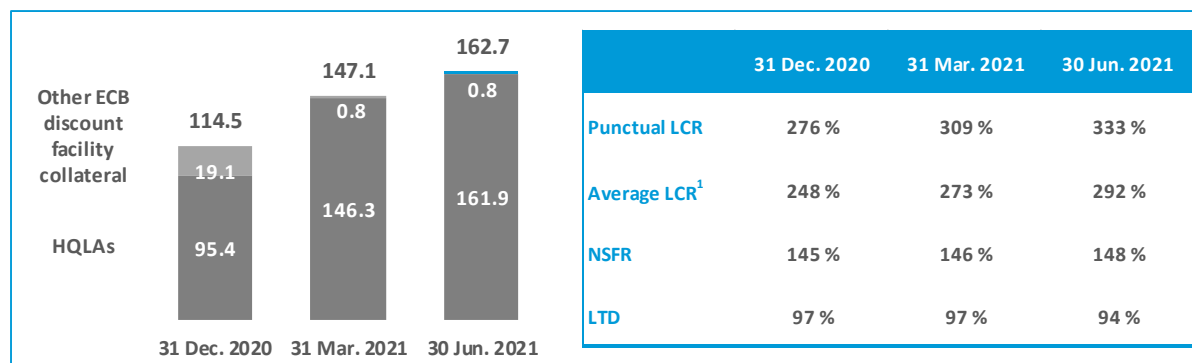
(2) The portfolio of Net foreclosed available for sale real estate assets and the portfolio of Net foreclosed assets held for rent included in the merger with Bankia and reported in the 1Q21 Business Activity and Results Report have been adjusted after obtaining further information and unifying the information presentation criteria, as, among others, the figure for real estate assets transferred from Bankia in the first quarter included real estate assets in the process of foreclosure, which CaixaBank reports separately.

(3) See definition in 'Appendices'.

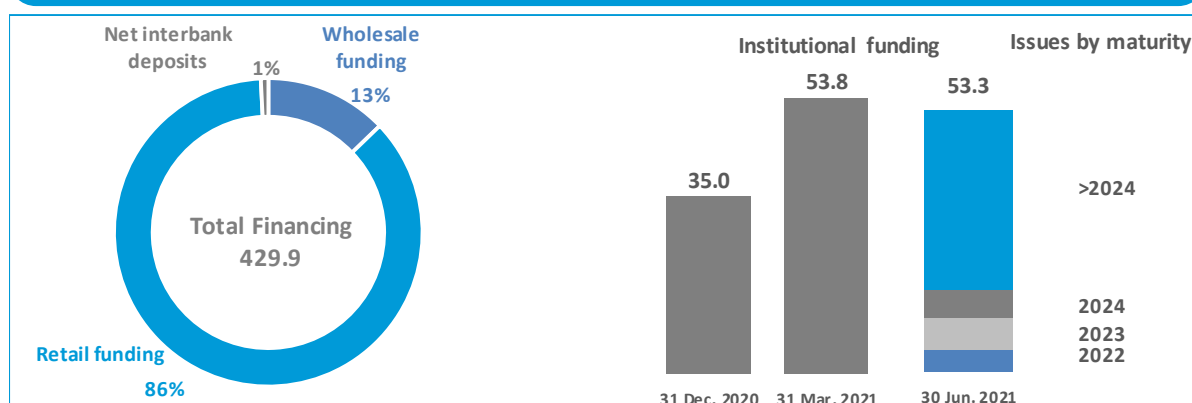
(4) There is only information to calculate the coverage ratio with accounting provisions for CaixaBank's portfolio. In process of implementation for Bankia's portfolio.

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

# Liquidity and financing structure



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



Financing structure (€ thousand million)

- **Total liquid assets amounted to €162,731 million** at 30 June 2021, up €48,280 million in the half, mainly due to the integration of Bankia.
- The Group's **Liquidity Coverage Ratio (LCR)** at 30 June 2021 was 333%, showing an ample liquidity position (**292% LCR average** last 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio (NSFR)<sup>2</sup>** stood at 148% at 30 June 2021, above the 100% regulatory minimum required as of June 2021.
- Solid retail financing structure with a **loan-to-deposit ratio of 94%**.
- The **balance drawn** under the ECB facility at 30 June 2021 amounted to €81,159 million, corresponding to TLTRO III. In the first half of 2021 a total of €6,223 million related to TLTRO III were drawn, and the total balance drawn increased by €25,211 million due to the incorporation of Bankia.
- **Wholesale funding<sup>3</sup>** amounted to €53,279 million, diversified by investments, instruments and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €22,431 million at 30 June 2021.

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

(2) As of 30 June 2019 the regulatory criteria established in Regulation (EU) 2019/876 of the European Parliament and of the Council, of 20 May 2019, which came into force in June 2021, is applied.

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

## Information on issuances in 2021

€ million					
Issue	Amount	Maturity	Cost <sup>1</sup>	Demand	Issuer
Senior non-preferred debt <sup>2</sup>	1,000	8 years	0.571% (mid-swap +0.90%)	3,700	CaixaBank
Senior non-preferred debt <sup>3</sup>	1,000	7 years	0.867% (mid-swap +1.00%)	2,100	CaixaBank
Senior non-preferred debt GBP <sup>2,4</sup>	€500	5 years and 6 months	1.523% (UKT +1.32%)	€1,800	CaixaBank
Tier 2 subordinated debt <sup>2</sup>	1,000	10 years and 3 months	1.335% (mid-swap +1.63%)	2,200	CaixaBank

(1) Meaning the yield on the issuance.

(2) Green bond.

(3) Social bond.

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

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

Following the end of June, CaixaBank completed an issuance of CHF 200 million in Senior non-preferred debt maturing in six years and paying a coupon of 0.477% (equivalent to CHF mid-swap + 87 basis points).

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

€ million		30 Jun. 2021
Mortgage covered bonds issued	a	66,371
Loans and credits (collateral for mortgage covered bonds)	b	144,653
<b>Collateralisation</b>	<b>b/a</b>	<b>218%</b>
<b>Overcollateralisation</b>	<b>b/a -1</b>	<b>118%</b>
<b>Mortgage covered bond issuance capacity<sup>5</sup></b>		<b>17,912</b>

(5) There is also the ability to issue €4,519 million in regional public sector covered bonds.

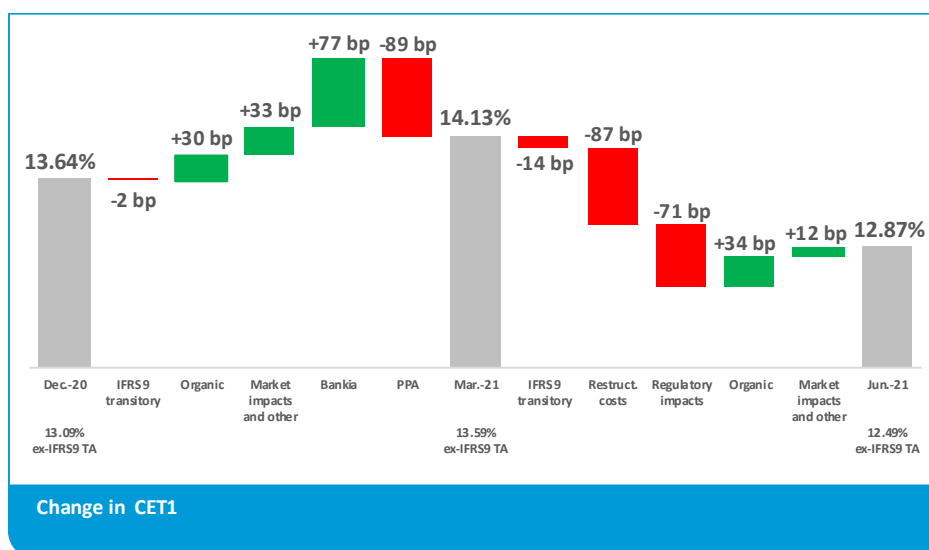
# Capital management

- The **Common Equity Tier 1 (CET1) ratio stands at 12.9%**.

The first quarter includes the extraordinary impact of Bankia's integration for +77 basis points, -89 basis points from the effect of the Purchase Price Allocation (PPA<sup>1</sup>), and the second quarter is affected by -87 basis points from restructuring costs (of which -83 correspond to the labour integration agreement<sup>2</sup>) and -71 points from regulatory impacts.

The organic change in the half year was of +64 basis points and +45 basis points caused by the performance of the markets and other factors. The impact of IFRS 9 phasing was of -16 basis points.

- The CET1 ratio without applying the IFRS 9 transitional period reaches **12.5%**.
- The internal aim of the solvency rate CET1 approved by the Board of Directors is set between 11% and 11.5% (excluding IFRS 9) and a margin of between 250 and 300 basis points in relation to the SREP requirements.
- The **Tier 1 ratio reached 14.8%** and the **Total Capital ratio stood at 17.4%**.
- The leverage ratio stood at 5.1%.



- As for the MREL requirement, CaixaBank had a ratio of **25.1% on RWA** and 8.7% on LRE, meeting the level required for 2024 (22.95% of RWAs and 6.09% of LRE). At a subordinated level, excluding the Senior preferred debt and other pari-passu liabilities, the MREL ratio reached **22.2% of RWAs and 7.7% of LRE**, comfortably above the regulatory requirements of 16.26% of RWAs and 6.09% of LRE. The following issues of Senior non-preferred debt<sup>3</sup> were made in the second quarter, strengthening the MREL ratios: a social bond of €1,000 million, in addition to an issue of £500 million. Following the end of June, an issue of CHF 200 million, which is also included.
- Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The CET1 ratio under this perimeter reached 13.8%.
- **BPI** is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 14.3%, Tier1 of 15.8% and Total Capital of 17.4%.

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

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

(3) See section 'Liquidity'.

- In terms of capital requirements following the integration of Bankia, the European Central Bank communicated this month of June a new P2R requirement of 1.65%. As a result, the Group must maintain capital requirements of 8.19% for CET1, 10.00% for Tier 1 and 12.41% for Total Capital<sup>1</sup>. At 30 June, CaixaBank has a margin of 468 basis points, equating to €10,329 million, until the Group's MDA trigger.
- In addition, the information relating to the domestic systemic risk buffer after the integration of Bankia remain at 0.25% for this year, increasing to 0.375% in 2022 and 0.50% in 2023. As a result, the estimated new MREL requirements, according to current regulations, is 22.41% for Total MREL and 18.01% for Subordinated MREL, which will be applicable as of January 2022.
- The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities.

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

*(1) See Other relevant information published on 23 June.*



## Performance and key capital adequacy indicators

€ million	30 Jun. 2020	30 Sep. 2020	31 Dec. 2020	31 Mar. 2021	30 Jun. 2021	Quarter-on-quarter
CET1 Instruments	24,621	24,657	25,546	36,017	34,528	(1,489)
Shareholders' equity	25,996	26,475	27,118	37,172	36,271	(901)
Capital	5,981	5,981	5,981	8,061	8,061	
Profit/(loss) attributable to the Group	205	726	1,381	4,786	4,181	
Reserves and other	19,811	19,768	19,756	24,326	24,029	
Other CET1 instruments <sup>1</sup>	(1,375)	(1,818)	(1,572)	(1,155)	(1,743)	(588)
Deductions from CET1	(6,538)	(6,464)	(5,892)	(6,547)	(6,136)	411
<b>CET1</b>	<b>18,083</b>	<b>18,192</b>	<b>19,654</b>	<b>29,470</b>	<b>28,392</b>	<b>(1,078)</b>
AT1 instruments	2,237	2,237	2,984	4,235	4,237	2
AT1 Deductions						
<b>TIER 1</b>	<b>20,320</b>	<b>20,430</b>	<b>22,637</b>	<b>33,705</b>	<b>32,629</b>	<b>(1,076)</b>
T2 instruments	3,208	3,324	3,407	5,837	5,863	26
T2 Deductions						
<b>TIER 2</b>	<b>3,208</b>	<b>3,324</b>	<b>3,407</b>	<b>5,837</b>	<b>5,863</b>	<b>26</b>
<b>TOTAL CAPITAL</b>	<b>23,528</b>	<b>23,754</b>	<b>26,045</b>	<b>39,542</b>	<b>38,492</b>	<b>(1,050)</b>
Other computable subordinated instruments	5,667	5,664	6,665	8,842	10,598	1,756
MREL						
<b>MREL, subordinated</b>	<b>29,195</b>	<b>29,417</b>	<b>32,709</b>	<b>48,384</b>	<b>49,090</b>	<b>706</b>
Other computable instruments. MREL	4,111	5,111	5,111	6,375	6,378	3
<b>MREL</b>	<b>33,306</b>	<b>34,528</b>	<b>37,820</b>	<b>54,759</b>	<b>55,468</b>	<b>709</b>
Risk-weighted assets	147,499	145,731	144,073	208,585	220,660	12,075
CET1 Ratio	12.3%	12.5%	13.6%	14.1%	12.9%	(1.2%)
Tier 1 Ratio	13.8%	14.0%	15.7%	16.2%	14.8%	(1.4%)
Total Capital Ratio	16.0%	16.3%	18.1%	19.0%	17.4%	(1.6%)
MDA Buffer <sup>2</sup>	5,449	5,891	7,984	12,571	10,329	(2,242)
MREL Ratio, subordinated	19.8%	20.2%	22.7%	23.2%	22.2%	(1.0%)
MREL Ratio	22.6%	23.7%	26.3%	26.3%	25.1%	(1.2%)
Leverage ratio	5.1%	5.1%	5.6%	5.4%	5.1%	(0.3%)
CET1 Ratio - CABK (non-consolidated basis)	14.1%	14.1%	15.1%	15.9%	13.8%	(2.1%)
Tier 1 Ratio CABK (non-consolidated basis)	15.7%	15.7%	17.4%	18.1%	16.0%	(2.1%)
Total Capital Ratio - CABK (non-consolidated basis)	18.1%	18.2%	19.9%	21.2%	18.9%	(2.3%)
Risk-weighted assets (non-consolidated basis)	135,465	134,979	132,806	189,616	197,097	7,481
Profit/loss (non-consolidated basis)	(135)	254	688	4,601	3,490	
ADIs <sup>3</sup>	2,565	2,919	3,308	7,655	6,572	(1,083)
MDA Buffer- CABK (non-consolidated basis) <sup>2</sup>	9,543	9,541	10,778	16,842	13,426	(3,416)
Leverage Ratio - CABK (non-consolidated basis)	5.8%	5.7%	6.2%	5.8%	5.2%	(0.6%)

Data at March 2021 updated using the latest official information.

