Report on Limited Review

IBERCAJA BANCO, S.A.
Interim Condensed Consolidated Financial Statements
and Interim Management Report for the nine months period ended
September 30, 2021

REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

To the shareholders of Ibercaja Banco, S.A. at the request of Management:

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Ibercaja Banco, S.A. (hereinafter, "the parent company" or "the Bank") and its subsidiaries, which together with the Bank, make up the Ibercaja Group (hereinafter, "the Group"), which comprise the statement of financial position as at September 30, 2021, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and related notes, all condensed and consolidated, for the nine months period then ended. The parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the nine months period ended September 30, 2021 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

Emphasis of Matter paragraphs

We draw attention to Note 2 to the accompanying explanatory notes, which states that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2020. Our conclusion is not modified in respect of this matter.

We draw attention to note 2.4 to the accompanying consolidated interim statement of financial position, which provide a breakdown of significant estimates made by the Group when preparing the accompanying interim financial statements. As explained in the aforementioned note, given the uncertainty surrounding the COVID-19 pandemic, making these estimates is even more complex. In the context of this economic uncertainty, the Group has reviewed the estimates disclosed in the aforementioned note which are more sensitive to the potential impacts of the COVID 19 crisis, based on the information available at September 30, 2021. It is possible that future events may require that the estimates be adjusted upwards or downwards. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

Comparative figures

The consolidated annual accounts of Ibercaja Group, corresponding to the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on the consolidated annual accounts on March 3, 2021.

Interim consolidated directors' Report

The accompanying interim consolidated directors' Report for the nine months period ended September 30, 2021 contains the explanations which the Bank's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the nine months period ended September 30, 2021. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Ibercaja Group.

Other matters paragraph

This report has been prepared at the request of the Bank’s management in relation to the publication of the interim quarterly financial statements prepared on a voluntary basis by the Bank’s directors.

ERNST & YOUNG, S.L.

(Signed in the original version)

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José Carlos Hernández Barrasus

December 1, 2021

Ibercaja Banco, S.A. and subsidiaries (Ibercaja Banco Group)

Condensed consolidated interim financial statements at 30 September 2021
and consolidated interim directors' report
for the nine-month period ended on said date

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

Certification issued by the Secretary of the Board, Jesus Barreiro Sanz, recording that at its meeting on 25 November 2021, pursuant to the prevailing legislation, the Board of Directors of Ibercaja Banco, S.A. authorised for issue the condensed consolidated interim financial statements, comprising the balance sheet at 30 September 2021, the income statement, the statement of recognised income and expense, the statement of total changes in equity, the statement of cash flows and the notes to the financial statements, all condensed and consolidated, and the interim consolidated directors' report for the nine-month period ended on 30 September 2021, which were set forth on official stamped paper and were numbered correlatively. Those documents were signed by all the members of the Board of Directors.

For the record, I hereby issue this certificate in Zaragoza, on 25 November 2021.

JESÚS BARREIRO SANZ
Tax ID No.:
Non-Director Secretary

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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To the best of our knowledge, the condensed consolidated interim financial statements for the nine-month period ended on 30 September 2021, prepared in accordance with the applicable accounting principles, present fairly the equity, financial position and the results of Ibercaja Banco, S.A. and subsidiaries forming the Ibercaja Banco Group. Likewise, the consolidated interim directors' report for the nine-month period ended on 30 September 2021 presents fairly the performance, results and position of the Ibercaja Banco, S.A. and subsidiaries forming the Ibercaja Banco Group, together with a description of the main risks and uncertainties facing them.

*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 1/11- Mr Aguirre.

Zaragoza, 25 November 2021

JOSÉ LUIS AGUIRRE LOASO
Tax ID No.:
Chairman

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 2/11- Mr Bueno.

Zaragoza, 25 November 2021

JESÚS BUENO ARRESE
Tax ID No.:
First Deputy Chairman

IBERCAJA BANCO, S.A.

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 3/11- Mr Iglesias.

Zaragoza, 25 November 2021

VÍCTOR IGLESIAS RUIZ
Tax ID No.:
CEO

IBERCAJA BANCO, S.A.

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 4/11 - Ms González-Bueno.

Zaragoza, 25 November 2021

GABRIELA GONZÁLEZ-BUENO LILLO
Tax ID No.:
Director

IBERCAJA BANCO, S.A.

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 5/11- Mr Solchaga.

Zaragoza, 25 November 2021

JESÚS SOLCHAGA LOITEGUI
Tax ID No.:
Director

IBERCAJA BANCO, S.A.

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 6/11- Mr Jiménez.

Zaragoza, 25 November 2021

JOSÉ MIGUEL ECHARRI PORTA
Tax ID No.:
Member

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 7/11- Mr Cóndor.

Zaragoza, 25 November 2021

VICENTE CÓNDOR LÓPEZ
Tax ID No.:
Director

IBERCAJA BANCO, S.A.

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 8/11- Mr Longás.

Zaragoza, 25 November 2021

FÉLIX LONGÁS LAFUENTE
Tax ID No.:
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 9/11- Mr Tejel.

Zaragoza, 25 November 2021

JESÚS TEJEL GIMÉNEZ
Tax ID No.:
Director

IBERCAJA BANCO, S.A.

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*This Certificate consists of 11 correlative pages, each signed by a Director. Certificate 10/11- Mr Arrufat.

Zaragoza, 25 November 2021

ENRIQUE ARRUFAT GUERRA
Tax ID No.:
Director

IBERCAJA BANCO, S.A.

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Zaragoza, 25 November 2021

MARÍA PILAR SEGURA BAS
Tax ID No.:
Member

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

ASSETS	Note	Thousands of euros	
		30/09/2021	31/12/2020(*)
Cash and cash balances at central banks and other demand deposits		**6,736,730**	**7,572,609**
Financial assets held for trading	**5**	**4,525**	**5,503**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	**5.2**	**1,533,628**	**853,721**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets at fair value through profit or loss	**5**	**7,715**	**8,602**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets at fair value through other comprehensive income	**5.3**	**6,382,256**	**7,023,328**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		*43,221*	*71,059*
Financial assets at amortised cost	**5.4**	**40,403,841**	**39,726,825**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		*4,116,303*	*3,116,505*
Derivatives - Hedge accounting		**72,639**	**142,020**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging		**-**	**-**
Investments in joint ventures and associates		**105,016**	**106,525**
Joint ventures		27,331	29,705
Associates		77,685	76,820
Assets under insurance or reinsurance contracts		**447**	**429**
Tangible assets	**7**	**941,362**	**960,967**
Property, plant and equipment		704,628	714,068
For own use		*618,801*	*638,443*
Assigned under operating lease		*85,827*	*75,625*
Investment property		236,734	246,899
of which: assigned under operating lease		*59,585*	*63,416*
Memorandum items: acquired under finance lease		-	-
Intangible assets	**8**	**245,972**	**237,226**
Goodwill		144,934	144,934
Other intangible assets		101,038	92,292
Tax assets		**1,331,331**	**1,345,136**
Current tax assets		15,158	9,511
Deferred tax assets		1,316,173	1,335,625
Other assets		**162,029**	**155,526**
Inventories		100,412	108,102
Other assets		61,617	47,424
Non-current assets and disposal groups classified as held for sale		**235,585**	**262,373**
TOTAL ASSETS		**58,163,076**	**58,400,790**

(*) Presented for comparison purposes only (Note 2.2).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated balance sheet at 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

LIABILITIES	Note	Thousands of euros	
		30/09/2021	31/12/2020(*)
Financial liabilities held for trading	6	**6,018**	**5,630**
Financial liabilities at fair value through profit or loss		**-**	**-**
Memorandum items: subordinated liabilities		-	-
Financial liabilities at amortised cost	6	**46,808,949**	**46,627,380**
Memorandum items: subordinated liabilities		*502,464*	*510,326*
Derivatives - Hedge accounting		**155,448**	**216,202**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging		**23,768**	**37,593**
Liabilities under insurance or reinsurance contracts		**7,229,585**	**7,521,867**
Provisions	9	**312,362**	**393,100**
Pensions and other post-employment defined benefit obligations		101,144	119,125
Other long-term employee remuneration		-	122
Proceedings and litigation for outstanding taxes		7,049	7,780
Commitments and guarantees given		16,772	19,477
Other provisions		187,397	246,596
Tax liabilities		**161,342**	**167,326**
Current tax liabilities		1,562	165
Deferred tax liabilities		159,780	167,161
Other liabilities		**148,023**	**213,272**
Liabilities included in disposal groups of items classified as held for sale		**-**	**-**
TOTAL LIABILITIES		**54,845,495**	**55,182,370**

(*) Presented for comparison purposes only (Note 2.2).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated balance sheet at 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

EQUITY	Note	Thousands of euros	
		30/09/2021	31/12/2020(*)
Shareholders' equity	**10**	**3,303,406**	**3,160,630**
Capital		214,428	214,428
Paid-in capital		*214,428*	*214,428*
Called-up capital		-	-
Memorandum items: uncalled capital		-	-
Share premium		-	-
Equity instruments issued other than capital		350,000	350,000
Equity components of compound financial instruments		-	-
Other equity instruments issued		*350,000*	*350,000*
Other equity items		-	-
Retained earnings		619,413	602,663
Revaluation reserves		3,291	3,297
Other reserves		1,970,299	1,966,640
(Treasury shares)		-	-
Profit attributable to owners of the parent		145,975	23,602
(Interim dividends)		-	-
Other accumulated comprehensive income		**14,175**	**57,790**
Items that will not be reclassified to profit or loss		16,505	10,132
Actuarial gains/(losses) on defined benefit pension plans		*(21,204)*	*(23,741)*
Non-current assets and disposal groups classified as held for sale		-	-
Share in other income and expense recognised in joint ventures and associates		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		*37,709*	*33,873*
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)		-	-
Changes in fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-	-
Items that may be reclassified to profit or loss		(2,330)	47,658
Hedges of net investment in foreign operations (effective portion)		-	-
Currency translation		-	-
Hedging derivatives. Cash flow hedges (effective portion)		*(24,566)*	*8,551*
Changes in the fair value of debt instruments measured at fair value through other comprehensive income		*22,798*	*39,091*
Hedging instruments (undesignated items)		-	-
Non-current assets and disposal groups classified as held for sale		-	-
Share in other income and expense recognised at joint ventures and associates		*(562)*	*16*
Non-controlling interests		**-**	**-**
Accumulated other comprehensive income		-	-
Other items		-	-
TOTAL EQUITY		**3,317,581**	**3,218,420**
TOTAL EQUITY AND LIABILITIES		**58,163,076**	**58,400,790**
Memorandum items: off-balance sheet exposures	**5.4.4**		
Loan commitments given		**3,516,114**	**3,288,448**
Financial guarantees granted		**99,102**	**93,631**
Other commitments given		**820,397**	**795,006**

(*) Presented for comparison purposes only (Note 2.2).

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated balance sheet at 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE NINE-MONTH PERIODS ENDED ON 30 SEPTEMBER 2021 AND 2020

	Note	Thousands of euros	
		30/09/2021	30/09/2020(*)
(+) Interest income	15.1	415,230	463,848
a) Financial assets at fair value through other comprehensive income		72,442	85,727
b) Financial assets at amortised cost		314,718	362,034
c) Other assets		28,070	16,087
(-) Interest expense	15.2	44,615	59,658
(-) Expenses on share capital repayable on demand		-	-
(=) A) NET INTEREST INCOME		**370,615**	**404,190**
(+) Dividend income	15.3	8,506	3,502
(+/-) Share of profit of entities accounted for using the equity method		(650)	(560)
(+) Fee and commission income	15.4	331,613	284,869
(-) Fee and commission expenses	15.5	14,306	11,614
(+/-) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	15.6	38,102	14,159
a) Financial assets at amortised cost		33,039	11,173
b) Other financial assets and liabilities		5,063	2,986
(+/-) Gains/(losses) on financial assets and liabilities held for trading, net	15.6	531	915
a) Reclassification of financial assets from fair value through other comprehensive income		-	-
b) Reclassification of financial assets from amortised cost		-	-
c) Other gains or (-) losses		531	915
(+/-) Gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, net	15.6	222	(10,404)
a) Reclassification of financial assets from fair value through other comprehensive income		-	-
b) Reclassification of financial assets from amortised cost		-	-
c) Other gains or (-) losses		222	(10,404)
(+/-) Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net	15.6	-	-
(+/-) Net gains/(losses) from hedge accounting	15.6	651	(233)
(+/-) Net exchange differences		322	545
(+) Other operating income	15.7	26,115	36,967
(-) Other operating expenses	15.8	29,577	26,345
(+) Income from assets covered by insurance and reinsurance contracts		714,198	755,355
(-) Liability expenses covered by insurance or reinsurance contracts		714,443	755,536
(=) B) GROSS INCOME		**731,899**	**695,810**
(-) Administration expenses	15.9	391,412	374,821
(-) a) Personnel expenses		273,939	265,779
(-) b) Other administration expenses		117,473	109,042
(-) Amortisation and depreciation		49,966	51,133
(+/-) Provisions or reversal of provisions		4,521	(27,397)
(+/-) Impairment or reversal of impairment on financial assets not measured fair value through profit or loss or net gain on change		63,841	180,278
(+/-) a) Financial assets at fair value through other comprehensive income		(1,573)	1,310
(+/-) b) Financial assets at amortised cost		65,414	178,968
(=) C) PROFIT/(LOSS) FROM ORDINARY ACTIVITIES		**222,159**	**116,975**
(+/-) Impairment or reversal of impairment on investments in joint ventures or associates		-	-
(+/-) Impairment or reversal of impairment of non-financial assets	15.10	3,610	2,388
(+/-) a) Tangible assets		1,995	756
(+/-) b) Intangible assets		-	-
(+/-) c) Other		1,615	1,632
(+/-) Gains/(losses) on derecognition of non-financial assets, net	15.11	(5,149)	(365)
(+) Negative goodwill recognised in profit or loss		-	-
(+/-) Gains/(losses) on non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations	15.12	(7,096)	(6,404)
(=) D) PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**206,304**	**107,818**
(+/-) Expense or income from taxes on income from continuing operations		60,329	35,060
(=) E) PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**145,975**	**72,758**
(+/-) Profit/(loss) after tax from discontinued activities		-	-
= PROFIT FOR THE PERIOD		**145,975**	**72,758**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		145,975	72,758

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 2.2.

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated income statement for the nine-month period ended 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED STATEMENTS
OF RECOGNISED INCOME AND EXPENSE
FOR THE SIX-MONTH PERIODS
ENDED ON 30 SEPTEMBER 2021 AND 2020

	Note	Thousands of euros	
		30/09/2021	**30/09/2020(*)**
A) PROFIT FOR THE PERIOD		**145,975**	**72,758**
B) OTHER COMPREHENSIVE INCOME		**(30,710)**	**(23,880)**
Items that will not be reclassified to profit or loss		**19,277**	**(21,107)**
a) Actuarial gains/(losses) on defined benefit pension plans		3,625	-
b) Non-current assets and disposal groups of items held for sale		-	-
c) Share in other recognised income and expense of investments in joint ventures and associates		-	-
d) Changes in the fair value of equity instruments measured at fair value through other comprehensive income		25,365	(32,672)
e) Gains/(losses) resulting from hedge accounting of equity instruments at fair value through other comprehensive income, net		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)		-	-
f) Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-	-
g) Corporate income tax relating to items not to be reclassified		(9,713)	11,565
Items that may be reclassified to profit or loss		**(49,987)**	**(2,773)**
a) Hedges of net investment in foreign operations (effective portion)		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
b) Currency translation		-	-
Gains/(losses) from foreign currency exchange taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
c) Cash flow hedges (effective portion)		(47,310)	14,744
Valuation gains/(losses) taken to equity		*(47,277)*	*14,744*
Transferred to the income statement		*(33)*	-
Transferred to initial carrying amount of hedge items		-	-
Other reclassifications		-	-
d) Hedging instruments (undesignated items)		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
e) Debt instruments at fair value through other comprehensive income		(23,274)	(18,969)
Valuation gains/(losses) taken to equity		*(16,032)*	*(6,617)*
Transferred to the income statement	15.6	*(7,242)*	*(12,352)*
Other reclassifications		-	-
f) Non-current assets and disposal groups of items held for sale		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
g) Share in other recognised income and expense of investments in joint ventures and associates		(578)	184
h) Corporate income tax relating to items that may be reclassified to profit or loss		21,175	1,268
C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**115,265**	**48,878**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		115,265	48,878

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 2.2.