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

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

(3) Does not include the issue premium.

# Segment reporting

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

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

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

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

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

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

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

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

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

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

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

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

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

€ million	Banking & insurance			Equity Investments	BPI	Group
	Total	M&A impacts	Income ex M&A			
<b>Net interest income</b>	<b>2,626</b>		<b>2,626</b>	<b>(22)</b>	<b>223</b>	<b>2,827</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	113		113	232	12	357
Net fee and commission income	1,510		1,510		130	1,640
Trading income	65		65	2	13	80
Income and expense under insurance or reinsurance contracts	318		318			318
Other operating income and expense	(299)		(299)	(8)	(32)	(339)
<b>Gross income</b>	<b>4,332</b>		<b>4,332</b>	<b>204</b>	<b>347</b>	<b>4,883</b>
Recurring administrative expenses, depreciation and amortisation	(2,522)		(2,522)	(2)	(223)	(2,747)
Extraordinary expenses	(1,969)	(1,969)			(1)	(1,970)
<b>Pre-impairment income</b>	<b>(159)</b>	<b>(1,969)</b>	<b>1,810</b>	<b>202</b>	<b>122</b>	<b>166</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,810</b>		<b>1,810</b>	<b>202</b>	<b>123</b>	<b>2,136</b>
Allowances for insolvency risk	(337)		(337)		8	(328)
Other charges to provisions	(149)	(26)	(123)		(6)	(155)
Gains/(losses) on disposal of assets and others	4,284	4,300	(16)		0	4,284
<b>Profit/(loss) before tax</b>	<b>3,639</b>	<b>2,304</b>	<b>1,334</b>	<b>202</b>	<b>125</b>	<b>3,966</b>
Income tax expense	237	599	(362)	8	(31)	214
<b>Profit/(loss) after tax</b>	<b>3,876</b>	<b>2,903</b>	<b>973</b>	<b>210</b>	<b>94</b>	<b>4,180</b>
Profit/(loss) attributable to minority interest and others	(0)		(0)			(0)
<b>Profit/(loss) attributable to the Group</b>	<b>3,876</b>	<b>2,903</b>	<b>973</b>	<b>210</b>	<b>94</b>	<b>4,181</b>

The proforma results for the first half of 2021 arranged by business is as follows:

€ million	Banking & insurance	Equity Investments	BPI	Group
<b>Net interest income</b>	<b>3,074</b>	<b>(23)</b>	<b>223</b>	<b>3,275</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	125	232	12	369
Net fee and commission income	1,792		130	1,922
Trading income	76	2	13	90
Income and expense under insurance or reinsurance contracts	318			318
Other operating income and expense	(341)	(8)	(32)	(380)
<b>Gross income</b>	<b>5,043</b>	<b>204</b>	<b>347</b>	<b>5,593</b>
Recurring administrative expenses, depreciation and amortisation	(2,965)	(2)	(223)	(3,191)
Extraordinary expenses			(1)	(1)
<b>Pre-impairment income</b>	<b>2,078</b>	<b>202</b>	<b>122</b>	<b>2,402</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>2,078</b>	<b>202</b>	<b>123</b>	<b>2,403</b>
Allowances for insolvency risk	(460)		8	(451)
Other charges to provisions	(146)		(6)	(152)
Gains/(losses) on disposal of assets and others	(39)		0	(38)
<b>Profit/(loss) before tax</b>	<b>1,433</b>	<b>202</b>	<b>125</b>	<b>1,760</b>
Income tax expense	(394)	8	(31)	(417)
<b>Profit/(loss) after tax</b>	<b>1,039</b>	<b>210</b>	<b>94</b>	<b>1,343</b>
Profit/(loss) attributable to minority interest and others	(0)			(0)
<b>Comparative proforma income statement</b>	<b>1,039</b>	<b>210</b>	<b>94</b>	<b>1,343</b>
- Profit/(loss) Bankia stripping out extraordinary expenses, net	(66)	1		(65)
+ M&A impacts, net	2,903			2,903
<b>Profit/(loss) attributable to the Group (accounting profit/(loss))</b>	<b>3,876</b>	<b>210</b>	<b>94</b>	<b>4,181</b>

## Banking and insurance business

The performance in the first half of 2021 stands at €3,876 million, impacted by the extraordinary expenses associated with the merger. Without considering this impact, the result stands at €973 million. In the same period of 2020 the result was €105 million, impacted by the provisions made to anticipate future impacts associated with Covid-19.

The Comparative proforma Profit/(loss) stands at €1,039 million (€248 million, net, in the same period of the previous year, impacted by the provisions associated with Covid-19)

€ million				Proforma		
	1H21	1H20	Change %	1H21	1H20	Change %
<b>INCOME STATEMENT</b>						
Net interest income	2,626	2,254	16.5	3,074	3,182	(3.4)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	113	85	32.5	125	111	12.7
Net fee and commission income	1,510	1,148	31.5	1,792	1,704	5.1
Trading income	65	160	(59.1)	76	303	(75.0)
Income and expense under insurance or reinsurance contracts	318	292	9.0	318	292	9.0
Other operating income and expense	(299)	(178)	68.0	(341)	(318)	7.0
Gross income	4,332	3,760	15.2	5,043	5,273	(4.4)
Recurring administrative expenses, depreciation and amortisation	(2,522)	(2,118)	19.1	(2,965)	(2,981)	(0.5)
Extraordinary expenses	(1,969)					
Pre-impairment income	(159)	1,643		2,078	2,292	(9.3)
Pre-impairment income stripping out extraordinary expenses	1,810	1,643	10.2	2,078	2,292	(9.3)
Allowances for insolvency risk	(337)	(1,315)	(74.4)	(460)	(1,796)	(74.4)
Other charges to provisions	(149)	(183)	(18.6)	(146)	(208)	(29.6)
Gains/(losses) on disposal of assets and others	4,284	(50)		(39)	(67)	(42.2)
Profit/(loss) before tax	3,639	94		1,433	222	
Income tax expense	237	9		(394)	25	
Profit/(loss) after tax	3,876	103		1,039	247	
Profit/(loss) attributable to minority interest and others	(0)	(1)	(79.7)	(0)	(1)	(88.3)
Profit/(loss) attributable to the Group	3,876	105		1,039	248	
<b>INCOME STATEMENT BREAKDOWN</b>						
Core income	4,558	3,767	21.0	5,300	5,278	0.4
Banking services, securities and other fees	841	655	28.5	1,021	1,025	(0.3)
Recurring	740	555	33.3	914	897	1.9
Wholesale banking	101	99	1.4	107	128	(16.0)
Sale of insurance products	116	73	58.7	158	143	10.4
Long-term savings products	553	421	31.5	613	536	14.3
Mutual funds, managed accounts and SICAVs	338	252	34.4	382	333	14.7
Pension plans	134	107	25.1	149	141	5.9
Unit Link and other	81	62	31.2	81	62	31.0
Net fee and commission income	1,510	1,148	31.5	1,792	1,704	5.1
Personnel expenses	(1,594)	(1,329)	19.9	(1,868)	(1,866)	0.1
General expenses	(648)	(546)	18.8	(772)	(791)	(2.5)
Depreciation and amortisation	(279)	(243)	15.1	(325)	(324)	0.6
Recurring administrative expenses, depreciation and amortisation	(2,522)	(2,118)	19.1	(2,965)	(2,981)	(0.5)
Extraordinary expenses	(1,969)					
<b>OTHER INDICATORS</b>						
ROTE <sup>1</sup>	8.6%	4.5%	4.1			
Cost-to-income ratio stripping out ext. exp. (12 months)	55.4%	56.4%	(1.0)			
Cost of risk (12 months)	0.35%	0.74%	(0.4)			
Customers	19.1	13.6	40.4			
Employees	46,509	30,772	51.1			
Branches	5,775	4,012	43.9			
of which Retail	5,433	3,797	43.1			
ATMs	13,827	8,982	53.9			

(1) The ratio excludes: the net extraordinary income associated with the merger for €2,903 million and the gains on the partial sale of Comercia in 4Q20 for €420 million. The coupon for the part of the AT1 issue assigned to this business has also been deducted.

The following highlights shaped the year-on-year proforma performance of the banking and insurance business (€1,039 million):

- **Gross income stands at €5,043 million (-4.4%):**
  - Core income remained stable at +0.4% with respect to the first half of 2020:
    - **Net interest income stands at €3,074 million (-3.4%)** due to the lower return on loans and on the fixed-income portfolio and to lower income from financing the Equity investments business. This drop in income is partially offset by higher income from the measures established by the ECB, a higher volume of loans and lower wholesale funding expenses.
    - **Income from Bancassurance equity investments amounted to €117 million**, up 14.7%.
    - **Fee and commission income reached €1,792 million (+5.1%):**
      - Practically stable banking fees and commissions (-0.3%). Increase in recurring fees and commissions (+1.9%), with higher transaction fees compensating the lower e-payment fees. In addition, lower non-recurring fees and commissions (-16.0%) due to reduced activity in investment banking.
      - Higher fees and commissions from the sale of insurance products (+10.4%) mainly due to the recovery of commercial activity.
      - Increase in commissions from long-term savings products of 14.3%, mainly due to managing more assets. Specifically, rise of Mutual funds, managed accounts and SICAVs of 14.7%, Pension plans of 5.9% and Unit Link of 31.0%.
    - **Income and expense under insurance or reinsurance contracts**, which reached **€318 million**, shows a solid growth with respect to the first half of 2020 (+9.0%).
  - **Trading income** stands at €+76 million, up €303 million in the same period of 2020, which included the materialisation of unrealised gains from fixed-income assets.
  - **Other operating income and expense** totalled €-341 million (€-318 million in the same period of 2020). They include the contribution to the Single Resolution Fund (SRF) of €-162 million (€-151 million in the first half of 2020).
- **Recurring administrative expenses, depreciation and amortisation** drop with respect to the first half of 2020 and amounted to €-2,965 million, down 0.5%, after an active management of the cost base.
- **Allowances for insolvency risk** amounted to €-460 million in the first half of 2021. In the first half of 2020, €-1,796 million following the establishment of a **provision for credit risk of €1,402 million to anticipate future impacts associated with Covid-19.**

The cost of risk (12 months) stands at 0.44%.
- **Other charges to provisions** in the first half of 2020 included, among others, a total of €-109 million associated with early retirements.
- **Gains/(losses) on disposal of assets and others** stood at €-39 million (€-67 million in the same period of 2020, impacted by provisions for real estate assets).

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

€ million	2Q21	1Q21	4Q20	3Q20	2Q20
<b>INCOME STATEMENT</b>					
<b>Net interest income</b>	<b>1,534</b>	<b>1,540</b>	<b>1,646</b>	<b>1,622</b>	<b>1,605</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	63	62	104	99	56
Net fee and commission income	915	877	926	861	838
Trading income	34	42	67	40	235
Income and expense under insurance or reinsurance contracts	154	164	156	150	141
Other operating income and expense	(242)	(98)	(344)	(72)	(226)
<b>Gross income</b>	<b>2,456</b>	<b>2,587</b>	<b>2,554</b>	<b>2,700</b>	<b>2,649</b>
Recurring administrative expenses, depreciation and amortisation	(1,487)	(1,479)	(1,435)	(1,453)	(1,464)
Extraordinary expenses					
<b>Pre-impairment income</b>	<b>969</b>	<b>1,109</b>	<b>1,119</b>	<b>1,248</b>	<b>1,185</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>969</b>	<b>1,109</b>	<b>1,119</b>	<b>1,248</b>	<b>1,185</b>
Allowances for insolvency risk	(148)	(312)	(545)	(598)	(1,072)
Other charges to provisions	(75)	(71)	(45)	59	(51)
Gains/(losses) on disposal of assets and others	(19)	(20)	430	(81)	(17)
<b>Profit/(loss) before tax</b>	<b>728</b>	<b>705</b>	<b>960</b>	<b>627</b>	<b>46</b>
Income tax expense	(199)	(195)	(64)	(135)	39
<b>Profit/(loss) after tax</b>	<b>529</b>	<b>510</b>	<b>895</b>	<b>493</b>	<b>85</b>
Profit/(loss) attributable to minority interest and others	(0)	(0)	1	1	(2)
<b>Profit/(loss) attributable to the Group</b>	<b>529</b>	<b>510</b>	<b>894</b>	<b>492</b>	<b>87</b>
<b>INCOME STATEMENT BREAKDOWN</b>					
<b>Core income</b>	<b>2,660</b>	<b>2,640</b>	<b>2,827</b>	<b>2,721</b>	<b>2,640</b>
Banking services, securities and other fees	528	493	538	515	508
Recurring	463	451	483	462	432
Wholesale banking	66	42	55	53	77
Sale of insurance products	73	85	70	66	69
Long-term savings products	314	299	317	280	260
Mutual funds, managed accounts and SICAVs	196	186	187	174	162
Pension plans	75	74	89	74	68
Unit Link and other	42	39	41	32	30
<b>Net fee and commission income</b>	<b>915</b>	<b>877</b>	<b>926</b>	<b>861</b>	<b>838</b>
Personnel expenses	(939)	(929)	(903)	(895)	(907)
General expenses	(387)	(384)	(374)	(393)	(394)
Depreciation and amortisation	(160)	(165)	(158)	(166)	(162)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(1,487)</b>	<b>(1,479)</b>	<b>(1,435)</b>	<b>(1,453)</b>	<b>(1,464)</b>
Extraordinary expenses					

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

- **Loans and advances to customers, gross stood at €336,570 million in the year, up 54.2% following the merger with Bankia.** Considering the organic change, the total portfolio dropped 1.2%.
- **Customer funds stood at €566,621 million (+48.0% in the year, +6.1% organic change).** Its organic evolution is impacted by the increase of on-balance sheet funds (+3.1%) and the growth of assets under management (+10.3%), marked by the positive net subscriptions and the performance of the markets.
- The **NPL ratio** reached 3.7% (+30 basis points in the year), while the **coverage ratio stood at 63%.**

€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %	Organic change %
<b>BALANCE SHEET</b>						
Assets	631,151	621,259	1.6	410,690	53.7	4.1
Liabilities	600,652	589,692	1.9	389,083	54.4	4.5
Assigned capital	30,470	31,539	(3.4)	21,582	41.2	(3.2)
<b>LOANS AND ADVANCES TO CUSTOMERS</b>						
<b>Loans to individuals</b>	<b>178,398</b>	<b>177,417</b>	<b>0.6</b>	<b>106,941</b>	<b>66.8</b>	<b>(0.5)</b>
Home purchases	131,130	132,767	(1.2)	73,586	78.2	(3.3)
Other	47,269	44,649	5.9	33,355	41.7	5.7
of which: Consumer lending	17,488	17,683	(1.1)	12,753	37.1	(3.0)
<b>Loans to business</b>	<b>136,056</b>	<b>139,114</b>	<b>(2.2)</b>	<b>96,331</b>	<b>41.2</b>	<b>(3.4)</b>
Corporates and SMEs	129,985	132,787	(2.1)	90,767	43.2	(3.1)
Real estate developers	6,070	6,327	(4.1)	5,564	9.1	(8.4)
<b>Public sector</b>	<b>22,116</b>	<b>21,303</b>	<b>3.8</b>	<b>15,005</b>	<b>47.4</b>	<b>7.5</b>
<b>Loans and advances to customers, gross</b>	<b>336,570</b>	<b>337,833</b>	<b>(0.4)</b>	<b>218,277</b>	<b>54.2</b>	<b>(1.2)</b>
of which: Performing loans	323,779	325,120	(0.4)	210,584	53.8	(1.4)
of which: Non-performing loans	12,791	12,712	0.6	7,693	66.3	2.0
Provisions for insolvency risk	(8,100)	(8,521)	(4.9)	(5,105)	58.7	(7.1)
<b>Loans and advances to customers, net</b>	<b>328,470</b>	<b>329,312</b>	<b>(0.3)</b>	<b>213,172</b>	<b>54.1</b>	<b>(1.1)</b>
Contingent liabilities	24,729	24,665	0.3	15,254	62.1	2.5
<b>CUSTOMER FUNDS</b>						
Customer funds	343,869	334,644	2.8	216,432	58.9	3.0
Demand deposits	314,549	302,928	3.8	202,980	55.0	5.1
Time deposits	29,320	31,716	(7.6)	13,451		(28.3)
Insurance contract liabilities	61,384	60,493	1.5	59,360	3.4	3.4
of which: Unit Link and other	17,144	15,833	8.3	14,607	17.4	17.4
Reverse repurchase agreements and other	2,087	1,012		2,044	2.1	2.0
<b>On-balance sheet funds</b>	<b>407,340</b>	<b>396,148</b>	<b>2.8</b>	<b>277,835</b>	<b>46.6</b>	<b>3.1</b>
Mutual funds, managed accounts and SICAVs	99,052	94,976	4.3	65,852	50.4	12.3
Pension plans	46,416	45,207	2.7	35,328	31.4	6.7
<b>Assets under management</b>	<b>145,468</b>	<b>140,183</b>	<b>3.8</b>	<b>101,180</b>	<b>43.8</b>	<b>10.3</b>
<b>Other accounts</b>	<b>13,813</b>	<b>10,177</b>	<b>35.7</b>	<b>3,778</b>		
<b>Total customer funds</b>	<b>566,621</b>	<b>546,508</b>	<b>3.7</b>	<b>382,794</b>	<b>48.0</b>	<b>6.1</b>
<b>ASSET QUALITY</b>						
Non-performing loan ratio (%)	3.7%	3.7%		3.4%	0.3	0.0
Non-performing loan coverage ratio (%)	63%	66%	(3)	65%	(2)	(5)

## Insurance activity

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

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

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

€ million	VidaCaixa <sup>1</sup>			Proforma		
	1H21	1H20	Change %	1H21	1H20	Change %
<b>Net interest income</b>	<b>160</b>	<b>170</b>	<b>(5.6)</b>	<b>160</b>	<b>170</b>	<b>(5.6)</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	93	74	25.6	117	102	14.7
Net fee and commission income	(39)	(46)	(14.6)	(13)	(21)	(38.4)
Trading income	3	2	27.1	3	2	27.1
Income and expense under insurance or reinsurance contracts	321	292	10.1	321	292	10.1
Other operating income and expense	0	1		0	0	(42.0)
<b>Gross income</b>	<b>538</b>	<b>492</b>	<b>9.3</b>	<b>588</b>	<b>545</b>	<b>7.9</b>
Recurring administrative expenses, depreciation and amortisation	(69)	(65)	6.0	(76)	(72)	5.7
Extraordinary expenses	(1)					
<b>Pre-impairment income</b>	<b>468</b>	<b>427</b>	<b>9.6</b>	<b>512</b>	<b>473</b>	<b>8.3</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>469</b>	<b>427</b>	<b>9.8</b>	<b>512</b>	<b>473</b>	<b>8.3</b>
Allowances for insolvency risk						
Other charges to provisions				0		
Gains/(losses) on disposal of assets and others						
<b>Profit/(loss) before tax</b>	<b>468</b>	<b>427</b>	<b>9.6</b>	<b>513</b>	<b>473</b>	<b>8.3</b>
Income tax expense	(109)	(106)	3.3	(116)	(111)	3.9
<b>Profit/(loss) after tax</b>	<b>359</b>	<b>321</b>	<b>11.6</b>	<b>397</b>	<b>362</b>	<b>9.7</b>
Profit/(loss) attributable to minority interest and others						
<b>Profit/(loss) attributable to the Group</b>	<b>359</b>	<b>321</b>	<b>11.6</b>	<b>397</b>	<b>362</b>	<b>9.7</b>

The profit attributable to the VidaCaixa Group<sup>1</sup> stands at €+359 million, up 11.6% with respect to the first half of 2020:

- **Net interest income** includes the margin on life savings insurance products, which was down 5.6% with respect to the same period of the previous year.
- **Share of profit/(loss) of entities accounted for using the equity method** mainly shows the contribution made by SegurCaixa Adeslas, 49.9% of which is owned by VidaCaixa, with a significant year-on-year improvement of its attributable profit (+25.6%) given the negative impact on the valuation of financial assets in the first quarter of 2020.
- **Net fee and commission income<sup>2</sup>** is the net result of:
  - The fees and commissions received by VidaCaixa from managing Unit Linked products and pension plans.
  - The fees and commissions the insurance firms pay the banks for distributing their products.
- **Income and expense under insurance or reinsurance contracts**, which shows the margin obtained from the difference between premia and the technical provisions, claims and other expenses of life-risk products, grew 10.1% with respect to the same period of the previous year.

(1) At VidaCaixa level prior to consolidation adjustments.

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



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

€ million	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Net interest income</b>	<b>79</b>	<b>81</b>	<b>85</b>	<b>87</b>	<b>87</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	58	59	99	89	56
Net fee and commission income	(4)	(9)	21	(12)	(9)
Trading income	1	2	2	1	2
Income and expense under insurance or reinsurance	157	164	156	150	141
Other operating income and expense <sup>1</sup>	0	0	136	(0)	0
<b>Gross income</b>	<b>292</b>	<b>296</b>	<b>499</b>	<b>315</b>	<b>278</b>
Recurring administrative expenses, depreciation and amortisation	(37)	(38)	(33)	(35)	(35)
Extraordinary expenses					
<b>Pre-impairment income</b>	<b>255</b>	<b>258</b>	<b>466</b>	<b>279</b>	<b>243</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>255</b>	<b>258</b>	<b>466</b>	<b>279</b>	<b>243</b>
Allowances for insolvency risk					
Other charges to provisions		0			
Gains/(losses) on disposal of assets and others					
<b>Profit/(loss) before tax</b>	<b>255</b>	<b>258</b>	<b>466</b>	<b>279</b>	<b>243</b>
Income tax expense	(57)	(59)	(67)	(56)	(57)
<b>Profit/(loss) after tax</b>	<b>198</b>	<b>199</b>	<b>399</b>	<b>223</b>	<b>186</b>
Profit/(loss) attributable to minority interest and others					
<b>Profit/(loss) attributable to the Group</b>	<b>198</b>	<b>199</b>	<b>399</b>	<b>223</b>	<b>186</b>

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

## Equity investments business

The result in the first half of 2021 stood at €210 million (€+55 million in the same period of 2020).

€ million	1H21	1H20	Change %	Proforma		
				1H21	1H20	Change %
<b>Net interest income</b>	<b>(22)</b>	<b>(47)</b>	<b>(52.0)</b>	<b>(23)</b>	<b>(47)</b>	<b>(52.2)</b>
Dividend income	149	90	65.5	149	90	65.5
Share of profit/(loss) of entities accounted for using the equity method	83	7		82	6	
Net fee and commission income						
Trading income	2	(6)		2	(6)	
Income and expense under insurance or reinsurance contracts						
Other operating income and expense	(8)			(8)		
<b>Gross income</b>	<b>204</b>	<b>45</b>		<b>204</b>	<b>43</b>	
Recurring administrative expenses, depreciation and amortisation	(2)	(2)		(2)	(2)	
Extraordinary expenses						
<b>Pre-impairment income</b>	<b>202</b>	<b>43</b>		<b>202</b>	<b>41</b>	
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>202</b>	<b>43</b>		<b>202</b>	<b>41</b>	
Allowances for insolvency risk						
Other charges to provisions						
Gains/(losses) on disposal of assets and others						
<b>Profit/(loss) before tax</b>	<b>202</b>	<b>43</b>		<b>202</b>	<b>41</b>	
Income tax expense	8	12	(33.8)	8	12	(34.2)
<b>Profit/(loss) after tax</b>	<b>210</b>	<b>55</b>		<b>210</b>	<b>54</b>	
Profit/(loss) attributable to minority interest and others						
<b>Profit/(loss) attributable to the Group</b>	<b>210</b>	<b>55</b>		<b>210</b>	<b>54</b>	
ROTE stripping out one-off impacts <sup>1</sup>	37.5%	13.8%	23.7			

(1) The ROTE for 1H21 excludes the provision corresponding to Erste Group Bank in the fourth quarter of 2020 (€-311 million, net). The coupon for the part of the AT1 issue assigned to this business has also been deducted.

The proforma result in the first half of 2021 stood at €210 million:

- The **Net interest income** corresponds to the cost of financing the investee business. The year-on-year fall is mainly due to the reduction of the average balance financed and lower funding expenses due to adapting the rate to market conditions.
- The **Dividend income** amounted to €149 million and includes in the second quarter of 2021 the dividends from Telefónica for €51 million and BFA for €98 million (€50 million and €40 million, respectively in 2020). With regard to BFA, it includes income associated with an extraordinary dividend for €54 million.
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €82 million (€6 million in the first half of 2020 due to the lower results attributed in the context of the start of the pandemic). The proforma vision considers, in both years, the contribution of Gramina Homes, the impact of which is not significant.
- **Trading income** in both periods include the income from hedge contracts on investees.