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of recognised income and expense for the nine-month period ended 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD
ENDED ON 30 SEPTEMBER 2021
(Thousands of euros)

												Non-controlling interests		
	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(Treasury shares)	Attributable to owners of the parent	(Interim dividends)	Accumulated other comprehensive income	Accumulated other comprehensive income	Other items	Total
I. Closing balance at 31/12/2020	**214,428**	**-**	**350,000**	**-**	**602,663**	**3,297**	**1,966,640**	**-**	**23,602**	**-**	**57,790**	**-**	**-**	**3,218,420**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**602,663**	**3,297**	**1,966,640**	**-**	**23,602**	**-**	**57,790**	**-**	**-**	**3,218,420**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**145,975**	**-**	**(30,710)**	**-**	**-**	**115,265**
Other changes in equity	**-**	**-**	**-**	**-**	**16,750**	**(6)**	**3,659**		**(23,602)**	**-**	**(12,905)**	**-**	**-**	**(16,104)**
Issuance of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration)	-	-	-	-	(3,849)	-	-	-	-	-	-	-	-	(3,849)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	20,599	(6)	15,914		(23,602)		(12,905)			-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(12,255)	-	-	-	-	-	-	(12,255)
	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Closing balance at 30/09/2021	**214,428**	**-**	**350,000**	**-**	**619,413**	**3,291**	**1,970,299**	**-**	**145,975**	**-**	**14,175**	**-**	**-**	**3,317,581**

The accompanying explanatory Notes 1 to 17 and the Appendices are an integral part of the condensed consolidated statement of total changes in equity at 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED ON 30 SEPTEMBER 2020 (*)

(Thousands of euros)

												Non-controlling interests		
	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(Treasury shares)	Attributable to owners of the parent	(Interim dividends)	Accumulated other comprehensive income	Accumulated other comprehensive income	Other items	Total
I. Closing balance at 31/12/2020	**214,428**	**-**	**350,000**	**-**	**545,893**	**3,305**	**1,941,402**	**-**	**83,989**	**-**	**102,081**	**-**	**-**	**3,241,098**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**545,893**	**3,305**	**1,941,402**	**-**	**83,989**	**-**	**102,081**	**-**	**-**	**3,241,098**
Total comprehensive income for the period	-	-	-	-	-	-	-	-	**72,758**	-	**(23,880)**	-	-	**48,878**
Other changes in equity	**-**	**-**	**-**	**-**	**68,047**	**(6)**	**16,643**	**-**	**(83,989)**	**-**	**(32,285)**	**-**	**-**	**(31,590)**
Issuance of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration)	-	-	-	-	(17,500)	-	-	-	-	-	-	-	-	(17,500)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	85,547	(6)	30,733	-	(83,989)	-	(32,285)	-	-	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(14,090)	-	-	-	-	-	-	(14,090)
III. Closing balance at 30/09/2020	**214,428**	**-**	**350,000**	**-**	**613,940**	**3,299**	**1,958,045**	**-**	**72,758**	**-**	**45,916**	**-**	**-**	**3,258,3866**

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 2.2.

The accompanying explanatory Notes 1 to 17 and the Appendices are an integral part of the condensed consolidated statement of total changes in equity at 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED ON 30 SEPTEMBER 2021 AND 2020

	Thousands of euros	
	30/09/2021	30/09/2020(*)
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)	**(829,763)**	**1,056,786**
1. Profit for the period	145,975	72,758
2. Adjustments to obtain cash flows from operating activities:	(23,366)	55,694
(+) Amortisation and depreciation	49,966	51,133
(+/-) Other adjustments	(73,332)	4,561
3. Net increase/decrease in operating assets:	678,824	1,214,202
(+/-) Financial assets held for trading	(978)	(3,021)
(+/-) Financial assets not held for trading mandatorily measured at fair value through profit or loss	679,907	300,648
(+/-) Financial assets at fair value through profit or loss	(887)	(382)
(+/-) Financial assets at fair value through other comprehensive income	(789,992)	(920,775)
(+/-) Financial assets at amortised cost	819,250	1,841,009
(+/-) Other operating assets	(28,476)	(3,277)
4. Net increase/(decrease) in operating liabilities:	(243,599)	2,179,112
(+/-) Financial liabilities held for trading	388	(2,881)
(+/-) Financial liabilities at fair value through profit or loss	-	-
(+/-) Financial liabilities at amortised cost	207,934	2,387,687
(+/-) Other operating liabilities	(451,922)	(205,694)
5. Corporate income tax credit/(payments)	(29,949)	(36,576)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 +2)	**6,756**	**(8,153)**
1. Payments:	84,936	49,989
(-) Tangible assets	65,916	34,211
(-) Intangible assets	16,547	9,886
(-) Investments in joint ventures and associates	597	-
(-) Subsidiaries and other business units	-	-
(-) Non-current assets and liabilities classified as held for sale	1,876	5,892
(-) Other payments related to investing activities	-	-
2. Receipts:	91,692	41,836
(+) Tangible assets	35,817	15,324
(+) Intangible assets	-	-
(+) Investments in joint ventures and associates	833	-
(+) Subsidiaries and other business units	-	-
(+) Non-current assets and liabilities classified as held for sale	55,042	26,512
(+) Other receipts related to investing activities	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(22,224)**	**(18,375)**
1. Payments:	22,224	518,375
(-) Dividends	3,849	-
(-) Subordinated liabilities	-	500,000
(-) Redemption of own equity instruments	-	-
(-) Acquisition of own equity instruments	-	-
(-) Other payments related to financing activities	18,375	18,375
2. Receipts:	-	500,000
(+) Subordinated liabilities	-	500,000
(+) Issuance of own equity instruments	-	-
(+) Disposal of own equity instruments	-	-
(+) Other receipts related to financing activities	-	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	**-**	**-**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(845,231)**	**1,030,258**
F) CASH AND CASH EQUIVALENTS AT START OF PERIOD	**7,562,634**	**3,918,901**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	**6,717,403**	**4,949,159**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
(+) Cash	178,854	199,682
(+) Cash equivalents at central banks	6,162,618	4,567,239
(+) Other financial assets	375,931	182,238
(-) Less: Bank overdrafts repayable on demand	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6,717,403**	**4,949,159**
of which: in the possession of Group companies but not drawable by the Group		

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 2.2.

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2021.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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IBERCAJA BANCO, S.A. AND SUBSIDIARIES
(IBERCAJA BANCO GROUP)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

1. Introduction

Ibercaja Banco, S.A. (hereinafter, Ibercaja, Ibercaja Banco, the Bank or the Company) is a credit institution, 88.04% owned by Fundación Bancaria Ibercaja (hereinafter, the Foundation), subject to the rules and regulations issued by the Spanish and European Union economic and monetary authorities.

Ibercaja Banco's registered office is located at Plaza de Basilio Paraíso 2 and it is filed at the Zaragoza Companies Registry in volume 3865, book 0, sheet 1, page Z-52186, entry 1. It is also registered in the Bank of Spain Special Register under number 2085. Its corporate web page (electronic headquarters) is www.ibercaja.com, where the articles of association and other public information can be viewed.

Its corporate purpose extends to all manner of general banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

In addition to the operations carried out directly, the Bank is the parent of a group of dependent entities that engage in various activities and which, together with it, make up the Ibercaja Banco Group (hereinafter, the "Group" or the Ibercaja Banco Group).

Details of the companies composing the Group are presented in Appendix I to the Group's consolidated financial statements at 31 December 2020.

The activities carried on by the Group and the detail of the companies composing it did not change significantly in the nine-month period from 1 January and 30 September 2021 (Note 3).

The appearance of the Coronavirus COVID-19 in China and its global expansion to a large number of countries caused the viral outbreak to be classified as a global pandemic by the World Health Organisation since 11 March 2020. The pandemic has adversely affected and continues to adversely affect the global economy and global activity, leading to an unprecedented economic recession; however, signs of economic recovery are beginning to emerge during 2021, despite ongoing uncertainties.

Considering the complexity of the markets due to their globalisation, the effects of government measures to curb the spread of the virus and the progress of the vaccination campaigns as a medical treatment against the virus, the consequences for the Group's operations are still subject to a significant degree of uncertainty and will depend largely on the course and extent of the pandemic in the coming months, as well as on the ability of all economic actors affected to react and adapt.

In view of this situation, Ibercaja has focused its attention on guaranteeing continuity in the operational security of the business as a priority and monitoring the impacts on the Group's business and risks (such as impacts on results, capital or liquidity) (Note 2.5).

In addition, Ibercaja adopted a series of measures to support its main stakeholders from the beginning of the pandemic (Note 5.6). In this respect, the Group's long-term strategic purpose and priorities remain unchanged. In order to mitigate the impact associated with COVID-19, various European and international bodies, mainly in 2020, issued a number of pronouncements aimed at allowing greater flexibility in the implementation of the accounting and prudential frameworks. In preparing these condensed consolidated interim financial statements, the Group has taken these declarations into account.

2. Basis of presentation and other information

2.1 Basis of presentation

The condensed consolidated interim financial statements of the Bank and subsidiaries composing the Ibercaja Banco Group for the nine-month period ended 30 September 2021 (hereinafter, interim financial statements) were authorised for issue by the Bank's directors at the meeting of the Board of Directors held on 25 November 2021.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" set out in the International Financial Reporting Standards adopted by the European Union (hereinafter EU-IFRS) and have been prepared using the accounting records kept by the Bank and by the other Group companies. In the course of preparation, account has been taken of Bank of Spain Circular 4/2017 of 27 November (hereinafter, Circular 4/2017) and its subsequent amendments.

Circular 4/2017 on "Public and confidential financial reporting standards and model financial statements of credit institutions" aims to adapt the accounting system of these entities to the accounting climate arising from the adoption by the European Union of the International Financial Reporting Standards, in order to make this Circular fully compatible with the conceptual framework on which it is based.

The condensed consolidated interim financial statements prepared by the directors of the Bank, which, in accordance with EU-IFRS (specifically, IAS 34 mentioned above), do not include all the information that would be required for full consolidated financial statements, although the Standards and Interpretations that have come into force as from 1 January 2021 have been taken into consideration (Note 2.3.1) should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, prepared in accordance with the accounting principles, standards and valuation criteria applicable in accordance with the provisions of IFRS-EU and taking into consideration Circular 4/2017, and subsequent amendments, which were authorised for issue on 26 February 2021 and approved by the shareholders at the General Meeting held telematically on 15 April 2021. The resolutions adopted by this governing body were adopted by written vote and without a meeting, in accordance with the provisions of article 40.2 of Royal Decree-Law 8/2020, of 17 March, on extraordinary urgent measures to address the economic and social impact of COVID-19. The accompanying selected explanatory notes include an explanation of any events or changes that are significant for the explanation of changes in the consolidated financial position from 31 December 2020 to 30 September 2021.

These condensed consolidated interim financial statements, unless stated otherwise, are prepared in thousands of euros using the accounting records kept by the Bank and by other entities included in the Group. However, given that the accounting policies and valuation standards used by some of the Group companies may differ from those used in preparing the Group's condensed consolidated interim financial statements at 30 September 2021, adjustments and reclassifications have been made as necessary in the consolidation process to make said accounting policies and valuation standards consistent with the EU-IFRS used by the Bank.

Accordingly, the condensed consolidated interim financial statements give a true and fair view of the consolidated equity and consolidated financial position of the Group as at 30 September 2021, and of the consolidated results of its operations and consolidated cash flows in the Group in the period from 1 January 2021 to 30 September 2021.

2.2 Information relating to 2020

Under the regulations in force, the information contained in these explanatory Notes to the consolidated interim financial statements for 2020 is presented exclusively for the purpose of comparison with the information for 2021.

Due to the change in accounting criteria described in Note 10.1. of the consolidated financial statements for 2020 and in relation to the agreement entered into with Caser in the first half of 2020 (Note 5.3.1) to amend the non-life insurance distribution contract, the impact of this agreement on the condensed consolidated interim financial statements for the nine-month period ended 30 September 2020 has been restated.

The accounting policy applied in the condensed consolidated interim financial statements as at 30 September 2020 was to recognise 53 million euros under “Other operating income” in the consolidated income statement, in accordance with a reasonable interpretative approach to the applicable standard (IFRS 15) supported by external expert reports and with the external auditor’s agreement.

However, the application of the standard to this specific case is of a certain technical complexity and allows for different interpretations. During the second half of the year, the conditions of the agreement continued to be evaluated and finally, in order to eliminate any doubts going forward and align with the interpretation of the National Securities Market Commission, it was decided to modify the accounting treatment and only 15 million euros was recognised in the consolidated income statement at year-end 2020 (see Note 36 of the consolidated financial statements for 2020). The remaining amount of the initial fixed fee already paid, i.e. 55 million euros, is being accrued in the consolidated income statement in accordance with the provisions of the aforementioned standard (10 years equivalent to the term of the agreement).

Therefore, the figures in the condensed consolidated income statement for the nine months ended 30 September 2020 attached to these consolidated financial statements, together with the condensed consolidated statement of recognised income and expense, the condensed consolidated statement of changes in total equity, the condensed consolidated statement of cash flows and Notes 5.3.1, 15.4 and 15.7, differ from the figures included in the consolidated interim financial reporting for September 2020.

The following are the affected items in the condensed consolidated income statement:

Heading	Amount in interim financial statements at 30 September 2020	Restated amount	Difference
Fee and commission income	283,859	284,869	1,010
Other operating income	74,967	36,967	(38,000)
Gross income	732,800	695,810	(36,990)
Profit from ordinary activities	153,964	116,974	(36,990)
Pre-tax profit	144,808	107,818	(36,990)
Expense from taxes on income from continuing operations	46,157	35,060	(11,097)
Profit for the period	98,651	72,758	(25,893)

The following are the affected items of the condensed consolidated statement of recognised income and expense:

Heading	Amount in interim financial statements at 30 September 2020	Restated amount	Difference
Profit for the period	98,651	72,758	(25,893)
Total comprehensive income for the period	74,771	48,878	(25,893)

The following are the affected items in the condensed consolidated statement of changes in total equity:

Heading	Amount in interim financial statements at 30 September 2020	Restated amount	Difference
Total comprehensive income for the period/Profit attributable to owners of the parent	98,651	72,758	(25,893)
Closing balance/Total	3,284,279	3,258,385	(25,893)

The following are the affected items of the condensed consolidated statement of cash flows:

Heading	Amount in interim financial statements at 30 September 2020	Restated amount	Difference
Profit for the period	98,651	72,758	(25,893)
Adjustments to calculate cash flows from operating activities - Other adjustments	15,658	4,561	(11,097)
Net increase/(decrease) in operating liabilities – Other operating liabilities	(3,277)	33,713	36,990

The affected items in Note 15.4 are as follows:

Heading	Amount in interim financial statements at 30 September 2020	Restated amount	Difference
Non-bank financial product marketing fees	148,876	149,886	1,010
Total fee and commission income	283,859	284,869	1,010

The affected items in Note 15.7 are as follows:

Heading	Amount in interim financial statements at 30 September 2020	Restated amount	Difference
Other items	56,949	18,949	(38,000)
Total other operating income	74,967	36,967	(38,000)

2.3 Accounting principles and policies

The accounting policies used in the preparation of these condensed consolidated interim financial statements of the Group are the same as those applied in the consolidated financial statements for the year ended 31 December 2020, except for the following standards, interpretations and amendments which have been applied for the first time in this financial year. Likewise, all accounting principles and measurement bases with a material effect on these interim financial statements were applied.

2.3.1 Changes introduced in the first nine months of 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of interest rate benchmarks – phase 2

In the context of the global reform of interbank offered rates (IBORs), the IASB initiated a project to revise the main IFRS standards concerned in two phases.

The first phase focused on the accounting impacts prior to the replacement of interest rate indices and materialised with the publication in September 2019 of certain amendments to IAS 39, IFRS 9 and IFRS 7, which were endorsed at European level on 17 January 2020 and became effective on 1 January 2020. These amendments provided exceptions so that institutions would not discontinue their hedging relationships in an environment of uncertainty about the long-term viability of some benchmark interest rates.

On 27 August 2020, the IASB issued the second phase of the benchmark reform, which involves amendments to IAS39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, to ensure that the financial statements best reflect the economic effects of this reform. These amendments focus on the accounting for financial instruments once a new risk-free reference rate ("RFR") has been introduced and focus on cases where an entity replaces the previous benchmark interest rate with an alternative reference rate and on the effects of the change on the financial statements. Specifically:

- Changes in contractual cash flows: an entity need not derecognise or adjust the carrying amount of financial instruments due to changes required by the adopted reform, but should update the effective interest rate to reflect the change to the alternative reference rate;

- Hedge accounting: an entity need not discontinue hedge accounting simply because of changes required by the reform if the hedge meets other hedge accounting criteria; and

- Disclosures: the entity shall disclose information on the new risks arising from the reform and how it manages the transition to alternative reference rates.

A significant portion of the Group's financial assets and liabilities are tied to the Euribor index, and the existing hedging relationships are based on this index, with no positions tied to other indices.

The Euribor index has not been replaced, but only its calculation methodology has been changed to date. Therefore, the impacts of the overall reform itself are small and the disclosures of information envisaged in both the first and second phases do not apply to it.