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

€ million	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Net interest income</b>	<b>(10)</b>	<b>(13)</b>	<b>(14)</b>	<b>(18)</b>	<b>(22)</b>
Dividend income	149		50		90
Share of profit/(loss) of entities accounted for using the equity method	62	21	9	28	(4)
Net fee and commission income					
Trading income	1	1	(1)	(3)	(4)
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(8)		(3)		
<b>Gross income</b>	<b>194</b>	<b>9</b>	<b>42</b>	<b>8</b>	<b>60</b>
Recurring administrative expenses, depreciation and amortisation	(1)	(1)	(1)	(1)	(1)
Extraordinary expenses					
<b>Pre-impairment income</b>	<b>193</b>	<b>8</b>	<b>41</b>	<b>7</b>	<b>59</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>193</b>	<b>8</b>	<b>41</b>	<b>7</b>	<b>59</b>
Allowances for insolvency risk					
Other charges to provisions					
Gains/(losses) on disposal of assets and others <sup>1</sup>			(311)		
<b>Profit/(loss) before tax</b>	<b>193</b>	<b>8</b>	<b>(270)</b>	<b>7</b>	<b>59</b>
Income tax expense	5	3	7	5	5
<b>Profit/(loss) after tax</b>	<b>198</b>	<b>12</b>	<b>(263)</b>	<b>12</b>	<b>63</b>
Profit/(loss) attributable to minority interest and others					
<b>Profit/(loss) attributable to the Group</b>	<b>198</b>	<b>12</b>	<b>(263)</b>	<b>12</b>	<b>63</b>

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

The following balance sheet shows the investee business indicators:

€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %	Organic change %
<b>BALANCE SHEET</b>						
<b>Assets</b>						
Investments (Financial assets at fair value with changes in OCI and Investments in JVs and associates) and other <sup>2</sup>	3,463	3,569	(3.0)	3,267	6.0	2.5
<b>Liabilities</b>						
Intra-group financing and other liabilities	2,697	2,743	(1.7)	2,565	5.2	2.1
<b>Assigned capital<sup>3</sup></b>	<b>766</b>	<b>826</b>	<b>(7.3)</b>	<b>702</b>	<b>9.1</b>	<b>4.0</b>

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

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

## BPI

Profit from the banking business of BPI amounted to €+94 (€+45 million in the first half of 2020).

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
<b>INCOME STATEMENT</b>								
<b>Net interest income</b>	<b>223</b>	<b>217</b>	<b>2.8</b>	<b>112</b>	<b>111</b>	<b>118</b>	<b>109</b>	<b>109</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	12	9	39.0	7	6	4	5	4
Net fee and commission income	130	118	10.1	67	64	67	59	57
Trading income	13	(12)		3	9	6	4	2
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(32)	(20)	56.2	(19)	(13)	7	(1)	(11)
<b>Gross income</b>	<b>347</b>	<b>312</b>	<b>11.1</b>	<b>170</b>	<b>177</b>	<b>201</b>	<b>177</b>	<b>161</b>
Recurring administrative expenses, depreciation and amortisation	(223)	(225)	(1.0)	(110)	(113)	(99)	(115)	(109)
Extraordinary expenses	(1)			(1)				
<b>Pre-impairment income</b>	<b>122</b>	<b>87</b>	<b>41.2</b>	<b>58</b>	<b>64</b>	<b>103</b>	<b>62</b>	<b>52</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>123</b>	<b>87</b>	<b>42.5</b>	<b>60</b>	<b>64</b>	<b>103</b>	<b>62</b>	<b>52</b>
Allowances for insolvency risk	8	(19)		(7)	15	(8)	6	(32)
Other charges to provisions	(6)	(1)		(5)	(1)	(18)	0	(1)
Gains/(losses) on disposal of assets and others	0	1	(53.9)	0	0	25	2	1
<b>Profit/(loss) before tax</b>	<b>125</b>	<b>67</b>	<b>85.5</b>	<b>47</b>	<b>78</b>	<b>101</b>	<b>71</b>	<b>20</b>
Income tax expense	(31)	(22)	38.2	(10)	(20)	(28)	(15)	(7)
<b>Profit/(loss) after tax</b>	<b>94</b>	<b>45</b>		<b>36</b>	<b>58</b>	<b>73</b>	<b>55</b>	<b>13</b>
Profit/(loss) attributable to minority interest and others								
<b>Profit/(loss) attributable to the Group</b>	<b>94</b>	<b>45</b>		<b>36</b>	<b>58</b>	<b>73</b>	<b>55</b>	<b>13</b>
<b>INCOME STATEMENT BREAKDOWN</b>								
<b>Core income</b>	<b>364</b>	<b>344</b>	<b>5.9</b>	<b>183</b>	<b>181</b>	<b>189</b>	<b>174</b>	<b>169</b>
Banking services, securities and other fees	77	70	9.4	41	36	37	35	33
Recurring	76	69	9.9	40	36	36	35	33
Wholesale banking	1	1	(22.9)	0	0	1		
Sale of insurance products	26	24	6.1	12	14	19	13	12
Long-term savings products	28	24	16.4	14	14	11	11	13
Mutual funds, managed accounts and SICAVs	17	16	5.7	8	9	8	8	8
Pension plans	0	0	10.9	0	0	0	0	0
Unit Link and other	10	7	42.3	5	4	3	4	4
<b>Net fee and commission income</b>	<b>130</b>	<b>118</b>	<b>10.1</b>	<b>67</b>	<b>64</b>	<b>67</b>	<b>59</b>	<b>57</b>
Personnel expenses	(116)	(123)	(5.9)	(57)	(59)	(55)	(61)	(61)
General expenses	(72)	(73)	(1.5)	(36)	(36)	(27)	(37)	(37)
Depreciation and amortisation	(35)	(29)	21.2	(18)	(17)	(16)	(16)	(11)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(223)</b>	<b>(225)</b>	<b>(1.0)</b>	<b>(110)</b>	<b>(113)</b>	<b>(99)</b>	<b>(115)</b>	<b>(109)</b>
<b>Extraordinary expenses</b>	<b>(1)</b>			<b>(1)</b>				
<b>OTHER INDICATORS</b>								
ROTE stripping out one-off impacts <sup>1</sup>	6.6%	5.4%	1.2	6.6%	5.8%	4.2%	4.3%	5.4%
Cost-to-income ratio stripping out ext. exp. (12 months)	60.2%	66.3%	(6.1)	60.2%	60.8%	63.5%	67.0%	66.3%
Customers	1.9	1.9	(2.6)	1.9	1.9	1.9	1.9	1.9
Employees	4,562	4,817	(5.3)	4,562	4,597	4,622	4,766	4,817
Branches	385	448	(14.1)	385	403	422	429	448
of which retail	326	377	(13.5)	326	343	360	365	377
ATMs	1,458	1,559	(6.5)	1,458	1,460	1,456	1,484	1,559

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

- Extraordinary expenses of 2Q21.
- Release of provisions corresponding to the quarterly recalculation carried out by the passing of time in relation to the expected losses associated with the funds due to credit risk adjustments made at the time BPI was acquired (€32 million in 1H21 and €125 million in 1H20).
- Deduction of the coupon for the part of the AT1 issue assigned to this business.

- **Gross income** stands at €347 million, up 11.1% with respect to the first half of 2020:
  - Core income up 5.9%.
    - **Net interest income** totalled €223 million, with a 2.8% increase compared to the same period in the previous year and a 0.6% rise with respect to the previous quarter.
  - **Fee and commission income** stand at €130 million, up 10.1% on the same period of the previous year, improving in all income items. With respect to the first quarter of 2021, they rose by 4.5%, mainly due to the increase in banking fees and commissions.
  - **Trading income** amounted to €13 million in the first half of 2021. In the first half of 2020, €-12 million, which mainly included the value update of financial assets.
  - **Other operating income and expense** totalled €-32 million and included the contribution paid to the SRF and the Portuguese *Fundo de Resolução* (€-19 million and €-21 million in the second quarter of 2021 and 2020, respectively).

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

- **Recurring administrative expenses, depreciation and amortisation** slightly dropped 1.0%. Decline in personnel expenses (-5.9%) as a result of the savings associated with the early retirements in the fourth quarter of 2020, and increase in depreciation and amortisation (+21.2%), the performance of which is impacted, among other factors, by more investments.
- **Allowances for insolvency risk** stood at €8 million (€-19 million in the same period of 2020) after including one-off income associated with the sale of portfolios in the first quarter of 2021. The first half of 2020 (€-19 million) included the provision recognised anticipating future impacts associated with Covid-19 for €-48 million.
- **Other charges to provisions** in the second quarter of 2021 and fourth quarter of 2020 included, among other items, the recognition of the costs associated with the early retirement scheme<sup>1</sup>.

(1) The cost arising from BPI's voluntary departures and early retirements amounted to €6.6 million in the second quarter of 2021, of which €1.1 million were recognised as extraordinary personnel expenses and €5.5 million as charges to provisions.

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

- **Loans and advances to customers, gross** stood at €26,441 million, up 3.1% in the year, showing a growth in all segments.
- **Customer funds stood at €34,372 million**, up 5.4% in the year as a result of the increase of On-balance sheet funds (+5.9%), especially Demand deposits (+8.9%). In addition, a good performance of Assets under management (+9.6%).
- BPI's **NPL ratio** reached 2.1%, as per the CaixaBank Group's NPL classification criteria.
- The NPL coverage ratio came to 94%.

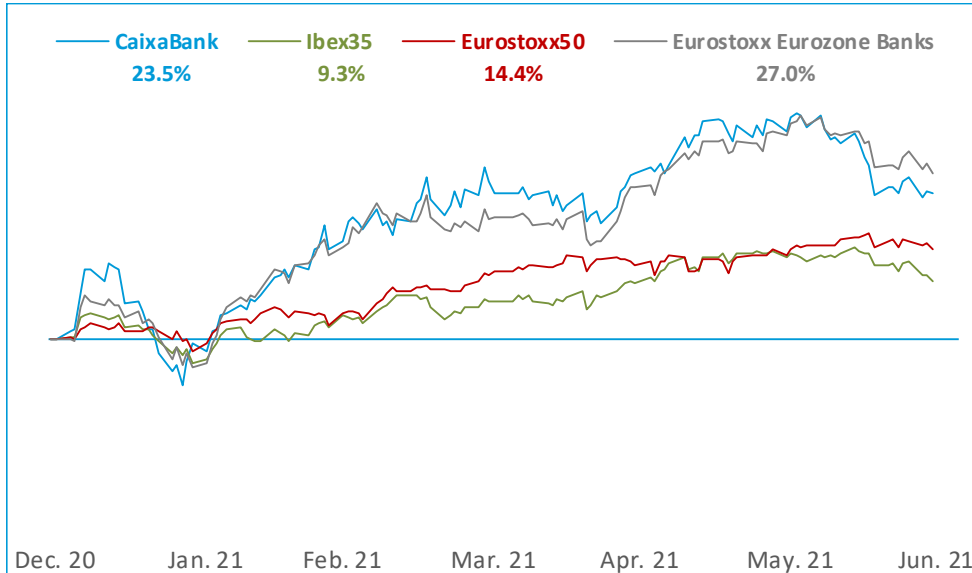
€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %
<b>BALANCE SHEET</b>					
Assets	39,474	38,741	1.9	37,564	5.1
Liabilities	36,168	35,582	1.6	34,595	4.5
Assigned capital	3,306	3,158	4.7	2,969	11.3
<b>LOANS AND ADVANCES TO CUSTOMERS</b>					
<b>Loans to individuals</b>	<b>14,194</b>	<b>13,898</b>	<b>2.1</b>	<b>13,708</b>	<b>3.5</b>
Home purchases	12,434	12,172	2.2	11,989	3.7
Other	1,760	1,726	1.9	1,719	2.4
of which: Consumer lending	1,425	1,424	0.1	1,417	0.6
<b>Loans to business</b>	<b>10,281</b>	<b>10,245</b>	<b>0.4</b>	<b>10,094</b>	<b>1.9</b>
Corporates and SMEs	10,117	10,088	0.3	9,938	1.8
Real estate developers	164	157	4.6	156	5.4
<b>Public sector</b>	<b>1,966</b>	<b>1,845</b>	<b>6.6</b>	<b>1,845</b>	<b>6.6</b>
<b>Loans and advances to customers, gross</b>	<b>26,441</b>	<b>25,988</b>	<b>1.7</b>	<b>25,647</b>	<b>3.1</b>
of which: Performing loans	25,910	25,434	1.9	25,070	3.3
of which: Non-performing loans	531	555	(4.2)	576	(7.8)
Provisions for insolvency risk	(509)	(506)	0.6	(515)	(1.2)
<b>Loans and advances to customers, net</b>	<b>25,932</b>	<b>25,482</b>	<b>1.8</b>	<b>25,131</b>	<b>3.2</b>
Contingent liabilities	1,648	1,611	2.3	1,616	2.0
<b>CUSTOMER FUNDS</b>					
Customer funds	27,322	26,387	3.5	25,802	5.9
Demand deposits	18,888	17,955	5.2	17,344	8.9
Time deposits	8,434	8,432	-	8,458	(0.3)
Reverse repurchase agreements and other	10	11	(12.9)	13	(23.2)
<b>On-balance sheet funds</b>	<b>27,332</b>	<b>26,398</b>	<b>3.5</b>	<b>25,815</b>	<b>5.9</b>
Mutual funds, managed accounts and SICAVs	5,988	5,747	4.2	5,463	9.6
<b>Assets under management</b>	<b>5,988</b>	<b>5,747</b>	<b>4.2</b>	<b>5,463</b>	<b>9.6</b>
<b>Other accounts</b>	<b>1,052</b>	<b>1,281</b>	<b>(17.9)</b>	<b>1,336</b>	<b>(21.3)</b>
<b>Total customer funds</b>	<b>34,372</b>	<b>33,426</b>	<b>2.8</b>	<b>32,614</b>	<b>5.4</b>
<b>Memorandum items</b>			-		
Insurance contracts sold <sup>1</sup>	4,256	4,225	0.7	4,334	(1.8)
<b>ASSET QUALITY</b>					
Non-performing loan ratio (%)	2.1%	2.2%	(0.1)	2.3%	(0.2)
Non-performing loan coverage ratio (%)	94%	90%	4	88%	5

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

## The CaixaBank share

- The **CaixaBank share** closed trading on 30 June 2021 at €2.594/share, down 1.7% in the quarter and a cumulative rise of 23.5% in the year. In spite of a certain decline late in the half, the good performance of the markets in the first half of 2021 has boosted the selective bank benchmarks (+27.0% EURO STOXX Banks and +28.7% IBEX 35 Banks in the year) and the general indices (+14.4% EURO STOXX 50 and +9.3% IBEX 35).
- The widespread reactivation of the economic activity stands out in the second quarter thanks to the lower impact of the pandemic and the reduced mobility restrictions, mainly due to the progress in the vaccination process. This favoured the continuity of the stock market's recovery until, in June, the consolidation of the risk of inflation, the Fed's tougher tone and the threat to the efforts made to contain the advance of new coronavirus strains revived a certain uncertainty in the trading floors, driving investors away from the more cyclical stocks or those with higher exposure to the future of the tourist season.
- In the second quarter of 2021, the number of shares traded<sup>1</sup> dropped 29.1% with respect to the same period of the previous year and 16.5% on the first quarter of 2021. In addition, the trading volume<sup>1</sup> in euros was 9.2% up on the volume of shares traded in the second quarter of 2020 but 5.2% down on the previous quarter. In the first half of 2021 the trading volume in shares and euros were 30.5% and 15.6% down, respectively, when compared to the first half of 2020.

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



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

## Key performance indicators for the CaixaBank share

	30 Jun. 2021
Market capitalisation (€ million)	20,890
Number of outstanding shares <sup>1</sup>	8,053,344
<b>Share price (€/share)</b>	
Share price at the beginning of the period (31 Dec. 2020)	2.101
Share price at closing of the period (30 Jun. 2021)	2.594
Maximum price <sup>2</sup>	2.871
Minimum price <sup>2</sup>	1.948
<b>Trading volume in 2021 (number of shares, excluding special transactions, in thousands)</b>	
Maximum daily trading volume	96,338
Minimum daily trading volume	8,106
Average daily trading volume	18,265
<b>Stock market ratios</b>	
Profit attributable to the Group excluding impacts from the merger (€ million) (12 months) <sup>3</sup>	2,269
Average number of shares (12 months) <sup>1</sup>	6,669,740
<b>Net income attributable per share ex M&amp;A (EPS) (€/share)</b>	<b>0.34</b>
Net equity excluding minority interests (€ million)	34,542
Number of shares at 30 Jun. 2021 <sup>1</sup>	8,053,344
<b>Book value (€/share)</b>	<b>4.29</b>
Net equity excluding minority interests (tangible) (€ million)	29,440
Number of shares at 30 Jun. 2021 <sup>1</sup>	8,053,344
<b>Tangible book value (€/share)</b>	<b>3.66</b>
<b>PER (Price / EPS ex M&amp;A<sup>3</sup>; times)</b>	<b>7.63</b>
<b>P/tangible BV (Market value / tangible book value)</b>	<b>0.71</b>
<b>Dividend yield<sup>4</sup></b>	<b>1.03%</b>

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

(2) Price at close of trading.

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

(4) Calculated by dividing the remuneration for the financial year 2020 (0.0268 euros/share) by the closing price at the end of the period (2.594 euros/share).

### Shareholder returns

- On 24 May 2021, 0.0268 euros were paid per share. This was the total shareholder remuneration charged to 2020 profits. The payment of this dividend will entail that shareholder remuneration for the 2020<sup>5</sup> Fiscal Year is equivalent to 15% of the proforma adjusted consolidated net profit of Bankia and CaixaBank, in line with the recommendation issued by the European Central Bank.
- As regards the dividend policy, and following the European Central Bank's announcement on 23 July 2021 of not extending its recommendation on dividend distributions beyond September 2021, the Board of Directors approved on 29 July 2021 the Dividend Policy for 2021, establishing the distribution of a cash dividend of 50% of the consolidated net profit adjusted by the extraordinary impacts from the merger with Bankia in a single payout in 2022.

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



## Investment portfolio

Main investees at 30 June 2021:

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

## Ratings

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

In 2021 S&P Global and DBRS confirmed the long-term rating at BBB+ and A, respectively, with both rating agencies maintaining the stable outlook.

# Appendices

## Additional information on the fair value adjustments

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

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

- 1- Including the fair value adjustments on the lending portfolio classified at amortised cost compared with the provisions constituted by the Bankia Group at 31 March 2021. This adjustment includes the effect of adjusting the lifetime expected loss.
- 2- The value of the portfolio of real estate assets has been adjusted considering appraisals available and other parameters.
- 3- Mainly includes the adjustments of financial assets and liabilities at amortised cost, as a result of measuring them at their listed price or using methodologies based on market assumptions.
- 4- Within the framework of the business combination and merger with Bankia, and considering the alignment of criteria and judgment of the administrators and the negative impact of the current economic situation, as well as the ESMA statement of 2019<sup>1</sup>, it has deemed appropriate not to recognise tax loss carryforwards for an amount of €2,023 million. Thus, on 31 March the CaixaBank Group has unrecognised tax loss carryforwards for a total amount of €2,909 million. The current recovery period for on-balance sheet tax assets is under 15 years.
- 5- Including, among others, the book value adjustment of non-controlling interest in associates based on generally accepted methodologies; compensations linked to certain commercial arrangements; the recognition of intangible assets that meet the criteria of separability or contractual legality; the derecognition of intangible assets that have not been assigned a market value; adjustments linked to the unification of assumptions on the value of defined benefit pension commitments and other long-term obligations with employees, as well as the measurement of contingent liabilities of a legal, fiscal or employment nature from past events in which Bankia is involved.

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

## Alternative performance measures

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

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

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

### Alternative Performance Measures used by the Group

#### 1- Profitability and cost-to-income

##### a) Customer spread:

**Explanation:** difference between:

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

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

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

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Annualised quarterly income from loans and advances to customers	4,452	4,364	4,352	4,177	5,688
Denominator	Net average balance of loans and advances to customers	224,866	227,006	229,195	227,891	339,866
<b>(a)</b>	<b>Average yield rate on loans (%)</b>	<b>1.98</b>	<b>1.92</b>	<b>1.90</b>	<b>1.83</b>	<b>1.67</b>
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	32	36	16	12	8
Denominator	Average balance of on-balance sheet retail customers funds	228,742	237,387	240,052	236,670	362,009
<b>(b)</b>	<b>Average cost rate of retail customer funds (%)</b>	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>
	<b>Customer spread (%) (a - b)</b>	<b>1.97</b>	<b>1.90</b>	<b>1.89</b>	<b>1.82</b>	<b>1.67</b>

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Annualised quarterly income from loans and advances to customers	6,282	6,162	6,194	5,872	5,688
Denominator	Net average balance of loans and advances to customers	341,282	343,973	345,967	343,818	339,866
<b>(a)</b>	<b>Average yield rate on loans (%)</b>	<b>1.84</b>	<b>1.79</b>	<b>1.79</b>	<b>1.71</b>	<b>1.67</b>
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	56	36	20	24	8
Denominator	Average balance of on-balance sheet retail customers funds	345,872	354,728	357,931	354,718	362,009
<b>(b)</b>	<b>Average cost rate of retail customer funds (%)</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>
	<b>Proforma customer spread (%) (a - b)</b>	<b>1.82</b>	<b>1.78</b>	<b>1.78</b>	<b>1.70</b>	<b>1.67</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 closing balances of each month. In 1Q21 the ratio does not include the results generated by Bankia in the first quarter or, for consistency purposes, the contribution of the balance items incorporated at 31 March.*

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

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Annualised quarterly interest income	6,664	6,767	6,863	6,708	8,371
Denominator	Average total assets for the quarter	423,859	450,730	456,953	454,329	671,368
<b>(a)</b>	<b>Average return rate on assets (%)</b>	<b>1.57</b>	<b>1.50</b>	<b>1.50</b>	<b>1.48</b>	<b>1.25</b>
Numerator	Annualised quarterly interest expenses	1,737	1,906	1,878	1,878	1,809
Denominator	Average total funds for the quarter	423,859	450,730	456,953	454,329	671,368
<b>(b)</b>	<b>Average cost of fund rate (%)</b>	<b>0.41</b>	<b>0.42</b>	<b>0.41</b>	<b>0.41</b>	<b>0.27</b>
	<b>Balance sheet spread (%) (a - b)</b>	<b>1.16</b>	<b>1.08</b>	<b>1.09</b>	<b>1.07</b>	<b>0.98</b>

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Annualised quarterly interest income	8,893	9,062	9,186	8,849	8,371
Denominator	Average total assets for the quarter	635,202	661,993	668,680	660,552	671,368
<b>(a)</b>	<b>Average return rate on assets (%)</b>	<b>1.40</b>	<b>1.37</b>	<b>1.37</b>	<b>1.34</b>	<b>1.25</b>
Numerator	Annualised quarterly interest expenses	2,091	2,244	2,224	2,202	1,809
Denominator	Average total funds for the quarter	635,202	661,993	668,680	660,552	671,368
<b>(b)</b>	<b>Average cost of fund rate (%)</b>	<b>0.33</b>	<b>0.34</b>	<b>0.33</b>	<b>0.33</b>	<b>0.27</b>
	<b>Proforma balance sheet spread (%) (a - b)</b>	<b>1.07</b>	<b>1.03</b>	<b>1.04</b>	<b>1.01</b>	<b>0.98</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).

**ROE:**

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

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

**ROE ex M&A impacts:**

- The impacts associated with the merger in the numerator are eliminated in 1Q21 and 2Q21.

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

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Profit/(loss) attributable to the Group 12M	1,289	1,166	1,381	6,078	5,357
(b)	Additional Tier 1 coupon	(133)	(133)	(143)	(155)	(185)
<b>Numerator</b>	<b>Adjusted profit/(loss) attributable to the Group 12M (a+b)</b>	<b>1,156</b>	<b>1,033</b>	<b>1,238</b>	<b>5,922</b>	<b>5,172</b>
(c)	Average shareholder equity 12M	25,947	26,144	26,406	26,687	29,464
(d)	Average valuation adjustments 12M	(1,187)	(1,416)	(1,647)	(1,805)	(1,806)
<b>Denominator</b>	<b>Average shareholder equity + valuation adjustments 12M (c+d)</b>	<b>24,760</b>	<b>24,728</b>	<b>24,759</b>	<b>24,882</b>	<b>27,657</b>
	<b>ROE (%)</b>	<b>4.7%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>23.8%</b>	<b>18.7%</b>
(e)	Extraordinary income from the merger	-	-	-	4,272	2,903
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-e)</b>	-	-	-	<b>1,651</b>	<b>2,269</b>
	<b>ROE (%) ex M&amp;A impacts</b>	-	-	-	<b>6.6%</b>	<b>8.2%</b>

### d) ROTE:

**Explanation:** quotient between:

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

**ROTE:**

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

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

**ROTE ex M&A impacts:**

- The impacts associated with the merger in the numerator are eliminated in 1Q21 and 2Q21.

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

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Profit/(loss) attributable to the Group 12M	1,289	1,166	1,381	6,078	5,357
(b)	Additional Tier 1 coupon	(133)	(133)	(143)	(155)	(185)
<b>Numerator</b>	<b>Adjusted profit/(loss) attributable to the Group 12M (a+b)</b>	<b>1,156</b>	<b>1,033</b>	<b>1,238</b>	<b>5,922</b>	<b>5,172</b>
(c)	Average shareholder equity 12M	25,947	26,144	26,406	26,687	29,464
(d)	Average valuation adjustments 12M	(1,187)	(1,416)	(1,647)	(1,805)	(1,806)
(e)	Average intangible assets 12M	(4,247)	(4,266)	(4,295)	(4,353)	(4,555)
<b>Denominator</b>	<b>Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)</b>	<b>20,513</b>	<b>20,462</b>	<b>20,463</b>	<b>20,529</b>	<b>23,102</b>
	<b>ROTE (%)</b>	<b>5.6%</b>	<b>5.0%</b>	<b>6.1%</b>	<b>28.8%</b>	<b>22.4%</b>
(f)	Extraordinary income from the merger	-	-	-	4,272	2,903
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-f)</b>	-	-	-	<b>1,651</b>	<b>2,269</b>
	<b>ROTE (%) ex M&amp;A impacts</b>	-	-	-	<b>8.0%</b>	<b>9.8%</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).