Amendment to IFRS 4 *Insurance contracts*: deferral of IFRS 9

Currently, with IFRS 4 Insurance Contracts, the date of application of IFRS 9 Financial Instruments for entities applying that standard is 1 January 2021. The IASB has decided to delay the effective date for these entities to periods beginning on or after 1 January 2023 in order to align it with the effective date of IFRS 17. This standard has had no impact on the Group.

Amendment to IFRS 16 *Leases: COVID-19-related rent concessions*

The IASB has extended the deadline for lessees to avail themselves of the exemption that allows them not to account for concessions in leases as a lease modification if they are a direct consequence of COVID-19. This exemption has had no impact on the Group, since the Bank has not received any rent concessions as a result of COVID-19.

Application of the exemption will remain optional and applies to rent concessions made up until 30 June 2022.

2.3.2 Standards and interpretations issued by the IASB that are not effective as at 30 September 2021.

At the date of authorisation for issue of these consolidated financial statements, new International Financial Reporting Standards and Interpretations had been published which were not mandatory as at 30 September 2021. Although, in some cases, the International Accounting Standards Board (“IASB”) allows the application of the amendments prior to their effective date, the Group has not applied them early.

IFRS 17 *Insurance contracts*

IFRS 17 sets out the principles that an entity shall apply in accounting for insurance contracts. This new standard replaces IFRS 4, introducing profound changes in the way insurance contracts are accounted for, with the aim of achieving greater consistency and increasing comparability between entities.

In contrast to IFRS 4, the new standard establishes minimum requirements for grouping insurance contracts for recognition and measurement purposes, determining units of account by considering three levels: portfolios (contracts subject to similar risks and managed together), cohorts and onerousness.

As regards the measurement model, the new standard provides for several methods, with the General Model (Building Block Approach) being the default method to be applied for the valuation of insurance contracts, unless the conditions for applying one of the other two methods are met: the Variable Fee Approach and the Premium Allocation Approach.

With the implementation of IFRS 17, the valuation of insurance contracts will be based on a model using updated assumptions at each closing. The General Model requires entities to value insurance contracts at the total of:

- compliance flows, comprising the estimate of future cash flows discounted to reflect the time value of money, the financial risk associated with future cash flows and a risk adjustment for non-financial risk;

- and the contractual service margin, representing the expected unearned benefit of insurance contracts, which is recognised in the entity’s income statement as the service is provided in the future, rather than at the time of estimation.

Amounts recognised in the income statement shall be broken down into income from insurance activity, expenses from the provision of insurance service and insurance finance income or expenses. The income from the insurance business and the expenses of providing the insurance service shall exclude any investment component. Revenue from insurance activity shall be recognised over the period in which the entity provides insurance cover.

This standard will apply to financial years beginning on or after 1 January 2023 (with a minimum of one year’s comparative information), pending adoption by the European Commission.

The Group has an IFRS 17 implementation project in place with the objective of identifying the impacts and changes necessary to adapt to the new criteria.

Amendments to IFRS 3 Business Combinations: Reference to the conceptual framework

These amendments, issued by the IASB in May 2020, are intended to replace the reference to the 1989 Framework with a reference to the 2018 Framework, without significantly changing its requirements.

The IASB also added an exception to the requirements of IFRS 3 to avoid 'day 2' gains or losses that may arise from liabilities or contingent liabilities (within the scope of IAS 37 or IFRIC 21) if they are incurred separately. At the same time the IASB has decided to clarify the existing IFRS 3 guidance for the recognition of contingent assets which will not be affected by the references to the Conceptual Framework.

These amendments are effective for periods beginning on or after 1 January 2022 and are applied prospectively. The Group does not expect any impact from these changes.

Amendments to IAS 16 Property, Plant and Equipment: Revenue earned prior to intended use

These amendments, issued by the IASB in May 2020, prohibit the deduction from the acquisition cost of assets of the amount of sales made from the asset while it is being brought to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, these amounts shall be recorded in the income statement.

These amendments are effective for periods beginning on or after 1 January 2022 and are to be applied retrospectively only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended by management as of the beginning of the earliest period presented in the financial statements in which they are first applied. The Group does not expect any material impact from these changes.

Amendments to IAS 37 Costs of Fulfilling a Contract

These amendments, issued by the IASB in May 2020, detail the costs that entities have to include when assessing whether a contract is onerous or loss-making. The amendments propose a "direct cost approach". Costs directly related to a contract for the delivery of goods or services include both incremental costs as well as an allocation of costs directly related to the contract. General and administrative costs are not directly attributable to a contract and are therefore excluded from the calculation unless they are explicitly passed on to the counterparty in accordance with the contract.

These amendments are effective for periods beginning on or after 1 January 2022. The Group does not expect any material impact from these changes.

Amendments to IAS 1 and IFRS Practice Statement No. 2 - Disclosures of Accounting Policies

In these amendments, the IASB has included guidance and examples for applying judgement in identifying which accounting policies are material. The amendments replace the criterion of disclosing significant accounting policies with material accounting policies. It also provides guidance on how the concept of materiality should be applied in deciding which accounting policies are material.

These amendments are effective for periods beginning on or after 1 January 2023. The Group is currently analysing the impact of these changes.

Amendments to IAS 8 Definition of Accounting Estimates

In these amendments, the IASB has introduced a new definition of "accounting estimate", which clarifies the difference between changes in accounting estimates, changes in accounting policies and corrections of errors.

These amendments are effective for periods beginning on or after 1 January 2023. The Group does not expect any material impact from these changes.

Amendments to IAS 12 Income Taxes

The IASB issued an amendment to IAS 12 to clarify how deferred taxes arising on transactions such as leases or decommissioning obligations should be accounted for.

The amendments clarify that entities are required to recognise deferred taxes on leases and decommissioning provisions. The purpose of the amendments is to reduce diversity in the reporting of deferred tax information on such transactions. The amendments will come into force on 1 January 2023. Earlier application is permitted and it is not expected to have a significant impact on the consolidated financial statements of the Ibercaja Group.

Minor amendments to several IFRS and the annual cycle of minor improvements to various IFRS 2018- 2020 (IFRS 1 - First-time Adoption of IFRS, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and amendments to illustrative examples in IFRS 16 - Leases).

The IASB issued minor amendments and improvements to several IFRS to clarify the wording or correct minor consequences, oversights or conflicts between the requirements of the Standards. The affected standards are: IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, IFRS 9 Financial Instruments, IFRS 16 Leases, IFRS 1 First-time Adoption of IFRS and IAS 41 Agriculture.

The amendments will come into force on 1 January 2022. They are not expected to have a significant impact on the consolidated financial statements of the Ibercaja Group.

2.4 Estimates made

The interim financial statements for the nine months ended 30 September 2021 contain estimates to quantify some of the assets, liabilities, income, expenditure and commitments disclosed herein. These estimates basically relate to:

- impairment losses on certain assets and the estimate of associated guarantees, particularly with respect to the consideration of the "significant increase in credit risk (SICR)" and "default", as well as the incorporation of forward-looking information,

- The assumptions used in the actuarial calculation of post-employment remuneration liabilities and commitments and other long-term obligations to employees, and those used to calculate liabilities arising under insurance contracts,

- the measurement of goodwill and other intangible assets,

- useful life of tangible and intangible assets,

- the probability of occurrence of those events deemed to be contingent liabilities and, where appropriate, the provisions required to cover such events,

- the fair value of certain financial assets,

- the corporate income tax expense for the six months ended 30 September 2021 which, in accordance with IAS 34, is recognised in interim periods on the basis of the best estimate of the weighted average tax rate in effect at the date of authorisation for issue of these interim financial statements and the recoverability of deferred tax assets,

- the valuation of investments in joint ventures and associates,

- the determination of returns from investments in joint ventures and associates and

- the discount rate used in the valuation of the lease liability.

As mentioned above, the uncertainty associated with the unprecedented nature of the pandemic implies greater complexity in developing reliable estimates and applying judgement, especially in the same period of the previous year.

In this context, the Group has revised certain estimates that, prima facie would be more sensitive to the potential negative economic consequences that COVID-19 could cause, the most relevant being the following.

- Impairment losses on certain assets and the estimation of the associated guarantees, in particular with regard to the incorporation of forward-looking information based on the latest available macroeconomic information and the determination of the amount of the post-model adjustment to cover possible effects not contemplated by the model (Note 5.6.3).
- Recoverability of deferred tax assets, due to the impact of COVID-19 on the business projections used to determine the recognition of deferred tax assets and their recovery period. From the analysis performed, it has been concluded that the Group has not lost the capacity to generate future taxable profits, and therefore there is no need to reverse any deferred tax assets, nor has the period for their recovery been significantly altered with respect to the period presented in Note 25.4 of the consolidated financial statements of Ibercaja Banco and subsidiaries at 31 December 2020.
- Valuation of goodwill, due to the impact of COVID-19 on the business projections used to calculate the value in use of the cash-generating unit associated with the goodwill (Note 8.1).

The estimates have therefore been made on the basis of the best available information as at 30 September 2021 on the events analysed. However, it is possible that future events may make it necessary to change these estimates (upwards or downwards), which would be done, in accordance with applicable regulations, on a prospective basis, recognising the effects of the change in estimate in the related consolidated income statement.

During the nine months ended 30 September 2021, there have been no significant changes to the estimates made at the end of the 2020 financial year other than those disclosed in these consolidated financial statements.

2.5 Risk management

The Bank continues to monitor the implementation of the organisational measures implemented as a result of the health crisis, which continue to prove perfectly compatible with continuity of the activity and business.

The Group's directors and management are constantly monitoring the situation of the business and of risk management, both of which functioned normally during the nine months ended 30 September 2021.

- Liquidity risk: Normalised liquidity situation reaching a level of about 10,200 million euros at the end of September. Part of the specific plans for improvement and efficient management of liquidity was the extension of the ECB's liquidity auction under the TLTRO III programme, which raised 559 million euros in the first half (Note 6.1).

- Market risk: A gradual normalisation of the situation in financial markets with equity prices recovering from the high uncertainty experienced in 2020 and some rebound in government bond yields and the private fixed income spreads. For the Group's investment portfolio, the main metrics of this risk are monitored to anticipate the potential impact based on market variations.

- Operational risk: The Group continued to monitor the evolution of its operations at all times in order to minimise the possible impact of the health crisis situation. Operations proceeded normally during the quarter.

- Credit risk: As regards the recoverability of the loans and advances granted by the Group, all legal and sectoral measures have continued to be implemented to alleviate the payment commitments of the customers most affected by the crisis. Likewise, based on all the procedures established for this purpose, on the analysis of sector segmentation and on customer information, the Entity has implemented a set of measures aimed at proactive management of customer anticipation, as well as adapting the accounting classification to the real situation of each borrower on the basis of prospective information and indicators from the alert models.

The Group's directors continue to monitor developments arising from the health crisis on an ongoing basis in order to successfully deal with any financial and non-financial impacts that may arise.

2.6 Information on the mortgage market

In accordance with Royal Decree 716/2009, of 24 April, whereby certain aspects of Law 2/1981, of 25 March, governing the mortgage market and other rules on the financial mortgage system were developed, and Bank of Spain Circular 3/2010, of 29 June, the Board of Directors approved the "Loan and discount risk management policy and procedure manual" drawn up by the Company to guarantee compliance with legislation governing the mortgage market, including guidance on the following:

- The relationship between the amount of the loan and appraisal value (in accordance with MO ECO/805/2003) of the mortgaged property and the selection of valuation companies authorised by the Bank of Spain.

- The relationship between the debt and the borrower's capacity to generate income, verification of the information provided by the borrower and the borrower's solvency, and the existence of other additional guarantees.

- The balance between the flows deriving from the hedging portfolio and those deriving from the payments due on the instruments issued.

The General Shareholders' Meeting of Ibercaja Banco, S.A. is authorised to issue bonds or other fixed income securities and has empowered the Board of Directors to issue any kind of borrowings for a maximum amount, including mortgage securities.

Mortgage certificates are issued in accordance with Spanish legislation on the mortgage and securities markets. Under applicable legislation, the volume of mortgage covered bonds issued by an entity that are not matured may not exceed 80% of the unpaid principal of all loans and mortgages in the eligible portfolio. The Company's Board of Directors approved a more restrictive limit, and therefore the above percentage of mortgage covered bonds issued may not exceed 65%. At 30 September 2021, the figure was 26.48% (29.54% at 31 December 2020).

Mortgage covered bonds are securities especially guaranteed by the issuer where the entire portfolio of mortgage loans arranged in its favour guarantees compliance with its payment commitments.

The level of overcollateralisation or backing of mortgage covered bonds by the entire eligible mortgage portfolio is 449.53% at 30 September 2021 (409.76% at 31 December 2020).

At that date 99.52% of transactions in the mortgage portfolio have been formalised through loans (99.48% at 31 December 2020). Of these, instalments are collected on a monthly basis for 97.85% (97.69% at 31 December 2020). The transactions formalised at variable interest rates are 99.40% of the total (99.45% at 31 December 2020) and of these, 79.13% are tied to Euribor (80.34% at 31 December 2020).

Set out below is information on the mortgage market:

- Information concerning the issue of mortgage covered bonds. Total amount of loans and mortgages pending repayment (irrespective of LTV level and including securitisations written off the balance sheet):

	Thousands of euros	
	Nominal value	
	30/09/2021	**31/12/2020**
Total loans	**21,168,390**	**21,956,512**
Mortgage participations issued	**890,646**	**995,475**
of which: loans recognised on asset side of balance sheet	890,646	995,475
Mortgage transfer certificates issued	**1,330,880**	**1,445,955**
of which: loans recognised on asset side of balance sheet	1,330,880	1,445,955
Mortgage loans pledged in guarantee for financing received	-	**-**
Loans backing mortgage bonds issues and covered bond issues	**18,946,864**	**19,515,082**
Non-eligible loans	3,446,843	3,842,758
Fulfil requirements to be eligible except for limit under Article 5.1 of Royal Decree 716/2009	3,117,226	3,477,412
Other non-eligible loans	329,617	365,346
Eligible loans	15,500,021	15,672,324
Loans backing mortgage bond issues	-	-
Loans suitable for backing mortgage bond issues	15,500,021	15,672,324
Non-computable amounts	13,903	13,247
Computable amounts	15,486,118	15,659,077
Memorandum items		
Loans backing mortgage bond issues	-	-

- Information on eligible loans and mortgages:

	Thousands of euros				
	30/09/2021				
	Loan to value (LTV) ratio				
	Less than or equal to 40%	**Greater than 40% and less than or equal to 60%**	**Greater than 60% and less than or equal to 80%**	**Greater than 80%**	**Total**
Mortgage loans and credits eligible for issuing mortgage bonds and mortgage covered bonds					**15,500,021**
Residential	4,310,058	6,091,673	4,252,070	-	14,653,801
Other properties	466,395	349,947	29,878		846,220

	Thousands of euros				
	31/12/2020				
	Loan to value (LTV) ratio				
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80%	Total
Mortgage loans and credits eligible for issuing mortgage bonds and mortgage covered bonds					**15,672,324**
Residential	4,275,966	6,195,817	4,262,679	-	14,734,462
Other properties	524,909	364,098	48,855		937,862

- Information concerning the issue of mortgage covered bonds. Breakdown of mortgage loans pending repayment:

	Thousands of euros			
	30/09/2021		31/12/2020	
	Loans backing mortgage bond issues and covered bond issues	Of which: Eligible loans	Loans backing mortgage bond issues and covered bond issues	Of which: Eligible loans
Total	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Origin of transactions	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Originated by the Bank	13,110,402	10,292,380	13,339,039	10,252,575
Subrogated from other entities	317,920	306,138	349,447	334,967
Other	5,518,542	4,901,503	5,826,596	5,084,782
Currency	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Euro	18,945,883	15,500,021	19,513,236	15,672,324
Other currencies	981	-	1,846	-
Payment status	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Payment normality	18,374,813	15,403,288	18,824,638	15,558,535
Other situations	572,051	96,733	690,444	113,789
Average residual period to maturity	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Up to 10 years	2,411,709	1,780,045	2,547,022	1,826,748
More than 10 years and up to 20 years	7,251,330	6,230,740	7,362,897	6,270,273
More than 20 years and up to 30 years	8,809,774	7,254,336	8,949,357	7,221,455
More than 30 years	474,051	234,900	655,806	353,848
Interest rate	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Fixed interest rate	188,805	95,743	156,439	75,462
Variable interest rate	16,715,306	13,922,934	17,431,077	14,052,888
Mixed interest rate	2,042,753	1,481,344	1,927,566	1,543,974
Holders	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Legal entities and individual entrepreneurs (business activities)	2,580,731	1,225,567	2,717,982	1,254,242
of which: property construction and development (including land)	1,136,244	300,246	1,132,046	266,928
Other household	16,366,133	14,274,454	16,797,100	14,418,082
Type of collateral	**18,946,864**	**15,500,021**	**19,515,082**	**15,672,324**
Finished assets/buildings	18,290,287	15,190,833	18,777,153	15,347,661
Homes	17,685,399	14,785,568	18,091,717	14,896,076
of which: state-subsidised housing	1,109,372	1,035,056	1,223,772	1,145,526
Offices and commercial premises	294,919	214,580	336,552	240,021
Other buildings and constructions	309,969	190,685	348,884	211,564
Assets/buildings under construction	341,278	195,613	352,045	187,679
Homes	70,613	16,381	67,461	2,063
of which: state-subsidised housing	1,796	931	2,029	1,046
Offices and commercial premises	671	486	-	-
Other buildings and constructions	269,994	178,746	284,584	185,616
Land	315,299	113,575	385,884	136,984
Consolidated urban land	125,658	5,709	150,640	2,117
Other land	189,641	107,866	235,244	134,867