**ROA:**

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

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

**ROA ex M&A impacts:**

- Numerator: The extraordinary impacts associated with the merger are eliminated in 1Q21 and 2Q21.

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

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Profit/(loss) after tax and before minority interest 12M	1,287	1,166	1,382	6,078	5,360
(b)	Additional Tier 1 coupon	(133)	(133)	(143)	(155)	(185)
<b>Numerator</b>	<b>Adjusted net profit 12M (a+b)</b>	<b>1,154</b>	<b>1,032</b>	<b>1,238</b>	<b>5,922</b>	<b>5,174</b>
<b>Denominator</b>	<b>Average total assets 12M</b>	<b>410,410</b>	<b>421,331</b>	<b>433,785</b>	<b>446,487</b>	<b>506,854</b>
	<b>ROA (%)</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>1.3%</b>	<b>1.0%</b>
(c)	Extraordinary impact from the merger	-	-	-	4,272	2,903
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-c)</b>	-	-	-	<b>1,651</b>	<b>2,271</b>
	<b>ROA (%) ex M&amp;A impacts</b>				<b>0.4%</b>	<b>0.5%</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).

**RORWA:**

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

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

**RORWA ex Bankia integration:**

- Numerator: The extraordinary impacts associated with the merger are eliminated in 1Q21 and 2Q21.

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

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Profit/(loss) after tax and before minority interest 12M	1,287	1,166	1,382	6,078	5,360
(b)	Additional Tier 1 coupon	(133)	(133)	(143)	(155)	(185)
<b>Numerator</b>	<b>Adjusted net profit 12M (a+b)</b>	<b>1,154</b>	<b>1,032</b>	<b>1,238</b>	<b>5,922</b>	<b>5,174</b>
<b>Denominator</b>	<b>Risk-weighted assets (regulatory) 12M</b>	<b>148,099</b>	<b>147,667</b>	<b>146,709</b>	<b>145,566</b>	<b>163,801</b>
	<b>RORWA (%)</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.8%</b>	<b>4.1%</b>	<b>3.2%</b>
(c)	Extraordinary impact from the merger	-	-	-	4,272	2,903
<b>Numerator</b>	<b>Adjusted numerator 12M (a+b-c)</b>	-	-	-	<b>1,651</b>	<b>2,271</b>
	<b>RORWA (%) ex M&amp;A impacts</b>				<b>1.1%</b>	<b>1.4%</b>

## h) Cost-to-income ratio:

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

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

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Administrative expenses, depreciation and amortisation 12M	4,709	4,659	4,579	4,581	6,952
Denominator	Gross income 12M	8,277	8,255	8,409	8,489	9,175
	<b>Cost-to-income ratio</b>	<b>56.9%</b>	<b>56.4%</b>	<b>54.5%</b>	<b>54.0%</b>	<b>75.8%</b>

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,707	4,658	4,579	4,540	4,981
Denominator	Gross income 12M	8,277	8,255	8,409	8,489	9,175
	<b>Cost-to-income ratio stripping out extraordinary expenses</b>	<b>56.9%</b>	<b>56.4%</b>	<b>54.5%</b>	<b>53.5%</b>	<b>54.3%</b>

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,707	4,658	4,579	4,540	4,981
Denominator	Core income 12M	8,296	8,272	8,310	8,330	9,145
	<b>Core cost-to-income ratio</b>	<b>56.7%</b>	<b>56.3%</b>	<b>55.1%</b>	<b>54.5%</b>	<b>54.5%</b>

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Administrative expenses, depreciation and amortisation 12M	6,449	6,384	6,311	6,269	6,294
Denominator	Gross income 12M	11,267	11,159	11,311	11,325	11,276
	<b>Proforma cost-to-income ratio</b>	<b>57.2%</b>	<b>57.2%</b>	<b>55.8%</b>	<b>55.4%</b>	<b>55.8%</b>

		2Q20	3Q20	4Q20	1Q21	2Q21
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	6,449	6,384	6,311	6,269	6,294
Denominator	Core income 12M	11,373	11,367	11,456	11,475	11,521
	<b>Proforma core cost-to-income ratio</b>	<b>56.7%</b>	<b>56.2%</b>	<b>55.1%</b>	<b>54.6%</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).

**Cost of risk:**

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

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

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

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	<b>Allowances for insolvency risk 12M</b>	1,506	1,682	1,915	1,574	910
<b>Denominator</b>	<b>Average of gross loans + contingent liabilities 12M</b>	247,898	251,400	255,548	259,335	291,750
	<b>Cost of risk (%)</b>	0.61%	0.67%	0.75%	0.61%	0.31%

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

**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.

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	<b>Non-performing loans and contingent liabilities</b>	9,220	9,078	8,601	14,077	14,005
<b>Denominator</b>	<b>Total gross loans and contingent liabilities</b>	260,261	259,034	260,794	390,097	389,389
	<b>Non-performing loan ratio (%)</b>	3.5%	3.5%	3.3%	3.6%	3.6%

**c) Coverage ratio:**

**Explanation:** quotient between:

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

**Purpose:** indicator used to monitor NPL coverage via provisions.

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	<b>Provisions on loans and contingent liabilities</b>	5,786	5,883	5,755	9,415	9,001
<b>Denominator</b>	<b>Non-performing loans and contingent liabilities</b>	9,220	9,078	8,601	14,077	14,005
	<b>Coverage ratio (%)</b>	63%	65%	67%	67%	64%



**d) Real estate available for sale coverage ratio:**

**Explanation:** quotient between:

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

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

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

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Gross debt cancelled at the foreclosure	1,626	1,634	1,613	1,887	1,917
(b)	Net book value of the foreclosed assets	973	973	930	1,084	1,109
<b>Numerator</b>	<b>Total coverage of the foreclosed asset (a - b)</b>	<b>653</b>	<b>661</b>	<b>683</b>	<b>803</b>	<b>808</b>
<b>Denominator</b>	<b>Gross debt cancelled at the foreclosure</b>	<b>1,626</b>	<b>1,634</b>	<b>1,613</b>	<b>1,887</b>	<b>1,917</b>
	<b>Real estate available for sale coverage ratio (%)</b>	<b>40%</b>	<b>40%</b>	<b>42%</b>	<b>43%</b>	<b>42%</b>

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

**Explanation:** quotient between:

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

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

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	<b>Accounting provisions of the foreclosed assets</b>	<b>445</b>	<b>456</b>	<b>488</b>	<b>1,126</b>	<b>1,103</b>
(a)	Net book value of the foreclosed assets	973	973	930	2,267	2,297
(b)	Accounting provisions of the foreclosed assets	445	456	488	1,126	1,103
<b>Denominator</b>	<b>Gross book value of the foreclosed asset (a + b)</b>	<b>1,418</b>	<b>1,429</b>	<b>1,418</b>	<b>3,393</b>	<b>3,400</b>
	<b>Real estate available for sale accounting coverage (%)</b>	<b>31%</b>	<b>32%</b>	<b>34%</b>	<b>33%</b>	<b>32%</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.

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	High Quality Liquid Assets (HQLAs)	88,655	92,385	95,367	146,339	161,929
(b)	Available balance under the ECB facility (non-HQLAs)	17,954	18,344	19,084	807	802
	<b>Total liquid assets (a + b)</b>	<b>106,609</b>	<b>110,729</b>	<b>114,451</b>	<b>147,146</b>	<b>162,731</b>

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

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

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

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	<b>Loans and advances to customers, net (a-b-c)</b>	<b>233,664</b>	<b>232,635</b>	<b>234,877</b>	<b>348,498</b>	<b>350,468</b>
(a)	Loans and advances to customers, gross	242,956	241,877	243,924	363,821	363,012
(b)	Provisions for insolvency risk	5,655	5,756	5,620	9,027	8,609
(c)	Brokered loans	3,637	3,485	3,426	6,296	3,935
<b>Denominator</b>	<b>On-balance sheet customer funds</b>	<b>234,922</b>	<b>237,860</b>	<b>242,234</b>	<b>361,031</b>	<b>371,191</b>
	<b>Loan to Deposits (%)</b>	<b>99%</b>	<b>98%</b>	<b>97%</b>	<b>97%</b>	<b>94%</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. 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 1Q21 and 2Q21.*

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Profit/(loss) attributable to the Group 12M	1,289	1,166	1,381	6,078	5,357
(b)	Additional Tier 1 coupon	(133)	(133)	(143)	(155)	(185)
<b>Numerator</b>	<b>Adjusted profit attributable to the Group (a+b)</b>	<b>1,156</b>	<b>1,033</b>	<b>1,238</b>	<b>5,922</b>	<b>5,172</b>
<b>Denominator</b>	<b>Average number of shares outstanding, net of treasury shares (c)</b>	<b>5,978</b>	<b>5,978</b>	<b>5,978</b>	<b>5,977</b>	<b>6,670</b>
	<b>EPS (Earnings per share)</b>	<b>0.19</b>	<b>0.17</b>	<b>0.21</b>	<b>0.99</b>	<b>0.78</b>
(d)	Extraordinary impact from the merger	-	-	-	4,272	2,903
<b>Numerator</b>	<b>Adjusted numerator (a+b-d)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,651</b>	<b>2,269</b>
	<b>EPS (Earnings per share) ex M&amp;A impacts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.28</b>	<b>0.34</b>

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

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	Share price at the end of the period	1.901	1.813	2.101	2.639	2.594
<b>Denominator</b>	Earnings per share (EPS)	0.19	0.17	0.21	0.99	0.78
	<b>PER (Price-to-earnings ratio)</b>	<b>9.83</b>	<b>10.49</b>	<b>10.14</b>	<b>2.67</b>	<b>3.33</b>
<b>Denominator</b>	Earnings per share (EPS) ex M&A impacts	-	-	-	0.28	0.34
	<b>PER (Price-to-earnings ratio) ex M&amp;A impacts</b>	-	-	-	<b>9.43</b>	<b>7.63</b>

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

		2Q20	3Q20	4Q20	1Q21	2Q21
<b>Numerator</b>	Dividends paid (in shares or cash) last year	0.07	0.07	0.07	0.03	0.03
<b>Denominator</b>	Share price at the end of the period	1.901	1.813	2.101	2.639	2.594
	<b>Dividend yield</b>	<b>3.68%</b>	<b>3.86%</b>	<b>3.33%</b>	<b>1.02%</b>	<b>1.03%</b>

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

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

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

- 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.

		2Q20	3Q20	4Q20	1Q21	2Q21
(a)	Equity	24,393	24,551	25,278	35,552	34,571
(b)	Minority interests	(25)	(26)	(26)	(28)	(29)
<b>Numerator</b>	<b>Adjusted equity (c = a+b)</b>	<b>24,368</b>	<b>24,525</b>	<b>25,252</b>	<b>35,524</b>	<b>34,542</b>
<b>Denominator</b>	<b>Shares outstanding, net of treasury shares (d)</b>	<b>5,977</b>	<b>5,977</b>	<b>5,977</b>	<b>8,056</b>	<b>8,053</b>
<b>e= (c/d)</b>	<b>Book value per share (€/share)</b>	<b>4.08</b>	<b>4.10</b>	<b>4.22</b>	<b>4.41</b>	<b>4.29</b>
(f)	Intangible assets (reduce adjusted equity)	(4,295)	(4,313)	(4,363)	(5,086)	(5,102)
<b>g=((c+f)/d)</b>	<b>Tangible book value per share (€/share)</b>	<b>3.36</b>	<b>3.38</b>	<b>3.49</b>	<b>3.78</b>	<b>3.66</b>
(h)	Share price at end the period	1.901	1.813	2.101	2.639	2.594
<b>h/e</b>	<b>P/BV (Share price divided by book value)</b>	<b>0.47</b>	<b>0.44</b>	<b>0.50</b>	<b>0.60</b>	<b>0.60</b>
<b>h/g</b>	<b>P/TBV tangible (Share price divided by tangible book value)</b>	<b>0.57</b>	<b>0.54</b>	<b>0.60</b>	<b>0.70</b>	<b>0.71</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 2021	
€ million	
<b>Financial assets at amortised cost - Customers (Public Balance Sheet)</b>	<b>355,132</b>
Reverse repurchase agreements (public and private sector)	(1,439)
Clearing houses	(1,995)
Other, non-retail, financial assets	(360)
<b>Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)</b>	<b>77</b>
<b>Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)</b>	<b>2,764</b>
<b>Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)</b>	<b>223</b>
<b>Provisions for insolvency risk</b>	<b>8,609</b>
<b>Loans and advances to customers (gross) using management criteria</b>	<b>363,012</b>

### Insurance contract liabilities

June 2021	
€ million	
<b>Liabilities under the insurance business (Public Balance Sheet)</b>	<b>73,965</b>
Capital gains/(losses) under the insurance business (excluding unit link and other)	(12,580)
<b>Liabilities under insurance contracts, using management criteria</b>	<b>61,384</b>

### Customer funds

June 2021	
€ million	
<b>Financial liabilities at amortised cost - Customer deposits (Public balance sheet)</b>	<b>384,605</b>
<b>Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)</b>	<b>(12,725)</b>
Multi-issuer covered bonds and subordinated deposits	(5,671)
Counterparties and other	(7,055)
<b>Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)</b>	<b>1,408</b>
Retail issues and other	1,408
<b>Liabilities under insurance contracts, using management criteria</b>	<b>61,384</b>
<b>Total on-balance sheet customer funds</b>	<b>434,672</b>
<b>Assets under management</b>	<b>151,456</b>
<b>Other accounts<sup>1</sup></b>	<b>14,865</b>
<b>Total customer funds</b>	<b>600,993</b>

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

## Institutional issuances for banking liquidity purposes

June 2021

€ million

<b>Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)</b>	<b>53,089</b>
<b>Institutional financing not considered for the purpose of managing bank liquidity</b>	<b>(5,481)</b>
Securitised bonds	(1,948)
Value adjustments	(2,369)
Retail	(1,408)
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>5,671</b>
<b>Institutional financing for the purpose of managing bank liquidity</b>	<b>53,279</b>

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

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

June 2021

€ million

<b>Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)</b>	<b>2,880</b>
Other non-foreclosed assets	(628)
<b>Inventories under the heading - Other assets (Public Balance Sheet)</b>	<b>45</b>
<b>Foreclosed available for sale real estate assets</b>	<b>2,297</b>
<b>Tangible assets (Public Balance Sheet)</b>	<b>8,887</b>
Tangible assets for own use	(6,785)
Other assets	(312)
<b>Foreclosed rental real estate assets</b>	<b>1,790</b>

## Breakdown of the performance of the income statement by item

### Returns on average total assets ex M&A impacts

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

%	2Q21	1Q21	4Q20	3Q20	2Q20
Interest income	1.25	1.48	1.50	1.50	1.57
Interest expense	(0.27)	(0.41)	(0.41)	(0.42)	(0.41)
<b>Net interest income</b>	<b>0.98</b>	<b>1.07</b>	<b>1.09</b>	<b>1.08</b>	<b>1.16</b>
Dividend income	0.09	0.00	0.05	0.00	0.09
Share of profit/(loss) of entities accounted for using the equity method	0.07	0.05	0.07	0.11	0.04
Net fee and commission income	0.59	0.59	0.58	0.56	0.58
Trading income	0.02	0.04	0.05	0.04	0.15
Income and expense under insurance or reinsurance contracts	0.09	0.15	0.14	0.13	0.13
Other operating income and expense	(0.16)	(0.06)	(0.11)	(0.03)	(0.13)
<b>Gross income</b>	<b>1.68</b>	<b>1.84</b>	<b>1.87</b>	<b>1.89</b>	<b>2.02</b>
Recurring administrative expenses, depreciation and amortisation	(0.95)	(1.02)	(0.95)	(1.00)	(1.09)
<b>Pre-impairment income</b>	<b>0.73</b>	<b>0.82</b>	<b>0.92</b>	<b>0.89</b>	<b>0.93</b>
Allowances for insolvency risk	(0.09)	(0.16)	(0.28)	(0.23)	(0.78)
Other charges to provisions	(0.05)	(0.04)	(0.03)	(0.02)	(0.04)
Gains/(losses) on disposal of assets and others	(0.01)	0.00	0.02	(0.04)	(0.02)
<b>Profit/(loss) before tax</b>	<b>0.58</b>	<b>0.62</b>	<b>0.63</b>	<b>0.60</b>	<b>0.09</b>
Income tax expense	(0.12)	(0.16)	(0.06)	(0.14)	0.02
<b>Profit/(loss) after tax</b>	<b>0.46</b>	<b>0.46</b>	<b>0.57</b>	<b>0.46</b>	<b>0.11</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>0.46</b>	<b>0.46</b>	<b>0.57</b>	<b>0.46</b>	<b>0.11</b>
<b>Average total net assets (€ million)</b>	<b>671,368</b>	<b>454,329</b>	<b>456,953</b>	<b>450,730</b>	<b>423,859</b>

## Quarterly cost and income

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

€ million	2Q21			1Q21			4Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	90,624	237	1.05	58,905	149	1.03	59,461	154	1.03
Loans and advances (a)	339,866	1,418	1.67	227,891	1,030	1.83	229,195	1,094	1.90
Debt securities	81,848	49	0.24	41,416	61	0.59	42,706	62	0.58
Other assets with returns	63,497	379	2.40	66,103	413	2.53	66,736	412	2.45
Other assets	95,533	4	-	60,014	1	-	58,855	3	-
Total average assets (b)	671,368	2,087	1.25	454,329	1,654	1.48	456,953	1,725	1.50
Financial Institutions	109,060	(96)	0.35	65,016	(62)	0.38	64,159	(66)	0.41
Retail customer funds (c)	362,009	(2)	-	236,670	(3)	0.01	240,052	(4)	0.01
Wholesale marketable debt securities & other	47,690	(35)	0.29	29,113	(44)	0.61	30,433	(47)	0.62
Subordinated liabilities	9,727	(7)	0.30	6,218	(16)	1.07	5,983	(18)	1.18
Other funds with cost	75,907	(297)	1.57	76,136	(327)	1.74	75,884	(322)	1.69
Other funds	66,975	(14)	-	41,176	(11)	-	40,442	(15)	-
Total average funds (d)	671,368	(451)	0.27	454,329	(463)	0.41	456,953	(472)	0.41
Net interest income		1,636			1,191			1,253	
Customer spread (%) (a-c)		1.67			1.82			1.89	
Balance sheet spread (%) (b-d)		0.98			1.07			1.09	

€ million	3Q20			2Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	56,521	130	0.91	29,532	75	1.02
Loans and advances (a)	227,006	1,097	1.92	224,866	1,110	1.98
Debt securities	43,819	63	0.57	47,870	74	0.62
Other assets with returns	65,052	410	2.51	63,272	395	2.51
Other assets	58,332	1	-	58,319	3	-
Total average assets (b)	450,730	1,701	1.50	423,859	1,657	1.57
Financial Institutions	64,467	(64)	0.39	48,640	(33)	0.28
Retail customer funds (c)	237,387	(9)	0.02	228,742	(8)	0.01
Wholesale marketable debt securities & other	30,621	(59)	0.76	29,965	(56)	0.75
Subordinated liabilities	5,400	(18)	1.36	5,400	(18)	1.37
Other funds with cost	73,730	(318)	1.71	71,373	(304)	1.71
Other funds	39,125	(11)	-	39,739	(12)	-
Total average funds (d)	450,730	(479)	0.42	423,859	(432)	0.41
Net interest income		1,222			1,225	
Customer spread (%) (a-c)		1.90			1.97	
Balance sheet spread (%) (b-d)		1.08			1.16	



## Fees and commissions

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Banking services, securities and other fees	918	725	26.6	569	349	358	360	347
<i>Recurring</i>	816	625	30.7	503	314	321	317	288
<i>Wholesale banking</i>	101	100	1.2	66	36	37	43	58
Sale of insurance products	141	97	45.5	85	56	56	49	47
Long-term savings products	581	444	30.7	327	253	256	229	215
<i>Mutual funds, managed accounts and SICAVs</i>	355	268	32.6	204	151	141	138	129
<i>Pension plans</i>	134	107	25.0	76	59	71	56	52
<i>Unit Link and other<sup>1</sup></i>	91	69	32.3	47	43	44	36	34
Net fee and commission income	1,640	1,266	29.5	981	659	671	638	608

## Income from equity investments

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Dividend income	152	94	61.3	151		52	2	93
Share of profit/(loss) of entities accounted for using the equity method	205	97	112.2	129	77	88	122	41
Income from equity investments	357	191	87.1	280	77	140	123	134

## Trading income

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Trading income	80	142	(43.8)	38	42	56	40	162

## Income and expense under insurance or reinsurance contracts

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Income and expense under insurance or reinsurance contracts	318	292	9.0	154	164	156	150	141

## Other operating income and expense

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Contributions and levies	(200)	(127)	57.9	(181)	(19)	(243)		(111)
Other real estate income and expense (including Spanish property tax in Q1)	(35)	(23)	53.6	(14)	(20)	(1)	1	(6)
Other	(104)	(49)		(73)	(31)	117	(31)	(19)
Other operating income and expense	(339)	(199)	70.5	(268)	(70)	(127)	(30)	(136)

## Administration expenses, depreciation and amortisation

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Gross income	4,883	4,117	18.6	2,820	2,063	2,149	2,143	2,134
Personnel expenses	(1,712)	(1,454)	17.7	(997)	(715)	(689)	(698)	(715)
General expenses	(720)	(619)	16.4	(423)	(298)	(277)	(303)	(310)
Depreciation and amortisation	(315)	(272)	15.8	(178)	(136)	(129)	(139)	(132)
Recurring administrative expenses, depreciation and amortisation	(2,747)	(2,345)	17.1	(1,598)	(1,149)	(1,095)	(1,140)	(1,157)
Extraordinary expenses	(1,970)			(1,930)	(40)			
Cost-to-income ratio (%) (12 months)	75.8	56.9	18.9	75.8	54.0	54.5	56.4	56.9
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	54.3	56.9	(2.6)	54.3	53.5	54.5	56.4	56.9
Core income	4,899	4,064	20.6	2,833	2,066	2,152	2,094	2,019
Recurring administrative expenses, depreciation and amortisation	(2,747)	(2,345)	17.1	(1,598)	(1,149)	(1,095)	(1,140)	(1,157)
Core cost-to-income ratio (12 months)	54.5	56.7	(2.3)	54.5	54.5	55.1	56.3	56.7

## Allowances for insolvency risk and other charges to provisions

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Allowances for insolvency risk	(328)	(1,334)	(75.4)	(155)	(174)	(321)	(260)	(819)
Other charges to provisions	(155)	(184)	(15.9)	(106)	(49)	(40)	(23)	(41)
Allowances for insolvency risk and other charges to provisions	(483)	(1,518)	(68.2)	(261)	(223)	(361)	(283)	(859)

## Gains/(losses) on disposal of assets and others

€ million	1H21	1H20	Change %	2Q21	1Q21	4Q20	3Q20	2Q20
Negative consolidation difference	4,300				4,300			
Real estate results	7	(23)		(5)	12	(88)	(23)	(10)
Other	(23)	(26)		(13)	(10)	112	(19)	(9)
Gains/(losses) on disposal of assets and others	4,284	(49)		(18)	4,303	25	(42)	(19)

## Adapting Bankia's financial information using CaixaBank management criteria<sup>1</sup>

### Income statement

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

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

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

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

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

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

## Historical income statement figures for the CABK and BPI perimeters

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

€ million	CABK				
	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Net interest income</b>	<b>1,524</b>	<b>1,080</b>	<b>1,136</b>	<b>1,114</b>	<b>1,117</b>
Dividend income	52		51	2	51
Share of profit/(loss) of entities accounted for using the equity method	120	65	83	112	39
Net fee and commission income	915	595	603	579	551
Trading income	34	32	54	38	162
Income and expense under insurance or reinsurance contracts	154	164	156	150	141
Other operating income and expense	(242)	(57)	(131)	(29)	(125)
<b>Gross income</b>	<b>2,555</b>	<b>1,880</b>	<b>1,953</b>	<b>1,965</b>	<b>1,936</b>
Recurring administrative expenses, depreciation and amortisation	(1,488)	(1,036)	(996)	(1,025)	(1,048)
Extraordinary expenses	(1,929)	(40)			
<b>Pre-impairment income</b>	<b>(861)</b>	<b>803</b>	<b>957</b>	<b>940</b>	<b>887</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>1,068</b>	<b>844</b>	<b>957</b>	<b>940</b>	<b>887</b>
Allowances for insolvency risk	(148)	(189)	(313)	(267)	(787)
Other charges to provisions	(101)	(48)	(22)	(23)	(40)
Gains/(losses) on disposal of assets and others	(19)	4,302		(44)	(19)
<b>Profit/(loss) before tax</b>	<b>(1,129)</b>	<b>4,869</b>	<b>623</b>	<b>606</b>	<b>41</b>
Income tax expense	393	(147)	(38)	(142)	24
<b>Profit/(loss) after tax</b>	<b>(736)</b>	<b>4,722</b>	<b>585</b>	<b>465</b>	<b>65</b>
Profit/(loss) attributable to minority interest and others			1	1	(2)
<b>Profit/(loss) attributable to the Group</b>	<b>(736)</b>	<b>4,722</b>	<b>584</b>	<b>464</b>	<b>67</b>
<i>Risk-weighted assets</i>	220,311	190,471	126,082	128,073	129,849
<i>Common Equity Tier 1 (CET1)</i>	12.7%	14.1%	13.6%	12.3%	12.1%
<i>Total capital</i>	17.4%	19.1%	18.2%	16.2%	15.8%