- Nominal value of mortgage covered bonds issued by the Bank:

	Thousands of euros	
	Nominal value	
	30/09/2021	31/12/2020
Mortgage covered bonds	**3,000,000**	**3,000,000**
Ibercaja October 2016	500,000	500,000
Ibercaja September 2018 I	750,000	750,000
Ibercaja September 2018 II	750,000	750,000
Ibercaja December 2018	1,000,000	1,000,000
AYT covered bonds	**600,470**	**825,470**
AYT 10 Single Covered Bond (20 years)	341,026	341,026
AYT Global 2021 Single Covered Bond	-	225,000
AYT Global 2022 Single Covered Bond Series III	19,444	19,444
AYT Cajas Global 2023 Covered Bond Series X	75,000	75,000
AYT Cajas Global 2027 Covered Bond Series XIII	165,000	165,000
TDA covered bonds	**500,000**	**800,000**
TDA 6 Single Covered Bond	250,000	250,000
TDA 6 Single Covered Bond (Extension)	250,000	250,000
TDA Single Covered Bond Series A4	-	300,000

- Information on the residual maturity of mortgage market securities:

	Thousands of euros			
	30/09/2021		31/12/2020	
	Nominal value	Average res. mat. (months)	Nominal value	Average res. mat. (months)
Mortgage backed securities issued	**-**	**-**	**-**	**-**
of which: recognised under liabilities	-	-	-	-
Mortgage covered bonds issued	**4,100,470**	**-**	**4,625,470**	**-**
of which: recognised under liabilities	*1,600,470*	-	2,125,470	-
Debt securities. Issued through public offering	-	-	-	-
Debt securities. Other issues	3,000,000	-	3,000,000	-
Residual maturity up to one year	750,000	-	-	-
Residual maturity greater than one year and up to two years	-	-	750,000	-
Residual maturity greater than two years and up to three years	1,250,000	-	500,000	-
Residual maturity greater than three years and up to five years	-	-	750,000	-
Residual maturity greater than five years and up to ten years	1,000,000	-	1,000,000	-
Residual maturity greater than ten years	-	-	-	-
Deposits	1,100,470	-	1,625,470	-
Residual maturity up to one year	-	-	525,000	-
Residual maturity greater than one year and up to two years	19,444	-	19,444	-
Residual maturity greater than two years and up to three years	75,000	-	75,000	-
Residual maturity greater than three years and up to five years	841,026	-	841,026	-
Residual maturity greater than five years and up to ten years	165,000	-	165,000	-
Residual maturity greater than ten years	-	-	-	-
Mortgage participations issued	**890,646**	**89**	**995,475**	**88**
Issued through public offering	-	-	-	-
Other issues	890,646	89	995,475	88
Mortgage transfer certificates issued	**1,330,880**	**102**	**1,445,955**	**102**
Issued through public offering	-	-	-	-
Other issues	1,330,880	102	1,445,955	102

None of the issues has been made through a public offering and all are denominated in euros. The Bank does not issue mortgage backed securities other than covered bonds and nor does it have replacement assets assigned to them.

- Information on mortgage loans backing the issue of mortgage backed securities (bonos hipotecarios) and secured mortgage covered bonds (cédulas hipotecarias) (eligible and non-eligible):

	Thousands of euros			
	2021		2020	
	Eligible loans	Non-eligible loans	Eligible loans	Non-eligible loans
Opening balance at 1 January	**15,672,324**	**3,842,758**	**15,744,874**	**4,420,677**
Write-offs in the year	**989,566**	**681,605**	**902,118**	**636,512**
Due principal received in cash	530,163	475,498	416,919	329,800
Repaid early	412,151	160,568	399,653	230,847
Subrogated by other entities	7,639	1,100	9,236	129
Other write-offs	39,613	44,439	76,310	75,736
Additions in the year	**817,263**	**285,690**	**970,583**	**190,217**
Originated by the Bank	631,497	259,980	723,823	168,253
Subrogated from other entities	3,385	-	272	-
Other additions	182,381	25,710	246,488	21,964
Closing balance at 30 September	**15,500,021**	**3,446,843**	**15,813,339**	**3,974,382**

- Information on mortgage loans backing the issue of mortgage backed securities (bonos hipotecarios) and secured mortgage covered bonds (cédulas hipotecarias). Available balances:

	Thousands of euros	
	30/09/2021	31/12/2020
Total	**598,482**	**506,587**
Potentially eligible	584,762	487,222
Non-eligible	13,720	19,365

At 30 September 2021 and 31 December 2020, the Group had no replacement assets in connection with issues of secured mortgage covered bonds and mortgage backed securities.

2.7 Key information on exposure to certain risks at the close of the half-yearly financial statements

2.7.1 Financing related to property development and related activities

The breakdown of the financing for property construction and development at 30 September 2021 and 31 December 2020 is as follows:

	Thousands of euros							
	Gross carrying amount		Excess of the gross exposure on the maximum recoverable amount of the effective collateral (*)		Accumulated impairment		Net value	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Financing for property construction and development (including land) (businesses in Spain)	**1,068,026**	**1,029,181**	**148,513**	**85,280**	**39,220**	**40,497**	**1,028,806**	**988,684**
of which: default/non-performing	63,415	79,927	32,485	38,696	32,602	34,457	30,813	45,470
Memorandum items: written-off assets	**133,954**	**131,500**	**-**	**-**	**-**	**-**	**-**	**-**

(*) Excess of the gross exposure on the maximum recoverable amount of the effective collateral calculated according to Circular 04/2017. That is, the positive difference between the gross carrying amount of the financial assets and the maximum recoverable amount of the effective collateral.

	Thousands of euros	
Memorandum items: Data from the public consolidated balance sheet	**30/09/2021**	**31/12/2020**
Total carrying amount of financing granted to customers	30,589,626	30,942,404
Loans to customers, excluding government bodies (businesses in Spain) (carrying amount)	29,420,535	29,877,672
Total assets (total businesses) (carrying amount)	58,163,076	58,400,790
Impairment loss and provisions for exposures classified as normal (total businesses)	186,733	198,237

The breakdown of the heading of the financing for property construction and development (including land), on 30 September 2021 and at 31 December 2020 is as follows:

	Thousands of euros	
	Gross carrying amount	
	30/09/2021	31/12/2020
Without property collateral	**30,162**	**26,516**
With property collateral (breakdown as per the type of asset received in collateral)	**1,037,864**	**1,002,665**
Buildings and other completed structures	308,972	283,471
Housing	301,568	245,068
Other	7,404	38,403
Buildings and other structures under construction	650,255	638,685
Housing	648,538	638,577
Other	1,717	108
Land	78,637	80,509
Consolidated urban land	69,995	71,917
Other land	8,642	8,592
Total	**1,068,026**	**1,029,181**

Below a breakdown of the collateral received and financial guarantees granted in relation with the financing for property construction and development (including land) is shown at 30 September 2021 and 31 December 2020:

Collateral received:

	Thousands of euros	
	30/09/2021	31/12/2020
Value of collateral	1,053,281	1,028,265
Of which: guarantees default/non-performing risks	*45,793*	57,041
Value of other collateral	343,439	408,851
Of which: guarantees default/non-performing risks	*17,115*	18,533
Total value of the collateral received	**1,396,720**	**1,437,116**

Financial guarantees granted:

	Thousands of euros	
	30/09/2021	31/12/2020
Financial guarantees granted related to property construction and development	**4,646**	**5,973**
Amount recognised under liabilities on the balance sheet	2,321	2,804

At 30 September 2021 and 31 December 2020, the breakdown of loans to households for housing acquisition, is the following:

	Thousands of euros			
	Gross carrying amount		of which: default/non-performing	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Housing acquisition loans	**18,135,555**	**18,692,949**	**342,713**	**416,727**
Without mortgage loan	229,230	224,210	7,924	9,824
With mortgage loan	17,906,325	18,468,739	334,789	406,903

The breakdown of the loans with mortgage loan to households for housing acquisition according to the proportion of the gross carrying amount to the latest appraisal amount (loan to value) on 30 September 2021 and 31 December 2020 is the following:

	Thousands of euros					
	30/09/2021					
	Gross carrying amount based on latest appraisal amount (loan to value)					
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	Total
Gross carrying amount	5,374,061	7,014,663	4,831,271	423,594	262,736	17,906,325
of which: default/non-performing	45,393	84,677	109,107	43,330	52,282	334,789

	Thousands of euros					
	31/12/2020					
	Gross carrying amount based on latest appraisal amount (loan to value)					
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	Total
Gross amount	5,394,865	7,227,198	4,993,412	534,422	318,842	18,468,739
of which: default/non-performing	49,009	96,534	133,142	57,881	70,337	406,903

On 30 September 2021, 95% of the housing acquisition loan with property collateral has an LTV lower than 50.38% (51.14% on 31 December 2020).

2.7.2 Distribution of loans to customers by type of activity

Below is a breakdown of the carrying value of the distribution of customer loans and receivables by subject and activity at 30 September 2021 and 31 December 2020:

	Thousands of euros							
	30/09/2021							
				Collateralised loans carrying amount based on latest available appraisal (loan to value)				
	Total	of which: property collateral	of which: other collateral	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
Government bodies	**840,863**	**50,038**	**346**	**5,103**	**19,566**	**24,546**	**385**	**784**
Other financial institutions and individual entrepreneurs (financial business activity)	**1,630,770**	**5,306**	**1,619,558**	**2,629**	**2,622**	**60**	**1,619,445**	**108**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**7,769,609**	**2,287,695**	**115,093**	**695,979**	**657,632**	**447,503**	**261,917**	**339,757**
Property construction and development (including land)	1,012,541	989,024	182	86,113	207,381	260,770	211,702	223,240
Civil engineering	18,102	30	-	30	-	-	-	-
Other purposes	6,738,966	1,298,641	114,911	609,836	450,251	186,733	50,215	116,517
Large corporations	*1,718,520*	27,472	*3*	*7,172*	*6,061*	*13,972*		*270*
SMEs and individual entrepreneurs	*5,020,446*	*1,271,169*	*114,908*	*602,664*	*444,190*	*172,761*	*50,215*	*116,247*
Other households and non-profit institutions serving households	**20,020,154**	**18,532,586**	**42,743**	**5,788,302**	**7,188,026**	**4,895,811**	**436,000**	**267,190**
Homes	18,280,375	18,054,154	16,242	5,520,230	7,063,342	4,824,811	413,955	248,058
Consumption	738,776	103,957	16,921	75,879	22,410	15,155	5,867	1,567
Other purposes	1,001,003	374,475	9,580	192,193	102,274	55,845	16,178	17,565
Total	**30,261,396**	**20,875,625**	**1,777,740**	**6,492,013**	**7,867,846**	**5,367,920**	**2,317,747**	**607,839**
Memorandum items: refinancing, refinanced and restructured operations	**439,736**	**398,039**	**1,399**	**84,037**	**79,195**	**87,017**	**60,927**	**88,262**

	Thousands of euros							
	31/12/2020							
				Collateralised loans carrying amount based on latest available appraisal (loan to value)				
	Total	**of which: property collateral**	**of which: other collateral**	**Less than or equal to 40%**	**Greater than 40% and less than or equal to 60%**	**Greater than 60% and less than or equal to 80%**	**Greater than 80% and less than or equal to 100%**	**Greater than 100%**
Government bodies	**733,879**	**53,579**	**-**	**5,408**	**17,753**	**29,207**	**396**	**815**
Other financial institutions and individual entrepreneurs (financial business activity)	**1,631,822**	**4,033**	**1,620,429**	**1,093**	**2,740**	**200**	**1,620,429**	**-**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**7,582,830**	**2,369,709**	**31,675**	**734,812**	**622,044**	**450,185**	**259,672**	**334,671**
Property construction and development (including land)	978,430	942,023	-	79,388	153,749	236,948	206,002	265,936
Civil engineering	18,651	33	-	33	-	-	-	-
Other purposes	6,585,749	1,427,653	31,675	655,391	468,295	213,237	53,670	68,735
Large corporations	*1,459,380*	*20,584*	-	*10,349*	*1,732*	*8,022*	-	*481*
SMEs and individual entrepreneurs	*5,126,369*	*1,407,069*	*31,675*	*645,042*	*466,563*	*205,215*	*53,670*	*68,254*
Other households and non-profit institutions serving households	**20,663,018**	**19,141,646**	**29,340**	**5,858,906**	**7,413,127**	**5,039,182**	**539,079**	**320,692**
Homes	18,851,339	18,614,980	11,066	5,565,573	7,279,779	4,961,056	519,706	299,932
Consumption	783,435	118,191	12,163	87,511	23,870	12,441	4,721	1,811
Other purposes	1,028,244	408,475	6,111	205,822	109,478	65,685	14,652	18,949
Total	**30,611,549**	**21,568,967**	**1,681,444**	**6,600,219**	**8,055,664**	**5,518,774**	**2,419,576**	**656,178**
Memorandum items: refinancing, refinanced and restructured operations	**526,552**	**472,615**	**160**	**98,656**	**87,388**	**106,157**	**73,827**	**106,747**

2.7.3 Amount of exposure by activity and geographical area

The carrying amount of exposure classified by business and geographic area are set out below, including loans and advances to entities, debt securities, equity instruments, trading derivatives, hedge derivatives, investments in subsidiaries, joint ventures and associates and contingent risks.

- Total activity:

	Thousands of euros				
	30/09/2021				
	Spain	**Rest of the EU**	**Americas**	**Rest of the world**	**Total**
Central banks and credit institutions	**7,216,835**	**167,709**	**1,107**	**17,672**	**7,403,323**
Government bodies	**13,703,414**	**969,865**	**98,619**	**4,000**	**14,775,898**
Central government	12,667,628	969,865	98,619	4,000	13,740,112
Other public authorities	1,035,786	-	-	-	1,035,786
Other financial companies and individual entrepreneurs (financial business activity)	**1,893,321**	**117,919**	**-**	**1,983**	**2,013,223**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**10,618,907**	**896,945**	**32,010**	**11,538**	**11,559,400**
Property construction and development (including land)	1,347,924	-	-	-	1,347,924
Civil engineering	26,005	-	-	-	26,005
Other purposes	9,244,978	896,945	32,010	11,538	10,185,471
Large corporations	*2,210,253*	*878,070*	*16,511*	*7,778*	*3,112,612*
SMEs and individual entrepreneurs	*7,034,725*	*18,875*	*15,499*	*3,760*	*7,072,859*
Other household	**20,015,315**	**57,947**	**10,639**	**42,728**	**20,126,629**
Homes	18,170,858	57,170	9,763	42,584	18,280,375
Consumption	737,553	590	526	107	738,776
Other purposes	1,106,904	187	350	37	1,107,478
Total	**53,447,792**	**2,210,385**	**142,375**	**77,921**	**55,878,473**

	Thousands of euros				
	31/12/2020				
	Spain	Rest of the EU	Americas	Rest of the world	Total
Central banks and credit institutions	**8,239,362**	**112,408**	**8,962**	**33,781**	**8,394,513**
Government bodies	**11,159,034**	**1,145,475**	**-**	**3,981**	**12,308,490**
Central government	10,282,826	1,145,475	-	3,981	11,432,282
Other public authorities	876,208	-	-	-	876,208
Other financial companies and individual entrepreneurs (financial business activity)	**3,582,550**	**170,455**	**-**	**-**	**3,753,005**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**9,667,457**	**1,022,964**	**26,333**	**22,246**	**10,739,000**
Property construction and development (including land)	1,278,958	-	-	-	1,278,958
Civil engineering	26,628	-	-	-	26,628
Other purposes	8,361,871	1,022,964	26,333	22,246	9,433,414
Large corporations	*1,951,031*	*985,918*	*7,613*	*18,190*	*2,962,752*
SMEs and individual entrepreneurs	*6,410,840*	*37,046*	*18,720*	*4,056*	*6,470,662*
Other household	**20,648,372**	**57,961**	**12,637**	**46,600**	**20,765,570**
Homes	18,736,241	57,137	11,481	46,479	18,851,338
Consumption	781,895	673	790	76	783,434
Other purposes	1,130,236	151	366	45	1,130,798
Total	**53,296,775**	**2,509,263**	**47,932**	**106,608**	**55,960,578**