€ million	BPI				
	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Net interest income</b>	<b>111</b>	<b>111</b>	<b>117</b>	<b>109</b>	<b>108</b>
Dividend income	100				42
Share of profit/(loss) of entities accounted for using the equity method	9	12	6	10	1
Net fee and commission income	67	64	67	59	57
Trading income	4	10	2	2	
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(26)	(13)	4	(1)	(11)
<b>Gross income</b>	<b>265</b>	<b>183</b>	<b>196</b>	<b>178</b>	<b>198</b>
Recurring administrative expenses, depreciation and amortisation	(110)	(113)	(99)	(115)	(109)
Extraordinary expenses	(1)				
<b>Pre-impairment income</b>	<b>153</b>	<b>70</b>	<b>97</b>	<b>63</b>	<b>89</b>
<b>Pre-impairment income stripping out extraordinary expenses</b>	<b>154</b>	<b>70</b>	<b>97</b>	<b>63</b>	<b>89</b>
Allowances for insolvency risk	(7)	15	(8)	6	(32)
Other charges to provisions	(5)	(1)	(18)		(1)
Gains/(losses) on disposal of assets and others			25	2	1
<b>Profit/(loss) before tax</b>	<b>141</b>	<b>85</b>	<b>95</b>	<b>72</b>	<b>57</b>
Income tax expense	(11)	(21)	(24)	(15)	(9)
<b>Profit/(loss) after tax</b>	<b>131</b>	<b>63</b>	<b>71</b>	<b>57</b>	<b>48</b>
Profit/(loss) attributable to minority interest and others					
<b>Profit/(loss) attributable to the Group</b>	<b>131</b>	<b>63</b>	<b>71</b>	<b>57</b>	<b>48</b>
<i>Risk-weighted assets</i>	18,439	18,113	17,991	17,657	17,650
<i>Common Equity Tier 1 (CET1)</i>	14.3%	14.4%	14.1%	13.9%	13.8%
<i>Total capital</i>	17.4%	17.6%	17.3%	17.1%	17.0%

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

€ million	CAIXABANK														
	2Q21			1Q21			4Q20			3Q20			2Q20		
	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	84,242	224	1.06	53,109	139	1.06	54,169	139	1.02	51,444	122	0.94	26,180	71	1.08
Loans and advances (a)	316,909	1,322	1.67	205,378	935	1.85	206,898	996	1.91	204,992	999	1.94	202,946	1,014	2.01
Debt securities	75,573	43	0.23	35,201	53	0.61	36,598	54	0.59	37,729	56	0.59	41,689	66	0.63
Other assets with returns	63,497	379	2.40	66,103	413	2.53	66,736	412	2.45	65,052	410	2.51	63,272	395	2.51
Other assets	96,248	2	-	60,638	1	-	59,320	3	-	58,759	1	-	58,689	2	-
<b>Total average assets (b)</b>	<b>636,469</b>	<b>1,970</b>	<b>1.24</b>	<b>420,429</b>	<b>1,541</b>	<b>1.49</b>	<b>423,721</b>	<b>1,604</b>	<b>1.51</b>	<b>417,976</b>	<b>1,588</b>	<b>1.51</b>	<b>392,776</b>	<b>1,548</b>	<b>1.59</b>
Financial Institutions	103,196	(91)	0.35	59,397	(59)	0.40	58,583	(63)	0.43	58,829	(61)	0.41	43,933	(34)	0.31
Retail customer funds (c)	335,029	(5)	0.01	210,507	(6)	0.01	214,664	(5)	0.01	212,470	(10)	0.02	204,633	(10)	0.02
Wholesale marketable debt securities & other	46,689	(34)	0.29	28,061	(43)	0.62	29,382	(45)	0.61	29,569	(56)	0.76	28,912	(54)	0.75
Subordinated liabilities	9,727	(7)	0.30	6,218	(16)	1.07	5,983	(18)	1.18	5,400	(18)	1.36	5,400	(18)	1.37
Other funds with cost	75,901	(297)	1.57	76,130	(327)	1.74	75,884	(322)	1.69	73,730	(318)	1.71	71,373	(304)	1.71
Other funds	65,927	(12)	-	40,116	(10)	-	39,224	(15)	-	37,978	(11)	-	38,525	(11)	-
<b>Total average funds (d)</b>	<b>636,469</b>	<b>(446)</b>	<b>0.28</b>	<b>420,429</b>	<b>(461)</b>	<b>0.44</b>	<b>423,721</b>	<b>(468)</b>	<b>0.44</b>	<b>417,976</b>	<b>(474)</b>	<b>0.45</b>	<b>392,776</b>	<b>(431)</b>	<b>0.44</b>
Net interest income		1,524			1,080			1,136			1,114			1,117	
Customer spread (%) (a-c)		1.66			1.84			1.90			1.92			1.99	
Balance sheet spread (%) (b-d)		0.96			1.05			1.07			1.06			1.15	

€ million	BPI														
	2Q21			1Q21			4Q20			3Q20			2Q20		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	6,584	13	0.78	6,017	12	0.79	5,512	15	1.11	5,264	8	0.60	3,494	5	0.53
Loans and advances (a)	22,959	96	1.68	22,516	94	1.70	22,298	98	1.75	22,015	98	1.77	21,976	95	1.75
Debt securities	7,334	12	0.63	7,238	13	0.71	7,133	13	0.71	7,115	13	0.72	7,206	14	0.76
Other assets with returns		-	-		-	-		-	-		-	-		-	-
Other assets	2,687	-	-	2,624	-	-	2,623	-	-	2,695	-	-	2,739	-	-
<b>Total average assets (b)</b>	<b>39,564</b>	<b>121</b>	<b>1.22</b>	<b>38,396</b>	<b>119</b>	<b>1.25</b>	<b>37,566</b>	<b>126</b>	<b>1.33</b>	<b>37,090</b>	<b>119</b>	<b>1.27</b>	<b>35,415</b>	<b>114</b>	<b>1.30</b>
Financial Institutions	5,912	(5)	0.33	5,626	(4)	0.26	5,584	(3)	0.23	5,648	(3)	0.22	4,738	1	(0.06)
Retail customer funds (c)	27,172	3	(0.04)	26,384	3	(0.04)	25,588	2	(0.03)	25,099	1	(0.01)	24,312	1	(0.02)
Wholesale marketable debt securities & other	1,451	(3)	0.81	1,500	(3)	0.77	1,500	(3)	0.85	1,502	(3)	0.91	1,503	(3)	0.88
Subordinated liabilities	300	(4)	5.30	300	(4)	5.34	300	(4)	5.36	300	(4)	5.51	300	(4)	5.52
Other funds with cost		-	-		-	-		-	-		-	-		-	-
Other funds	4,730	(1)	-	4,586	-	-	4,594	(1)	-	4,541	(1)	-	4,562	(1)	-
<b>Total average funds (d)</b>	<b>39,564</b>	<b>(10)</b>	<b>0.10</b>	<b>38,396</b>	<b>(8)</b>	<b>0.08</b>	<b>37,566</b>	<b>(9)</b>	<b>0.10</b>	<b>37,090</b>	<b>(10)</b>	<b>0.11</b>	<b>35,415</b>	<b>(6)</b>	<b>0.07</b>
Net interest income		111			111			117			109			108	
Customer spread (%) (a-c)		1.72			1.74			1.78			1.78			1.77	
Balance sheet spread (%) (b-d)		1.12			1.17			1.23			1.16			1.23	

## c) Quarterly change in fees and commissions

€ million	CAIXABANK				
	2Q21	1Q21	4Q20	3Q20	2Q20
Banking services, securities and other fees	528	313	322	325	313
Sale of insurance products	73	43	37	36	35
Mutual funds, managed accounts and SICAVs	196	142	133	130	121
Pension plans	75	59	71	56	51
Unit Link and other	42	39	41	32	30
<b>Net fee and commission income</b>	<b>915</b>	<b>595</b>	<b>603</b>	<b>579</b>	<b>551</b>

€ million	BPI				
	2Q21	1Q21	4Q20	3Q20	2Q20
Banking services, securities and other fees	41	36	37	35	33
Sale of insurance products	12	14	19	13	12
Mutual funds, managed accounts and SICAVs	8	9	8	8	8
Pension plans					
Unit Link and other	5	4	3	4	4
<b>Net fee and commission income</b>	<b>67</b>	<b>64</b>	<b>67</b>	<b>59</b>	<b>57</b>

d) Quarterly change in administrative expenses, depreciation and amortisation

€ million	CAIXABANK				
	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Gross income</b>	<b>2,555</b>	<b>1,880</b>	<b>1,953</b>	<b>1,965</b>	<b>1,936</b>
Personnel expenses	(940)	(656)	(634)	(636)	(654)
General expenses	(387)	(261)	(249)	(265)	(273)
Depreciation and amortisation	(160)	(119)	(113)	(123)	(121)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(1,488)</b>	<b>(1,036)</b>	<b>(996)</b>	<b>(1,025)</b>	<b>(1,048)</b>
Extraordinary expenses	(1,929)	(40)			

€ million	BPI				
	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Gross income</b>	<b>265</b>	<b>183</b>	<b>196</b>	<b>178</b>	<b>198</b>
Personnel expenses	(57)	(59)	(55)	(61)	(61)
General expenses	(36)	(36)	(27)	(37)	(37)
Depreciation and amortisation	(18)	(17)	(16)	(16)	(11)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(110)</b>	<b>(113)</b>	<b>(99)</b>	<b>(115)</b>	<b>(109)</b>
Extraordinary expenses	(1)				

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

	CAIXABANK		BPI	
	30 Jun. 2021	31 Mar. 2021	30 Jun. 2021	31 Mar. 2021
<b>Loans to individuals</b>	<b>4.6%</b>	<b>4.6%</b>	<b>2.1%</b>	<b>2.2%</b>
Home purchases	3.9%	3.8%	1.9%	2.0%
Other	6.5%	7.0%	3.8%	3.8%
<b>Loans to business</b>	<b>3.4%</b>	<b>3.3%</b>	<b>2.3%</b>	<b>2.4%</b>
Corporates and SMEs	3.2%	3.1%	2.3%	2.5%
Real estate developers	6.7%	7.3%	0.0%	0.0%
<b>Public sector</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.0</b>	<b>0.0</b>
<b>NPL Ratio (loans and contingent liabilities)</b>	<b>3.7%</b>	<b>3.7%</b>	<b>2.1%</b>	<b>2.2%</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. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %	Organic change %
<b>LOANS AND ADVANCES TO CUSTOMERS</b>						
Loans to individuals	178,253	177,293	0.5	106,792	66.9	0.9
Home purchases	131,130	132,767	(1.2)	73,586	78.2	(2.2)
Other	47,123	44,526	5.8	33,206	41.9	8.0
of which: Consumer lending	17,413	17,609	(1.1)	12,675	37.4	(1.6)
Loans to business	135,841	138,916	(2.2)	96,115	41.3	(3.2)
Corporates and SMEs	129,771	132,590	(2.1)	90,550	43.3	(3.1)
Real estate developers	6,070	6,327	(4.1)	5,564	9.1	(4.8)
Public sector	22,116	21,303	3.8	15,005	47.4	5.3
Loans and advances to customers, gross	336,210	337,512	(0.4)	217,911	54.3	(0.6)
<b>CUSTOMER FUNDS</b>						
Customer funds	343,869	334,644	2.8	216,432	58.9	4.3
Demand deposits	314,549	302,928	3.8	202,980	55.0	5.8
Time deposits	29,320	31,716	(7.6)	13,451		(19.9)
Insurance contract liabilities	57,129	56,267	1.5	55,025	3.8	1.5
of which: Unit Link and other	13,828	12,752	8.4	11,653	18.7	8.4
Reverse repurchase agreements and other	2,087	1,012		2,044	2.1	
On-balance sheet funds	403,085	391,923	2.8	273,501	47.4	4.1
Mutual funds, managed accounts and SICAVs	99,052	94,976	4.3	65,852	50.4	5.8
Pension plans	43,121	41,904	2.9	32,168	34.0	3.7
Assets under management	142,172	136,880	3.9	98,020	45.0	5.1
Other accounts	13,813	10,177	35.7	3,778		83.3
Total customer funds	559,070	538,980	3.7	375,300	49.0	5.3

### Portugal

€ million	30 Jun. 2021	31 Mar. 2021	Change %	31 Dec. 2020	Change %
<b>LOANS AND ADVANCES TO CUSTOMERS</b>					
Loans to individuals	14,339	14,021	2.3	13,856	3.5
Home purchases	12,434	12,172	2.2	11,989	3.7
Other	1,905	1,849	3.0	1,867	2.0
of which: Consumer lending	1,500	1,498	0.1	1,495	0.3
Loans to business	10,496	10,442	0.5	10,311	1.8
Corporates and SMEs	10,331	10,285	0.5	10,155	1.7
Real estate developers	164	157	4.6	156	5.4
Public sector	1,966	1,845	6.6	1,845	6.6
Loans and advances to customers, gross	26,801	26,308	1.9	26,012	3.0
<b>CUSTOMER FUNDS</b>					
Customer funds	27,322	26,387	3.5	25,802	5.9
Demand deposits	18,888	17,955	5.2	17,344	8.9
Time deposits	8,434	8,432		8,458	(0.3)
Insurance contract liabilities	4,256	4,225	0.7	4,334	(1.8)
of which: Unit Link and other	3,316	3,081	7.6	2,954	12.3
Reverse repurchase agreements and other	10	11	(12.9)	13	(23.2)
On-balance sheet funds	31,587	30,623	3.1	30,149	4.8
Mutual funds, managed accounts and SICAVs	5,988	5,747	4.2	5,463	9.6
Pension plans	3,296	3,303	(0.2)	3,160	4.3
Assets under management	9,284	9,050	2.6	8,623	7.7
Other accounts	1,052	1,281	(17.9)	1,336	(21.3)
Total customer funds	41,923	40,954	2.4	40,108	4.5

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