- Activity in Spain:

	Thousands of euros								
	30/09/2021								
	Aragon	Madrid	Catalonia	Comm. of Valencia	Andalusia	Castilla León	Castilla La Mancha	Other	Total
Central banks and credit institutions	**7,119,979**	**43,694**	**-**	**19,861**	**21,285**	**-**	**-**	**12,016**	**7,216,835**
Government bodies	**171,774**	**95,250**	**7,790**	**62,696**	**44,808**	**106,697**	**64,288**	**482,483**	**13,703,414**
Central government (*)	-	-	-	-	-	-	-	-	12,667,628
Other public authorities	171,774	95,250	7,790	62,696	44,808	106,697	64,288	482,483	1,035,786
Other financial institutions and individual entrepreneurs (financial business activity)	**134,331**	**1,753,868**	**860**	**328**	**636**	**2,009**	**245**	**1,044**	**1,893,321**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**4,062,898**	**2,355,686**	**1,000,415**	**643,935**	**539,298**	**462,307**	**280,598**	**1,273,770**	**10,618,907**
Property construction and development (including land)	283,130	730,732	55,898	56,669	74,290	53,266	23,553	70,386	1,347,924
Civil engineering	1,380	24,282	-	-	-	224	-	119	26,005
Other purposes	3,778,388	1,600,672	944,517	587,266	465,008	408,817	257,045	1,203,265	9,244,978
Large corporations	*507,502*	*667,841*	*315,370*	*167,290*	*103,590*	*80,052*	*46,705*	*321,903*	*2,210,253*
SMEs and individual entrepreneurs	*3,270,886*	*932,831*	*629,147*	*419,976*	*361,418*	*328,765*	*210,340*	*881,362*	*7,034,725*
Other household	**5,301,360**	**5,314,306**	**1,932,065**	**1,683,680**	**1,248,140**	**872,402**	**1,229,671**	**2,433,691**	**20,015,315**
Homes	4,324,283	5,042,370	1,821,342	1,601,654	1,189,765	790,756	1,158,461	2,242,227	18,170,858
Consumption	290,007	117,574	53,691	41,342	28,882	42,632	43,264	120,161	737,553
Other purposes	687,070	154,362	57,032	40,684	29,493	39,014	27,946	71,303	1,106,904
Total	**16,790,342**	**9,562,804**	**2,941,130**	**2,410,500**	**1,854,167**	**1,443,415**	**1,574,802**	**4,203,004**	**53,447,792**

(*) The risk pertains to the Central Government and is not allocated by Autonomous Region.

	Thousands of euros								
	31/12/2020								
	Aragon	Madrid	Catalonia	Comm. of Valencia	Andalusia	Castilla León	Castilla La Mancha	Other	Total
Central banks and credit institutions	**8,008,760**	**65,951**	**-**	**27,063**	**21,584**	**-**	**-**	**116,004**	**8,239,362**
Government bodies	**158,489**	**58,542**	**8,762**	**63,996**	**20,787**	**86,295**	**14,870**	**464,467**	**11,159,034**
Central government (*)	-	-	-	-	-	-	-	-	10,282,826
Other public authorities	158,489	58,542	8,762	63,996	20,787	86,295	14,870	464,467	876,208
Other financial institutions and individual entrepreneurs (financial business activity)	**151,034**	**3,425,252**	**1,610**	**449**	**696**	**2,115**	**320**	**1,074**	**3,582,550**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**3,395,506**	**2,182,543**	**965,381**	**615,344**	**528,644**	**486,397**	**273,036**	**1,220,606**	**9,667,457**
Property construction and development (including land)	267,920	657,467	52,264	66,467	80,418	76,593	18,095	59,734	1,278,958
Civil engineering	1,441	24,768	2	-	-	267	-	150	26,628
Other purposes	3,126,145	1,500,308	913,115	548,877	448,226	409,537	254,941	1,160,722	8,361,871
Large corporations	*535,491*	*583,098*	*251,779*	*133,379*	*90,983*	*65,707*	*36,234*	*254,360*	*1,951,031*
SMEs and individual entrepreneurs	*2,590,654*	*917,210*	*661,336*	*415,498*	*357,243*	*343,830*	*218,707*	*906,362*	*6,410,840*
Other household	**5,527,566**	**5,401,921**	**1,957,435**	**1,733,119**	**1,291,608**	**916,796**	**1,283,623**	**2,536,304**	**20,648,372**
Homes	4,534,543	5,118,429	1,840,461	1,646,431	1,228,761	828,019	1,206,575	2,333,022	18,736,241
Consumption	307,058	124,967	54,838	44,508	30,535	46,374	44,704	128,911	781,895
Other purposes	685,965	158,525	62,136	42,180	32,312	42,403	32,344	74,371	1,130,236
Total	**17,241,355**	**11,134,209**	**2,933,188**	**2,439,971**	**1,863,319**	**1,491,603**	**1,571,849**	**4,338,455**	**53,296,775**

(*) The risk pertains to the Central Government and is not allocated by Autonomous Region.

2.7.4 Assets foreclosed or acquired in payment for debts.

The following is a breakdown regarding foreclosed or acquired property in payment of debt on 30 September 2021 and 31 December 2020:

	Thousands of euros			
	30/09/2021			
	Gross carrying amount (*)	Total allowances for impairment losses	Of which: Allowances for impairment losses from the time of the foreclosure	Carrying amount
Property acquired from loans for construction and development	**390,110**	**(249,888)**	**(146,020)**	**140,222**
Buildings and other completed structures	30,741	(15,270)	(7,265)	15,471
Housing	*9,884*	*(5,219)*	*(2,192)*	*4,665*
Other	*20,857*	*(10,051)*	*(5,073)*	*10,806*
Buildings and other structures under construction	3,579	(2,712)	(886)	867
Housing	*3,219*	*(2,434)*	*(743)*	*785*
Other	*360*	*(278)*	*(143)*	*82*
Land	355,790	(231,906)	(137,869)	123,884
Consolidated urban land	*83,487*	*(49,944)*	*(20,432)*	*33,543*
Other land	*272,303*	*(181,962)*	*(117,437)*	*90,341*
Property acquired in mortgage loans to households for housing acquisition	**103,341**	**(48,063)**	**(22,789)**	**55,278**
Other foreclosed or received property in payment of debt	**65,414**	**(32,818)**	**(11,627)**	**32,596**
	558,865	**(330,769)**	**(180,436)**	**228,096**

(*) Amount before deducting the allowances for impairment loss

	Thousands of euros			
	31/12/2020			
	Gross carrying amount (*)	Total allowances for impairment losses	Of which: Allowances for impairment losses from the time of the foreclosure	Carrying amount
Property acquired from loans for construction and development	**444,900**	**(286,929)**	**(175,151)**	**157,971**
Buildings and other completed structures	36,522	(18,012)	(9,201)	18,510
Housing	*14,540*	*(7,902)*	*(4,076)*	*6,638*
Other	*21,982*	*(10,110)*	*(5,125)*	*11,872*
Buildings and other structures under construction	3,578	(2,711)	(886)	867
Housing	*3,218*	*(2,433)*	*(743)*	*785*
Other	*360*	*(278)*	*(143)*	*82*
Land	404,800	(266,206)	(165,064)	138,594
Consolidated urban land	*104,560*	*(64,873)*	*(32,475)*	*39,687*
Other land	*300,240*	*(201,333)*	*(132,589)*	*98,907*
Property acquired in mortgage loans to households for housing acquisition	**107,931**	**(47,816)**	**(23,797)**	**60,115**
Other foreclosed or received property in payment of debt	**66,696**	**(32,668)**	**(12,390)**	**34,028**
	619,527	**(367,413)**	**(211,338)**	**252,114**

(*) Amount before deducting the allowances for impairment loss

The breakdown of the carrying amount of assets foreclosed or received as payment for debts classified by balance sheet item as at 30 September 2021 and 31 December 2020 is as follows:

	Thousands of euros				
	30/09/2021				
	Gross carrying amount	Allowances for impairment losses from lending	Accumulated depreciation	Allowances for impairment losses from the time of the foreclosure	Carrying amount
Tangible assets – Investment property	16,950	(2,440)	(589)	(4,541)	9,380
Other assets - Inventories	163,710	(33,300)	-	(91,213)	39,197
Non-current assets and disposal groups classified as held for sale	378,205	(113,896)	(108)	(84,682)	179,519
	558,865	**(149,636)**	**(697)**	**(180,436)**	**228,096**

	Thousands of euros				
	31/12/2020				
	Gross carrying amount	Allowances for impairment losses from lending	Accumulated depreciation	Allowances for impairment losses from the time of the foreclosure	Carrying amount
Tangible assets – Investment property	16,251	(2,204)	(565)	(4,049)	9,433
Other assets - Inventories	169,990	(34,789)	-	(92,831)	42,370
Non-current assets and disposal groups classified as held for sale	433,286	(118,384)	(133)	(114,458)	200,311
	619,527	**(155,377)**	**(698)**	**(211,338)**	**252,114**

2.7.5 Policies for the management of distressed assets

The Group establishes specific policies relating to the management of assets of the property sector.

These policies are focused on favouring fulfilment of the obligations of the borrowers and mitigate the risks to which the Group is exposed. In this sense, alternatives are searched for that allow for the completion and sale of the projects, analysing the renegotiation of the risks if it improves the credit position of the Group and with the basic purpose that the borrower can maintain his/her commercial activity. To do so, they keep in mind the previous experience with the borrower, the apparent willingness of payment and the improvement of the Group in terms of expected loss, seeking to increase the guarantees of the credits and not increase the customer's risk.

Additionally the Group supports the developers once the developments are finished, working together in the management and speeding up of sales.

If the support measurements are not possible or sufficient, other alternatives are searched for such as the granting in payment or the purchase of assets, with legal action and subsequent acquisition of property being the last option.

All those assets that form part of the Group's balance sheet are managed seeking their divestment or lease.

To do so, the Group has agreements with third parties or has instrumental companies, specialised in the management of urban projects, and property sales and lettings. The Group has specific Units to implement these strategies and coordinate the actions of instrumental subsidiaries, the branch office network and the rest of actors involved. Additionally, the Group has the website www.portalinmobiliario.ibercaja.es as a key tool to advertise properties to prospective buyers or tenants.

2.7.6 Information concerning refinancing and restructuring

The Group follows a policy aimed at utilising operations refinancing and restructuring as credit risk management instruments which, when implemented prudently and appropriately, contribute to improving risk quality, based on individualised analyses focused on providing economic viability to borrowers that, at some stage of the transaction, undergo transitory difficulties in meeting their payments commitments promptly at the time they fall due. The policy is aimed at:

- Ensuring the economic feasibility of borrowers and transactions (grant of interest free periods, increase in timeframes, etc.).

- Improving as far as possible the Bank's risk position through the delivery of additional effective guarantees and the review of existing collateral.

<u>Acceptance of transactions</u>:

In general, refinancing/restructuring transactions must meet the following requirements:

- Feasibility analysis based on the existence of the customer's intention and capacity to pay which although impaired with respect to inception, should exist under the new conditions.

- Bringing instalments into line with the client's real payment capacity following an up-to-date analysis of the borrower's supporting economic-financial situation.

- Assessment of the borrower's/operation's compliance record.

- Assessment of the effectiveness of existing guarantees and new guarantees to be provided. To this end, the following are considered effective guarantees:

  - Guarantees pledged over cash deposits, listed equity instruments and debt securities.

  - Mortgage guarantees over housing, offices and multi-purpose entities and rural properties.

  - Personal guarantees (guarantee deposits, new holders etc.) fully covering the guaranteed risk.

Approvals:

The branch network is not authorised to approve refinancing or restructuring operations. Transactions are authorised by the Recoveries Department of the Credit Risk Area, which is entirely separate from the Commercial Network.

In 2012 Ibercaja adhered to the Code of Good Practice for the viable restructuring of debts secured by mortgages over habitual dwellings governed by Royal Decree 6/2012.

A breakdown of refinancing and restructuring balances at 30 September 2021 and 31 December 2020 can be seen below:

	Thousands of euros			
	30/09/2021		31/12/2020	
	Total	Of which: default/not-performing	Total	Of which: default/not-performing
Gross amount	**618,376**	**402,342**	**736,561**	**496,929**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	**1,278**	**1,278**	**2,241**	**2,241**
Allowances for impairment of assets	**177,362**	**161,419**	**207,768**	**188,750**
Of which: collective	116,331	101,934	147,103	130,674
Of which: individual	61,031	59,485	60,665	58,076
Net amount	**439,736**	**239,645**	**526,552**	**305,938**
Value of the collateral received	**666,008**	**419,619**	**788,729**	**511,512**
Value of collateral	461,641	283,353	544,141	351,281
Value of other collateral	204,367	136,266	244,588	160,231

The total carrying amount of the financing granted to customers at 30 September 2021 amounted to 30,589,626 thousand euros (30,942,404 thousands of euros as at 31 December 2020).

The changes in refinanced and restructured transactions during the nine-month periods ended 30 September 2021 and 30 September 2020 are shown below:

	Thousands of euros	
	2021	2020
Balance at 1 January	**736,561**	**988,179**
(+) Refinancing and restructuring in the period	47,480	56,499
Memorandum items: impact recognised in the statement of profit and loss for the period	6,323	8,625
(-) Debt repayments	91,799	106,549
(-) Foreclosures	17,160	21,589
(-) Derecognitions (reclassification to written-off assets)	17,380	14,790
(+)/(-) Other changes (*)	(39,326)	(75,042)
Balance at 30 September	**618,376**	**826,708**

(*) Includes transactions that are no longer identified as refinancing, refinanced or restructured.

The breakdown of current balances of refinancing and restructuring as at 30 September 2021, is as follows:

	Thousands of euros							
	Total							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
					Maximum amount of the collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Property collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Government bodies	-	-	5	1,069	539	-	729	340
Other financial companies and individual entrepreneurs (financial business activity)	3	17	1	29	29	-	14	32
Non-financial companies and individual entrepreneurs (non-financial business activity)	1,045	77,033	886	167,436	127,342	1,120	105,495	138,974
of which: financing for property construction and development (including land)	*7*	*3,456*	*122*	*58,240*	*45,643*	*6*	*24,438*	*37,258*
Other household	2,123	24,607	4,133	348,185	311,610	50	72,402	300,390
Total	3,171	101,657	5,025	516,719	439,520	1,170	178,640	439,736
Additional information								
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

	Thousands of euros							
	of which: default/non-performing							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
					Maximum amount of the collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Property collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Government bodies	-	-	5	1,069	539	-	729	340
Other financial companies and individual entrepreneurs (financial business activity)	1	13	1	29	29	-	13	29
Non-financial companies and individual entrepreneurs (non-financial business activity)	612	53,196	635	129,071	95,183	315	98,882	83,385
of which: financing for property construction and development (including land)	*7*	*3,456*	*107*	*48,108*	*35,563*	*6*	*23,374*	*28,190*
Other household	1,396	18,614	2,406	200,350	174,669	39	63,073	155,891
Total	2,009	71,823	3,047	330,519	270,420	354	162,697	239,645
Additional information								
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

The breakdown of current balances of refinancing and restructuring as at 31 December 2020, is as follows:

	Thousands of euros							
	Total							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
					Maximum amount of the collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Property collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Government bodies	1	815	5	1,069	578	-	673	1,211
Other financial companies and individual entrepreneurs (financial business activity)	2	20	1	29	29	-	15	34
Non-financial companies and individual entrepreneurs (non-financial business activity)	1,216	95,376	1,031	205,267	160,439	766	122,962	177,681
of which: financing for property construction and development (including land)	*8*	*8,118*	*143*	*77,470*	*63,353*	*6*	*29,780*	*55,808*
Other household	2,412	28,902	4,773	405,083	358,161	130	86,359	347,626
Total	3,631	125,113	5,810	611,448	519,207	896	210,009	526,552
Additional information Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

	Thousands of euros							
	of which: default/non-performing							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
					Maximum amount of the collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Property collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Government bodies	-	-	5	1,069	578	-	673	396
Other financial companies and individual entrepreneurs (financial business activity)	1	17	1	29	29	-	14	32
Non-financial companies and individual entrepreneurs (non-financial business activity)	726	67,059	756	152,835	114,875	255	114,429	105,465
of which: financing for property construction and development (including land)	*7*	*7,978*	*125*	*57,739*	*43,761*	*6*	*28,882*	*36,835*
Other household	1,499	20,563	2,963	255,357	220,861	50	75,875	200,045
Total	2,226	87,639	3,725	409,290	336,343	305	190,991	305,938
Additional information Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

The detail is attached of the refinanced or restructured transactions that after the restructuring or refinancing were classified as non-performing during the nine months ended 30 September 2021 and in 2020:

	Thousands of euros	
	30/09/2021	31/12/2020
Government bodies	-	-
Other legal persons and individual entrepreneurs	840	7,269
Of which: financing for property construction and development	-	364
Other individuals	50	15,708
Total	890	22,977

2.7.7 Exposure to sovereign debt

Below, the following information is detailed regarding the exposure to sovereign debt at 30 September 2021 and 31 December 2020:

- Breakdown of the gross amount of the exposure per country:

	Thousands of euros	
	30/09/2021	31/12/2020
Spain	13,696,160	11,149,836
Italy	866,038	1,025,440
Portugal	75,887	89,445
United States	98,618	-
France	21,442	23,494
Other	10,357	10,694
Total gross amount	**14,768,502**	**12,298,909**
(Impairment losses)	*(907)*	*(821)*
Total net amount	**14,767,595**	**12,298,088**
of which: from the insurance company	4,323,943	4,893,693

- Breakdown of the gross amount of the exposure per portfolio in which the assets are recorded:

	Thousands of euros	
	30/09/2021	31/12/2020
Financial assets held for trading	-	-
Financial assets at fair value through profit or loss	6,536	7,416
Financial assets at fair value through other comprehensive income	4,437,695	4,838,244
Financial assets at amortised cost	10,324,271	7,453,249
	14,768,502	**12,298,909**
Of which: from the insurance company	4,323,943	4,893,693

The gross amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

- Breakdown of the term to residual maturity of the exposure per portfolio in which the assets are recorded:

	Thousands of euros					
	30/09/2021					
	Up to 3 months	From 3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial assets at fair value through profit or loss	-	-	4,820	1,716	-	6,536
Financial assets at fair value through other comprehensive income	75,211	339,271	779,189	531,752	2,712,272	4,437,695
Financial assets at amortised cost	127,019	843,132	2,012,694	2,327,362	5,014,064	10,324,271
Total	**202,230**	**1,182,403**	**2,796,703**	**2,860,830**	**7,726,336**	**14,768,502**
Of which: from the insurance company	75,211	337,245	800,690	533,513	2,577,284	4,323,943

	Thousands of euros					
	31/12/2020					
	Up to 3 months	From 3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial assets at fair value through profit or loss	-	-	1,347	6,069	-	7,416
Financial assets at fair value through other comprehensive income	51,287	458,161	835,536	717,024	2,776,236	4,838,244
Financial assets at amortised cost	9,330	251,571	264,504	1,885,920	5,041,924	7,453,249
Total	**60,617**	**709,732**	**1,101,387**	**2,609,013**	**7,818,160**	**12,298,909**
Of which: from the insurance company	57,254	458,161	807,711	724,223	2,846,344	4,893,693

- Other information

  - Fair value. The fair value of instruments in the portfolio of financial assets held for trading, the portfolio of financial assets designated at fair value through profit or loss and the portfolio of financial assets at fair value through other comprehensive income matches the carrying amount indicated above.

    Note 11 specifies the valuation methodology of the portfolio of financial assets at amortised cost, in which it is observed that the fair value detailed does not differ significantly from the carrying amount. The fair value associated to the sovereign risk is obtained via valuation techniques from level 1 (the description of them is given in Note 11).

  - The effect of a variation of 100 basis points in the interest rates would have an effect on the fair value of -5.35% (-5.85% in 2020).

2.8 Other information

Materiality

For the purposes of preparing the interim financial statements as at 30 September 2021, the materiality of the items and information presented has been evaluated on the basis of the figures shown in those statements and not on the basis of the amounts or balances corresponding to an annual period.

Earnings per share

- Basic earnings per share: determined by dividing the net profit attributable to the Group for the year, adjusted for the remuneration of issued equity instruments other than capital recorded in equity in the consolidated balance sheet, by the weighted average number of shares outstanding, excluding the average number of treasury shares held, during that period.

- Diluted earnings per share: both the amount of profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted for all dilutive effects inherent in potential ordinary shares (share options, warrants and convertible debt).

Basic and diluted earnings per share at 30 September 2021 and 2020 are detailed below:

	30/09/2021	30/09/2020(*)
Earnings per share numerator		
Profit/(loss) attributed to the parent (thousands of euros)	145,975	72,758
Adjustment: Remuneration of other equity instruments AT1 (thousands of euros)	(12,863)	(12,863)
Adjusted profit (thousands of euros)	133,112	59,895
Earnings per share denominator		
Average weighted number of shares	214,427,597	214,427,597
Basic and diluted earnings per share (euros)	**0.62**	**0.28**

(*) Restated figures (Note 2.2.)

At 30 September 2021 and 2020 there were no other financial instruments that have an effect on the calculation of diluted earnings per share, so basic and diluted earnings per share are the same.

Information regarding dividends paid

The following is detailed information as at 30 September 2021 and 2020 on dividends paid:

	30/09/2021			30/09/2020		
	% of nominal value	**€ per share**	**Amounts (thousands of euros)**	**% of nominal value**	**€ per share**	**Amounts (thousands of euros)**
Ordinary shares	0.18%	0.02	3,849	-	-	-
Other shares (no voting rights, callable, etc.)	-	-	-	-	-	-
Total dividends paid	**0.18%**	**0.02**	**3,849**	**-**	**-**	**-**
a) Dividends charged to income statement	0.18%	0.02	3,849	-	-	-
b) Dividends charged to reserves or share premium	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

As a consequence of the economic impacts generated by COVID-19, and with the aim of preserving the regulatory capital of credit institutions, the European Central Bank issued a recommendation on 27 March 2020 urging European banks under its supervision, including Ibercaja Banco, to refrain, at least until 1 October 2020, from distributing dividends or entering into irrevocable commitments to distribute dividends for 2019 and 2020, as well as from share buy-backs to remunerate shareholders. This recommendation was updated on 27 July 2020, extending the limitation until 1 January 2021.

Subsequently, on 15 December 2020, the European Central Bank again amended its recommendation, urging banks to be very prudent in deciding on dividend amounts or in repurchasing shares to remunerate shareholders until 30 September 2021. It also urges credit institutions that intend to implement dividend or share buy-back measures to remunerate shareholders to contact their joint supervisory teams, in the framework of the supervisory dialogue, to discuss the prudence of such measures.

It should be noted that between the end of the first half of the financial year 2021 and the authorisation for issue of these condensed consolidated interim financial statements, the European Central Bank has decided, in view of the improvement in the Eurosystem's macroeconomic expectations for the period 2021-2023, not to extend this recommendation on dividend payouts, urging, however, banks to maintain prudence in deciding whether to distribute dividends or to buy back shares to remunerate shareholders and to consider the impact of variable remuneration payments on their ability to maintain a strong capital base.

The Ibercaja Banco General Shareholders' Meeting held on 30 March 2020 approved the distribution of a dividend paid from profits from financial year 2019 for an amount of 17,500 million euros. However, due to the situation described above, the General Shareholders' Meeting signed a resolution on 3 April 2020 whereby the payment of the amount of the profit for the year for dividends was subject to a new resolution of this governing body, which should take place once the uncertainties caused by the pandemic situation had disappeared. On 7 October 2020, the Extraordinary General Meeting of Ibercaja Banco, S.A., held in writing and without a meeting, once again authorised, bearing in mind that the distribution of dividends was approved by the Ordinary General Meeting held on 30 March, the distribution to shareholders of the dividend for 2019 for the amount of 17,500 thousand euros which was paid on 13 October 2020.

The General Shareholders' Meeting of Ibercaja Banco held on 15 April 2021 approved the distribution of a dividend out of 2020 results in the amount of 3,849 thousand euros, in full compliance with the aforementioned recommendations of the European Central Bank. The dividend was paid on 16 April 2021.

Seasonality of operations

Given the nature of the activities and operations carried out by the Group, they are not affected by the seasonality or cyclical factors that may exist in other types of business.

Solvency information

The Ibercaja Banco Group determines its capital and leverage ratios in accordance with the provisions of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 relating to the taking up and pursuit of the business of credit institutions and their prudential supervision (CRD IV), and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR) as updated by Regulation (EU) 2019/876 of the European Parliament and of the Council (CRR II) and Regulation (EU) 2020/873 of the European Parliament and of the Council (CRR II Quick Fix).

At 30 September 2021, the Ibercaja Banco Group was complying with the minimum solvency ratios (Basel Pilar I) demanded by current regulations, as detailed in the following tables:

	30/09/2021	31/12/2020
Capital ratios		
Eligible common equity tier 1 (thousands of euros) (a)	2,467,031	2,484,668
Additional eligible equity tier 1 (thousands of euros) (b)	350,000	350,000
Eligible equity tier 2 (thousands of euros) (c)	500,000	500,000
Risks (thousands of euros) (d)	18,165,265	18,248,449
Common equity tier 1 ratio (CET 1) (A)=(a)/(d)	13.58%	13.62%
Additional tier 1 capital ratio (AT 1) (B)=(b)/(d)	1.93%	1.92%
Tier 1 capital ratio (Tier 1) (A)+(B)	15.51%	15.53%
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	2.75%	2.74%
Total capital ratio (A)+(B)+(C)	**18.26%**	**18.27%**

	30/09/2021	31/12/2020
Market leverage		
Tier 1 capital (thousands of euros) (a)	2,817,031	2,834,668
Exposure (thousands of euros) (b)	46,343,958	45,295,546
Leverage ratio (a)/(b)	**6.08%**	**6.26%**

Pursuant to the requirements established in the CRR, credit institutions must comply at all times with a CET1 ratio of 4.5%, Tier I of 6% and a total solvency ratio of 8%. However, under the new regulatory framework, the regulators may request the entities to maintain additional levels of capital.

Accordingly, the European Central Bank (ECB) notified its decision with respect to the prudent minimum capital requirements for 2020 applicable to Ibercaja Banco, following the supervisory review and evaluation process (SREP). The ECB has not announced any subsequent amendments to this decision, so these requirements remain in place for the financial year 2021.

The decision means that Ibercaja Banco must maintain a phased-in common equity tier 1 (CET1) ratio of 8.125% and a total capital ratio of 12.50%. This total capital requirement includes the minimum demanded for Pillar 1 (4.5% CET 1 and 8% of total capital), the Pillar 2 requirement (1.125% for CET1 and 2% for total capital) and the capital conservation buffer (2.5%).

At 30 September 2021, Ibercaja Banco's consolidated ratios, CET1 of 13.58% and total capital of 18.26%, stood at 5.46 points and 5.76 points, respectively, above the regulatory requirements established for 2021.

Other events

In the nine months ended 30 September 2021, there was no significant event whose nature, amount or impact might significantly affect the Group's assets, liabilities, equity or results, except for those indicated in the different sections of these Notes.

3. Composition of Ibercaja Banco Group

Note 2 to the consolidated financial statements of the Ibercaja Banco Group at 31 December 2020 describes the criteria used by the Group to consider an entity to be a subsidiary, jointly controlled entity or associate, together with the consolidation and measurement methods applied to each of them for the purposes of preparing these consolidated financial statements. Appendices I and II to said consolidate report include a listing of the companies considered to be subsidiaries, jointly controlled entities and associates, respectively, for the purposes of preparing the aforementioned consolidated financial statements, together with certain relevant information thereon available at the date of preparation.

In these interim financial statements at 30 September 2021, the criteria applied to consider a company to be a subsidiary, jointly controlled entity or associate and the consolidation or measurement methods applied to each type of company have not changed with respect to 31 December 2020.

The nine months ended 30 September 2021 saw the following acquisitions or other increases in holdings in subsidiaries, joint ventures and/or investments in associates:

Name of entity (or activity) acquired or merged	Category	Effective date of operation	Cost (net) of combination (a) + (b) (thousands of euros)		% voting rights acquired	% of total voting rights in the entity following acquisition
			Amount (net) paid in acquisition + other costs directly attributable to combination (a)	Fair value of equity instruments issued for acquisition of entity (b)		
Viacajas, S.L.	Associate	11/05/2021	597	-	4.46%	20.59%

The following is a breakdown of the decrease at 30 September 2021 of holdings in subsidiaries, joint ventures and/or investments in associates or similar operations:

Name of entity (or activity) disposed of, spun off or written off	Category	Effective date of operation	% of voting rights disposed of or written off	% of total voting rights in the entity following disposal	Profit /(loss) generated (thousands of euros)
C y E Badajoz Servicios Sociosanitarios, S.A.	Associate	14/06/2021	33.00%	-	-

4. Segment reporting

The ultimate decision-making body responsible for defining the operating segments is the Group's Management Committee. The Group has concluded that there are no distinct segments, as the results of its activities are not examined on an independent basis by Management, for the following reasons:

- The services provided to customers do not differ significantly from each other, and therefore there is no justification for a differentiated supervision.
- Non-banking activities (not including the marketing of bancassurance products) are immaterial.

The Group carries out all its activity in Spain. The Group therefore considers it has a single geographical segment for operating purposes (Note 8.1).

5. Financial assets

5.1 Disclosure of financial assets

The breakdown, by type and category, of the financial assets included in the Bank's balance sheet and in the Group's consolidated balance sheet as at 30 September 2021 and 31 December 2020, is as follows:

	Thousands of euros				
	30/09/2021				
	Financial assets held for trading	**Financial assets not held for trading mandatorily measured at fair value through profit or loss**	**Financial assets at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**
Derivatives	2,989	-	-	-	-
Equity instruments	-	-	-	344,462	-
Debt securities	-	-	-	287,523	9,475,749
Loans and advances	-	1,694	-	-	31,079,504
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	*249,783*
Customers	-	*1,694*	-	-	*30,829,721*
BANK TOTAL	**2,989**	**1,694**	**-**	**631,985**	**40,555,253**
Derivatives	4,525	-	-	-	-
Equity instruments	-	1,531,934	-	382,749	-
Debt securities	-	-	7,715	5,999,507	9,561,770
Loans and advances	-	1,694	-	-	30,842,071
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	*254,139*
Customers	-	*1,694*	-	-	*30,587,932*
GROUP TOTAL	**4,525**	**1,533,628**	**7,715**	**6,382,256**	**40,403,841**

	Thousands of euros				
	31/12/2020				
	Financial assets held for trading	Financial assets not held for trading mandatorily measured at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
Derivatives	4,953	-	-	-	-
Equity instruments	-	-	-	311,733	-
Debt securities	-	-	-	125,555	8,386,550
Loans and advances	-	1,542	-	-	31,471,724
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	*282,362*
Customers	-	*1,542*	-	-	*31,189,362*
BANK TOTAL	**4,953**	**1,542**	**-**	**437,288**	**39,858,274**
Derivatives	5,503	-	-	-	-
Equity instruments	-	824,170	-	353,872	-
Debt securities	-	28,009	8,602	6,669,456	8,474,312
Loans and advances	-	1,542	-	-	31,252,513
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	*311,651*
Customers	-	*1,542*	-	-	*30,940,862*
GROUP TOTAL	**5,503**	**853,721**	**8,602**	**7,023,328**	**39,726,825**

5.2 Financial assets not held for trading mandatorily measured at fair value through profit or loss

5.2.1 Breakdown of the balance and maximum credit risk

Below is a breakdown of the financial assets included in this category at 30 September 2021 and 31 December 2020:

	Thousands of euros	
	30/09/2021	31/12/2020
Debt securities	-	28,009
Unimpaired assets	-	*28,009*
Impaired assets	-	-
Credits and loans	2,972	3,783
Unimpaired assets	*1,694*	*1,542*
Impaired assets	*1,278*	*2,241*
Shares	-	-
Ownership interests in Investment Funds	1,531,934	824,170
Total gross amount	**1,534,906**	**855,962**
(Accumulated negative changes in fair value due to credit risk from non-performing exposures)	(1,278)	(2,241)
Total net amount	**1,533,628**	**853,721**

The Group classifies financial assets to this portfolio when their contractual terms do not give rise to cash flows consisting solely of principal and interest payments (SPPI test). The portfolio also includes equity assets (investment fund units) that are managed jointly with insurance liabilities ("Unit linked") measured at fair value, which make up almost the entire balance. The change in "Ownership interests in Investment Funds" is mainly due to the acquisition of unit-linked units in the first nine months of 2021, which resulted in a decrease in liabilities under insurance or reinsurance contracts.

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

In the first half of 2020, the Group, on the basis of the latest Business Plan approved by Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (SAREB), decreased the value of the subordinated debt it held in this entity by 10,350 thousand euros, recognised with a charge to “Gains/losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net” in the consolidated income statement (Note 15.6, reducing the carrying amount of the asset to zero.

During the nine months ended 30 September 2021, this subordinated debt was converted into registered shares of SAREB. The debt issue was fully redeemed and the new shares of the Company were classified under “Financial assets at fair value through other comprehensive income” on the consolidated balance sheet, without generating any impairment loss or effect on equity on the consolidated balance sheet or consolidated income statement, since both the issue and the Company’s shares had been fully impaired by then.

5.2.2 Credit quality of portfolio of financial assets not held for trading mandatorily measured at fair value through profit or loss

There follows a description of the credit quality of the portfolio of non-trading financial assets mandatorily measured at fair value through profit or loss at 30 September 2021 and 31 December 2020:

	Thousands of euros			
	30/09/2021			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**1,694**	**-**	**1,278**	**2,972**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	-	-	1,278	1,278
Net amount	**1,694**	**-**	**-**	**1,694**

	Thousands of euros			
	31/12/2020			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**29,551**	**-**	**2,241**	**31,792**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	-	-	2,241	2,241
Net amount	**29,551**	**-**	**-**	**29,551**

5.3 Financial assets at fair value through other comprehensive income

5.3.1 Breakdown of the balance and maximum credit risk

Below is a breakdown of the financial assets included in this category at 30 September 2021 and 31 December 2020:

	Thousands of euros	
	30/09/2021	31/12/2020
Debt securities	6,004,546	6,676,068
Unimpaired assets	*6,004,546*	*6,676,068*
Impaired assets	-	-
Equity instruments	382,749	353,872
Total gross amount	**6,387,295**	**7,029,940**
(Impairment losses)	(5,039)	(6,612)
Total net amount	**6,382,256**	**7,023,328**

The entirety of losses from impairment detailed in the table above are related to the coverage against credit risk of debt securities, which are reversible.

On 24 January 2020, Ibercaja Banco, S.A. signed a contract of sale with Helvetia Schweizerische Versicherungsgesellschaft AG for part of its shareholding in Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. ("Caser"), which represents 4.45% of the share capital and voting rights of this company. On 25 June 2020, Ibercaja obtained the relevant regulatory authorisations to formalise the aforementioned sale, which materialised for a final price of 53 million euros. The recording of this transaction entailed a reclassification between equity items from "Accumulated other comprehensive income" to "Other reserves" in the amount of 32 million euros. Ibercaja holds a 9.5% stake in Caser.

The positive impact of this transaction on Ibercaja's fully-loaded Common Equity Tier 1 (CET1) ratio at 30 June 2020 amounted to 24 basis points.

Additionally, Ibercaja formalised an agreement for a modifying novation of its non-life insurance distribution contract on the same date with Caser (through the linked bancassurance operator, Ibercaja Mediación de Seguros, S.A.U.).

This novation meant for Ibercaja, in addition to the maintenance of the distribution fees, the collection of an initial fixed fee of 70 million euros not subject to review and not adjustable for any circumstance or event as supplementary consideration for the performance of insurance mediation activities and the collection of the variable payment for the fulfilment of the Business Plan of the previous agency contract, which is settled with the signing of this new agreement. Based on the specifications set out in IFRS 15 Revenue from contracts with customers, the Group recognised 15 million euros under "Other operating income" in the consolidated income statement (Note 2.2 and 15.7). The remainder of the amount of the initial fixed fee will accrue over ten years on the basis of the provisions of the aforementioned standard.

Finally, the signing of this contract could result in additional profit-sharing payments of up to 50 million euros over the next 10 years. Such receipts shall be recorded as revenue on an accruals basis.

As explained in Note 5.2.1, this caption includes the new shares of the Bank's stake in SAREB, which is fully impaired.

5.3.2 Credit risk hedges

The movement of the registered impairment losses for the credit risk hedge of the debt securities during the nine-month periods ended 30 September 2021 and 2020 is presented below:

	Thousands of euros	
	30/09/2021	**30/09/2020**
Opening balance	**6,612**	**7,999**
Transfer charged to profit for the year	1,106	8,492
Reversal of provisions taken to income statement	(2,679)	(7,182)
Amounts used	-	(3,257)
Exchange differences and other movements	-	253
Closing balance	**5,039**	**6,305**
Of which:		
- Individually determined	-	-
- Collectively determined	5,039	6,305

5.4 Financial assets at amortised cost

5.4.1 Breakdown of the balance and maximum credit risk

Below is a breakdown of the financial assets included in this category at 30 September 2021 and 31 December 2020:

	Thousands of euros	
	30/09/2021	**31/12/2020**
Debt securities	9,561,848	8,474,475
Unimpaired assets	*9,561,848*	*8,474,475*
Impaired assets	-	-
Loans and advances	31,431,245	31,897,450
Credit institutions	254,139	311,651
Customers	31,177,106	31,585,799
Unimpaired assets	*30,335,983*	*30,575,102*
Impaired assets	*841,123*	*1,010,697*
Total gross amount	**40,993,093**	**40,371,925**
(Impairment losses)	(589,252)	(645,100)
Total net amount	**40,403,841**	**39,726,825**

In the financial year 2020, the Group carried out a sale transaction of its Spanish government debt securities portfolio for a nominal value of 1,381,770 thousand euros, of which 300,000 thousand euros were executed through a forward sale (Note 11.2 of the consolidated financial statements for the financial year 2020) which materialised in the first half of the financial year 2021. The result of this transaction amounts to 33,102 thousand euros, which has been recognised under “Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net - Financial assets at amortised cost” in the condensed consolidated interim income statement.

Given that this sale transaction was carried out in response to the extraordinary circumstances of the pandemic caused by COVID-19 and the unusual magnitude of the challenges posed, in accordance with the business model under which the affected assets are managed, and in accordance with the provisions of IFRS 9, the Group has proceeded with the replacement of the portfolio for a nominal amount of 1,695,000 thousand euros.

5.4.2 Impaired assets

The financial assets classified as financial assets at amortised cost and considered as impaired owing to their credit risk are shown below as at 30 September 2021 and 31 December 2020:

	Thousands of euros	
	30/09/2021	**31/12/2020**
Resident government bodies	1,246	1,246
Other resident sectors	835,674	1,005,184
Other non-resident sectors	4,203	4,267
	841,123	**1,010,697**

5.4.3 Credit risk hedges

The changes in the gross balance of financial assets included in this category in the nine-month periods ended 30 September 2021 and 2020 are presented below:

	Thousands of euros			
	30/09/2021			
	Stage 1	Stage 2	Stage 3	Total
Gross balance at 1 January	**37,683,374**	**1,677,854**	**1,010,697**	**40,371,925**
Transfers:	(118,510)	83,333	35,177	-
from stage 1 to stage 2:	*(597,532)*	*597,532*	-	-
from stage 1 to stage 3	*(32,670)*	-	*32,670*	-
from stage 2 to stage 3	-	*(52,344)*	*52,344*	-
from stage 3 to stage 2	-	*48,899*	*(48,899)*	-
from stage 2 to stage 1	*510,754*	*(510,754)*	-	-
from stage 3 to stage 1	*938*	-	*(938)*	-
Increases	9,211,040	147,373	22,395	9,380,808
Decreases	(8,245,093)	(287,401)	(116,240)	(8,648,734)
Transfers to write-offs	-	-	(110,906)	(110,906)
Other movements	-	-	-	-
Gross balance at 30 September	**38,530,811**	**1,621,159**	**841,123**	**40,993,093**

	Thousands of euros			
	30/09/2020			
	Stage 1	Stage 2	Stage 3	Total
Gross balance at 1 January	**37,717,017**	**1,403,209**	**1,290,930**	**40,411,156**
Transfers:	(60,767)	(12,681)	73,448	-
from stage 1 to stage 2:	*(466,952)*	*466,952*	-	-
from stage 1 to stage 3	*(48,856)*	-	*48,856*	-
from stage 2 to stage 3	-	*(92,211)*	*92,211*	-
from stage 3 to stage 2	-	*65,886*	*(65,886)*	-
from stage 2 to stage 1	*453,308*	*(453,308)*	-	-
from stage 3 to stage 1	*1,733*	-	*(1,733)*	-
Increases	9,975,905	112,992	32,666	10,121,563
Decreases	(8,011,186)	(253,003)	(108,319)	(8,372,508)
Transfers to write-offs	-	-	(132,764)	(132,764)
Other movements	-	-	-	-
Gross balance at 30 September	**39,620,969**	**1,250,517**	**1,155,961**	**42,027,447**

The movements are shown below of the impairment value corrections of the nine-month periods ended 30 September 2021 and 2020 and their accumulated value at the start and end of said periods of debt instruments of this portfolio classified as loans and receivables (thousands of euros):

	Thousands of euros			
	30/09/2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**52,154**	**132,330**	**460,616**	**645,100**
Of which:				
- Individually determined	-	*12,270*	*97,105*	*109,375*
- Collectively determined	*52,154*	*120,060*	*363,511*	*535,725*
Changes through profit or loss:	**(49,720)**	**35,969**	**84,886**	**71,135**
Increases in origination	35,754	-	-	35,754
Changes due to changes in credit risk	(52,302)	38,485	102,516	88,699
Changes in calculation method	-	-	-	-
Other	(33,172)	(2,516)	(17,630)	(53,318)
Changes other than through profit or loss:	**48,851**	**(45,057)**	**(130,777)**	**(126,983)**
Transfers:	48,851	(45,057)	(3,794)	-
from stage 1 to stage 2:	*(12,329)*	*12,329*	-	-
from stage 1 to stage 3:	*(172)*	-	*172*	-
from stage 2 to stage 3:	-	*(8,584)*	*8,584*	-
from stage 3 to stage 2	-	*12,253*	*(12,253)*	-
from stage 2 to stage 1	*61,055*	*(61,055)*	-	-
from stage 3 to stage 1	*297*	-	*(297)*	-
Existing provisions utilised	-	-	(113,703)	(113,703)
Other movements	-	-	(13,280)	(13,280)
Balance at 30 September	**51,285**	**123,242**	**414,725**	**589,252**
Of which:				
- Individually determined	-	*11,584*	*94,107*	*105,691*
- Collectively determined	*51,285*	*111,658*	*320,618*	*483,561*

	Thousands of euros			
	30/09/2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**60,248**	**65,200**	**516,940**	**642,388**
Of which:				
- Individually determined	-	*10,109*	*124,634*	*134,743*
- Collectively determined	*60,248*	*55,091*	*392,306*	*507,645*
Changes through profit or loss:	**(9,545)**	**53,757**	**138,395**	**182,607**
Increases in origination	33,859	-	-	33,859
Changes due to changes in credit risk	(7,645)	56,614	149,115	198,084
Changes in calculation method	-	-	-	-
Other	(35,759)	(2,857)	(10,720)	(49,336)
Changes other than through profit or loss:	**50,857**	**(50,900)**	**(148,655)**	**(148,698)**
Transfers:	50,857	(50,900)	43	-
from stage 1 to stage 2:	*(13,323)*	*13,323*	-	-
from stage 1 to stage 3:	*(306)*	-	*306*	-
from stage 2 to stage 3:	-	*(14,921)*	*14,921*	-
from stage 3 to stage 2	-	*14,904*	*(14,904)*	-
from stage 2 to stage 1	*64,206*	*(64,206)*	-	-
from stage 3 to stage 1	*280*	-	*(280)*	-
Existing provisions utilised	-	-	(134,233)	(134,233)
Other movements	-	-	(14,465)	(14,465)
Balance at 30 September	**101,560**	**68,057**	**506,680**	**676,297**
Of which:				
- Individually determined	-	*9,557*	*106,808*	*116,365*
- Collectively determined	*101,560*	*58,500*	*399,872*	*559,932*

The detail of the impaired losses by counterparty classes is as follows:

	Thousands of euros	
	30/09/2021	31/12/2020
Resident government bodies	909	821
Other resident sectors	586,376	641,948
Other non-resident sectors	1,967	2,331
	589,252	**645,100**

The various items recognised in the nine-month periods ended 30 September 2021 and 2020 under “Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss - Financial assets at amortised cost” in the consolidated income statements for those years are presented below:

	Thousands of euros	
	30/09/2021	30/09/2020
Impairment losses credited to allowances for assets	71,135	182,607
Recovery of written-off assets	(5,721)	(3,639)
	65,414	**178,968**

5.4.4 Credit quality of portfolio of financial assets at amortised cost

The credit quality of the portfolio of financial assets at amortised cost at 30 September 2021 and 31 December 2020 is detailed below:

	Thousands of euros			
	30/09/2021			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**38,530,811**	**1,621,159**	**841,123**	**40,993,093**
Allowances for impairment of assets	**51,285**	**123,242**	**414,725**	**589,252**
Of which: calculated collectively	51,285	111,658	320,618	483,561
Of which: calculated separately	-	11,584	94,107	105,691
Net amount	**38,479,526**	**1,497,917**	**426,398**	**40,403,841**

	Thousands of euros			
	31/12/2020			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**37,683,374**	**1,677,854**	**1,010,697**	**40,371,925**
Allowances for impairment of assets	**52,154**	**132,330**	**460,616**	**645,100**
Of which: calculated collectively	52,154	120,060	363,511	535,725
Of which: calculated separately	-	12,270	97,105	109,375
Net amount	**37,631,220**	**1,545,524**	**550,081**	**39,726,825**

The changes in exposures classified in stage 3 during the nine-month periods ended 30 September 2021 and 2020 are shown below:

	Thousands of euros	
	30/09/2021	30/09/2020
Opening balance	**1,010,697**	**1,290,930**
(+) Refinancing and restructuring	24,028	49,342
(+) Other additions of the period	112,156	171,076
(-) Foreclosures	(41,854)	(42,953)
(-) Collections and exits from NPE	(155,116)	(186,466)
(-) Derecognitions (reclassification to written-off assets)	(110,906)	(132,764)
(+)/(-) Other changes	2,118	6,796
Closing balance	**841,123**	**1,155,961**

Guarantees received and financial guarantees granted break down as follows at 30 September 2021 and 31 December 2020:

	Thousands of euros	
	30/09/2021	31/12/2020
Value of collateral	20,860,566	21,535,458
Of which: guarantees normal risks on special watch	*1,047,148*	*1,124,234*
Of which: guarantees non-performing risks	*536,418*	*642,981*
Value of other collateral	7,184,465	7,344,364
Of which: guarantees normal risks on special watch	*731,580*	*713,748*
Of which: guarantees non-performing risks	*279,791*	*316,958*
Total value of the collateral received	**28,045,031**	**28,879,822**

	Thousands of euros	
	30/09/2021	31/12/2020
Loan commitments given	**3,516,114**	**3,288,448**
Of which: amount classified as normal on special watch	*63,931*	*65,121*
Of which: classified as non-performing	*5,624*	*5,732*
Amount recognised under liabilities on the balance sheet	4,435	4,898
Financial guarantees granted	**99,102**	**93,631**
Of which: amount classified as normal on special watch	*9,183*	*5,259*
Of which: classified as non-performing	*4,839*	*5,495*
Amount recognised under liabilities on the balance sheet	5,770	6,048
Other commitments given	**820,397**	**795,006**
Of which: amount classified as normal on special watch	*551*	*4,866*
Of which: classified as non-performing	*26,196*	*31,270*
Amount recognised under liabilities on the balance sheet	6,567	8,531

5.5 Credit quality of debt securities

The concentration of credit quality risk in debt securities based on the counterparty's rating at 30 September 2021 and 31 December 2020:

	Thousands of euros			
	30/09/2021			
	Financial assets not held for trading mandatorily measured at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
AAA / AA	-	-	212,944	7,727
A	-	4,819	3,854,267	6,683,760
BBB	-	2,896	1,932,296	2,839,917
BB	-	-	-	30,366
B	-	-	-	-
CCC	-	-	-	-
Unrated	-	-	-	-
Total	**-**	**7,715**	**5,999,507**	**9,561,770**

	Thousands of euros			
	31/12/2020			
	Financial assets not held for trading mandatorily measured at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
AAA / AA	-	-	154,612	7,719
A	18,008	5,473	4,287,913	5,619,781
BBB	10,001	3,129	2,221,418	2,816,381
BB	-	-	5,513	30,431
B	-	-	-	-
CCC	-	-	-	-
Unrated	-	-	-	-
Total	**28,009**	**8,602**	**6,669,456**	**8,474,312**

5.6 Impact of COVID-19 on classification and impairment of financial instruments (IFRS 9)

5.6.1 Measures implemented to mitigate the impacts of COVID-19

On 18 March 2020, Royal Decree-Law 8/2020 of 17 March on extraordinary urgent measures to address the economic and social impact of COVID-19 was published. On 1 April, Royal Decree-Law 11/2020 of 31 March was published, adopting urgent additional measures in the social and economic sphere to deal with COVID-19, which amended the previous Royal Decree-Law 8/2020, introducing modifications that improve or extend it.

One of the measures developed by these Royal Decrees is aimed at ensuring the protection of mortgage debtors in a situation of economic vulnerability, establishing a moratorium on the payment of their mortgage on their principal residence, loans secured by property used for economic activity, those secured by housing that was intended for rental and in which the debtor has ceased to receive rent due to the COVID-19 situation, as well as loan and credit contracts without mortgage collateral, including consumer loans. Banks could enter into such transactions until 29 September 2020.

Subsequently, Royal Decree-Law 3/2021 of 2 February was published, adopting measures to reduce the gender gap and other matters in the social security and economic fields. Among the measures it includes is the extension of the deadline for applying for moratoriums, consistent with the extent of the effects of the pandemic. In this way, the beneficiaries of any moratoriums, whether legal or under a sector understanding, are allowed to take advantage of them for a maximum cumulative duration of nine months, including those who had initially requested a moratorium for a shorter period. The deadline to apply for these moratoriums was extended to 31 March 2021.

Another of the measures adopted in Royal Decree-Law 8/2020 addressed the difficult economic situation that companies and the self-employed would have to face as a result of the health crisis by creating a 100 billion euro line of guarantees on behalf of the State to guarantee part of the financing that credit institutions grant to companies and the self-employed to meet their liquidity needs. This line has been managed by the Official Credit Institute (ICO) and its objective is to facilitate granting sufficient liquidity to maintain employment and alleviate the economic effects of COVID-19. Institutions could enter into such transactions until 1 June 2021, provided that they did not exhaust the amounts of guaranteed financing granted by the Instituto de Crédito Oficial before then.

Similarly, on 3 July 2020, Royal Decree-Law 25/2020 was published, approving the creation of a 40 billion euro line of guarantees on behalf of the State to guarantee part of the financing that credit institutions grant to companies and the self-employed to meet their needs for new investments. Institutions could enter into such transactions until 1 June 2021, provided that they did not exhaust the amounts of guaranteed financing granted by the Instituto de Crédito Oficial before then.

Subsequently, the publication of Royal Decree-Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, and in the area of taxation, in addition to extending the application period for these publicly-guaranteed financing transactions until 1 June 2021, lays down an extension of the maturity and grace periods of these transactions for all debtors who so request. Specifically, the maturity of these transactions will be extended by a maximum of three years, provided that the total maturity of the guaranteed transaction does not exceed eight years from the date of the initial formalisation of the transaction, and the grace period for the repayment of the principal of the guaranteed transaction will be increased by a maximum of twelve additional months, if the total grace period, taking into account the initial grace period, does not exceed twenty-four months.

The Group also adhered to the Sector Understanding on the deferral of financing transactions for customers affected by the coronavirus crisis, approved by the Board of the Spanish Confederation of Savings Banks (CECA) and published on 16 April 2020. The purpose of this agreement is to establish the framework and general criteria for certain debtors affected by this health crisis to defer payment of mortgage loans or credits and personal loans or credits. Entities could enter into such transactions until 30 September 2020.

On 15 December 2020, CECA issued an addendum to the abovementioned Sector Understanding, adapting the term of the Sector Understanding until 30 March 2021, the latest date for submission of applications under this Sector Understanding, in line with the new provisions contained in the EBA/GL/2020/15 Guidelines.

Royal Decree-Law 5/2021 of 12 March on extraordinary measures to support business solvency in response to the COVID-19 pandemic approves three levels of possible action on financing guaranteed by the ICO to strengthen business solvency. The Resolution of the Council of Ministers of 11 May 2021 approved the Code of Good Practices, to which the Bank adheres, and on the basis of which the three possible levels of action regulated by this Royal Decree-Law are structured:

- Extension of the maturity of guarantees
- Conversion of guaranteed financing into participating loans
- Transfers for reduction of outstanding principal of guaranteed loans

In addition, Royal Decree-Law 5/2021 extends until 31 December 2021 the deadline for applying for guarantees under the ICO Avales COVID-19 line, implemented pursuant to Royal Decree-Law 8/2020 and Royal Decree-Law 25/2020.

In this context, the Group has been granting its customers both moratoriums under the aforementioned Royal Decrees (legal moratoriums) and moratoriums under the sector agreement (sectoral moratorium), as well as transactions with guarantees from the COVID-19 ICO line, in order to reach a larger number of those affected by the health crisis.

The detail of these transactions as at 30 September 2021 and 31 December 2020 is as follows:

	Thousands of euros								
	30/09/2021								
	Total data						Breakdown of outstanding amounts by risk stage		
	Number of transactions granted	Balance granted	of which: statutory moratoriums	of which: extended moratoriums	of which: expired moratoriums	Outstanding balance	Stage 1	Stage 2	Stage 3
Loans and advances subject to statutory and sectoral moratoriums									
Mortgage operations	7,714	709,571	612,623	246,764	621,622	87,949	56,249	30,463	1,237
Consumer finance	395	3,920	3,663	1,519	3,478	442	304	95	43
Other operations	945	45,748	38,294	15,498	38,183	7,566	5,464	2,095	7
Total	**9,054**	**759,239**	**654,580**	**263,781**	**663,283**	**95,957**	**62,017**	**32,653**	**1,287**

	Thousands of euros								
	31/12/2020								
	Total data						Breakdown of outstanding amounts by risk stage		
	Number of transactions granted	Balance granted	of which: statutory moratoriums	of which: extended moratoriums	of which: expired moratoriums	Outstanding balance	Stage 1	Stage 2	Stage 3
Loans and advances subject to statutory and sectoral moratoriums									
Mortgage operations	7,353	688,112	607,058	232,826	348,039	340,073	241,165	89,479	9,429
Consumer finance	372	4,179	3,987	1,649	3,059	1,120	1,034	72	14
Other operations	939	49,130	41,414	14,813	24,194	24,936	20,783	3,651	502
Total	**8,664**	**741,421**	**652,459**	**249,288**	**375,292**	**366,129**	**262,982**	**93,202**	**9,945**

	Thousands of euros						
	30/09/2021						
	Total data				Breakdown of outstanding amounts by risk stage		
	Number of transactions granted	Amount granted	Amount guaranteed	Outstanding balance	Stage 1	Stage 2	Stage 3
COVID-19 ICO Guarantees	**19,581**	**2,093,088**	**1,279,413**	**1,660,645**	**1,371,688**	**269,183**	**19,774**
Self-employed	3,820	86,525	60,470	75,600	69,050	5,429	1,121
SMEs	14,626	1,602,845	989,144	1,254,081	1,023,702	214,149	16,230
Other corporations	1,135	403,718	229,799	330,964	278,936	49,605	2,423

	Thousands of euros						
	31/12/2020						
	Total data				Breakdown of outstanding amounts by risk stage		
	Number of transactions granted	Amount granted	Amount guaranteed	Outstanding balance	Stage 1	Stage 2	Stage 3
COVID-19 ICO Guarantees	**17,082**	**1,829,587**	**1,089,024**	**1,454,067**	**1,272,178**	**179,493**	**2,396**
Self-employed	3,619	80,685	57,417	73,451	72,766	607	78
SMEs	12,804	1,417,729	856,006	1,111,003	953,368	155,398	2,237
Other corporations	659	331,173	175,601	269,613	246,044	23,488	81

In addition to these support operations established in legal and sector-wide frameworks, the Group, in its desire to help its customers overcome this crisis, has renegotiated certain financial leasing transactions whose holders had accredited correct compliance with their financial obligations and who, as a result of COVID-19, are experiencing temporary financial difficulties. As at 30 September 2021, the Group has granted 279 transactions of this type for a total amount of 4,192 thousand euros (285 transactions for a total amount of 2,170 thousand euros as at 31 December 2020).

All the transactions described above have been carried out in accordance with the provisions of the regulations of the Royal Decrees, as well as the guidelines and sector understandings.

The characteristics of the financial instruments under which these mitigation measures have been implemented are as follows:

- **Statutory moratoriums:** entails the suspension of the mortgage debt for a period of three months and the consequent non-application, during the period of validity of the same, of the early maturity clause that, where applicable, was included in the mortgage loan contract. During the period of validity, the Bank may not demand payment of the mortgage instalment, nor of any of the items comprising it (amortisation of the capital or payment of interest), either in full or as a percentage. As at 30 September 2021, legal moratorium measures have been formalised affecting 7,874 transactions, whose outstanding risk exposure amounts to 62,297 thousand euros (7,695 transactions with an outstanding risk of 39,743 thousand euros as at 31 December 2020). In accordance with IFRS 9, these measures have resulted in a non-substantial modification of the contract and therefore the affected assets have not been derecognised, although the Group has recognised the adjustment to the carrying amount of these assets as a result of the change in cash flows under “Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss - Financial assets at amortised cost” in the consolidated income statement. In any case, the effect of the changes on the consolidated income statement was not significant.

- **Sectoral moratorium:** this applies both to those individuals who do not have transactions with defaults of more than two bills or instalments on 14 March 2020 and who, as a result of the health crisis, have been economically affected, and to those individuals who, fulfilling these requirements and whose legal moratorium has expired, request it, thus linking a legal moratorium with a sectoral moratorium. In this moratorium, the repayment of the principal of the loan is deferred for the term of the loan, although the customer will pay interest on the outstanding principal during this period. The term of the moratorium is a maximum of 12 months for mortgage loans or credits, and a maximum of 6 months for personal loans or credits. In the case of customers who are granted this moratorium after having exhausted the legal moratorium granted, the maximum term of the sectoral moratorium shall be reduced by the term of the legal moratorium. At 30 September 2021, the Group had formalised sectoral moratorium measures affecting 3,849 transactions, of which 2,669 transactions have been formalised after the customer has exhausted the legal moratorium granted, with the outstanding risk of transactions with this type of moratorium in force amounting to 33,660 thousand euros (3,645 transactions, of which 2,676 transactions have been entered into after the customer has exhausted the legal moratorium granted, bringing the outstanding risk of transactions with this type of moratorium in force to 326,386 thousand euros as at 31 December 2020).

- **COVID-19 ICO Lines:** Royal Decree-Law 8/2020 lays down that the Ministry of Economic Affairs and Digital Transformation will grant up to 100 billion euros in guarantees for financing granted by credit institutions to meet their needs arising from invoice management, working capital requirements, financial or tax obligations, payment of employee salaries or other liquidity needs that allow them to maintain economic activity. Companies and the self-employed have access to these guarantees, through the formalisation of new financing operations or the renewal of existing ones. As at 31 December 2020, the lines of guarantees activated by the Government now total the 100 billion euros set out in Royal Decree-Law 8/2020, in five lines, approved by Agreement of the Council of Ministers on 24 March, 10 April, 5 May, 19 May 2020 and 16 June. Of these total amounts, 67.5 billion euros have been earmarked for SMEs and the self-employed, 25 billion euros to other companies, 4 billion euros for issuing promissory notes, 2.5 billion euros for SMEs and the self-employed in the tourism sector and related activities, 500 million euros for the self-employed and companies for the acquisition or financial or operational leasing of road transport motor vehicles for professional use and 500 million euros for CERSA (Compañía Española de Reafianzamiento, S.A.).

  Additionally, Royal Decree-Law 25/2020 lays down that the Ministry of Economic Affairs and Digital Transformation will grant up to 40 billion euros in guarantees for financing granted by credit institutions to mainly meet their financial needs arising from new investments. Companies and the self-employed have access to these guarantees, through formalising new financing operations. Up to 30 September 2021, the Government activated six tranches of this line of guarantees, some of which will be managed by the ICO, for a total of 26.8 billion euros, approved by the Council of Ministers on 28 July, 24 November, 22 December 2020 and 28 May 2021, the total amounts of which are earmarked for 15 billion euros for SMEs and the self-employed, 8 billion euros for other companies, 250 billion to guarantee financing operations for companies and the self-employed that are in the process of executing an insolvency agreement within an insolvency proceeding (but are up to date with their obligations under the agreement and can prove this by means of a court or administrator's report), EUR 250 million to guarantee promissory notes issued on the MARF (Mercado Alternativo de Renta Fija) by companies that could not benefit from the tranche available under the first line as they were in the process of renewing their promissory note programme, 500 million euros to meet the investment and liquidity needs of SMEs and the self-employed in the tourism, hospitality and related activities sector, and 500 million euros to strengthen CERSA's guarantees and increase the capacity of the MGSs.

As at 30 September 2021, the number of transactions formalised by the Group for the self-employed, SMEs and other companies came to 19,581, with an outstanding balance of 1,660,645 thousand euros and an ICO guarantee amount of 1,279,413 thousand euros (17,082 transactions with an outstanding balance of 1,454,067 thousand euros and an ICO guarantee amount of 1,089,024 thousand euros at 31 December 2020)

The ICO COVID-19 guarantees do not affect the assessment of the significant increase in risk as this is assessed through the credit quality of the instrument. The Group considers that the COVID-19 ICO guarantees form a substantial part of the secured financing (full guarantee), as they are in any case new operations or renewals of existing credit lines with substantial modifications to the original terms and conditions. Therefore, the accounting treatment applied to them is based on the following assumptions in line with the specifications of IFRS 9: (i) the fee paid by the Group to the ICO is incorporated as an incremental cost in the calculation of the effective interest rate of the operation, and (ii) the flows expected to be obtained as a result of the execution of the guarantee are taken into account in the calculation of the expected loss on the transaction.

The Group has strengthened procedures both when granting moratoriums and for monitoring credit risk during the lifetime of the moratoriums and upon maturity. Transactions are analysed on the basis of the credit quality of the customer, without the granting of the moratorium in itself implying an automatic trigger for a significant increase in risk.

In addition, as evidence of payment no longer exists or has been reduced, the Group has introduced additional indicators to identify the significant increase in credit or impairment that may have occurred in certain transactions or groups of transactions and, where appropriate, they have been classified as Stage 2 or, where applicable, Stage 3.

In addition, account has been taken of the indications from the European Banking Authority (EBA) to not classify as refinancing moratoriums if they meet certain requirements. This is without prejudice to maintaining their status as refinancing if they were previously so classified or putting the exposure in the appropriate risk category as set out above.

Moreover, the accounting treatment of singular transactions, i.e. those not covered by the general frameworks described above, as well as of overdue arrears that have required additional support, is in line with the updated assessment of the customer's credit quality and the characteristics of the solution to be granted.

5.6.2 Effect on rating by credit risk stages

In the current economic context arising from the COVID-19 health crisis, banking regulators and supervisors around the world have recommended making appropriate use of the flexibility implicit in the regulatory framework, without undermining the adequate identification and hedging of credit risk. In line with these guidelines and recommendations, the Group has adapted its criteria for classifying financial instruments by stage according to their credit risk. The aim is to avoid automatisms and to allow greater flexibility in the application of expert judgement for the credit risk classification of operations, including those affected by legal and sectoral moratoriums, those that have been subject to a guarantee from the COVID-19 ICO line, and the treatment of refinancing. Following on from this, the existence of liquidity difficulties of borrowers with a good payment behaviour would not automatically lead to the amendments of the operations motivated by the COVID-19 crisis being identified as refinancing or restructuring at the time they are granted. These transactions may remain classified as normal as long as there are no reasonable doubts about their repayment and there has been no significant increase in their credit risk.

The Group has considered these guidelines and recommendations in its criteria for determining whether there is a significant increase in risk in its lending exposures. Furthermore, based on the recommendations of the EBA and the European Securities and Markets Authority (ESMA), and in order to distinguish between exposures affected by temporary liquidity constraints (according to ESMA) and those that are actually affected by a situation of significantly increased risk, the Group disputes the presumption that there is a significant increase in risk in the case of operations affected by legal and sectoral moratoriums, for the entire duration of the moratorium. However, those operations affected by sectoral moratoriums more than three months old and for which a low capacity to overcome this crisis is determined, based on the credit risk monitoring carried out by the Group, will be considered to have produced a significant increase in risk, with their consequent classification at Stage 2.

In addition, based on the results of the credit risk monitoring analyses of its loan portfolio described in Note 11.6.3 of the 2020 consolidated financial statements, the Group has considered the classification at Stage 2 of those exposures in companies (not individually significant, since these are analysed by means of an individualised expert analysis) belonging to economic sectors especially affected by the health crisis or which, within the credit risk monitoring carried out by the Group, have been determined to have a low capacity to overcome this crisis.

5.6.3. Impact on credit risk impairment hedges

The current coronavirus pandemic (COVID-19) has continued to affect economic activity in the first nine months of 2021 due to continuing containment measures. However, progress in the fight against the pandemic and the advance of the vaccination campaign, the improved capacity of economic agents to adapt to the pandemic, important additional fiscal policy measures, national and supranational policies, as well as the current recovery in demand are containing the impact on activity.

In line with these assumptions, towards the end of the first half of 2021, the European Central Bank published an estimate of the macroeconomic scenario for the period 2021-2023 in the European Union in which activity is expected to return to growth in the second quarter of 2021 and to recover strongly in the second half of the year. Therefore, current projections issued by the European Central Bank or the Bank of Spain incorporate a stronger growth outlook, reflecting the assumption of a lower economic impact of the pandemic.

The prospective assessment of impairment cannot be carried out mechanically and with a vision reduced to a very short period of time. The incorporation of the effect of forecasts of future economic conditions in the estimation of credit risk hedges should be made on the basis of reasonable and substantiated information so as not to undermine the reliability of the estimates. For this reason, at year-end 2020, the Group not only took into account the macroeconomic scenarios for 2021, but also the projections for the coming years, giving more weight to long-term projections (see Note 11.6.3 of the consolidated financial statements for 2020), and giving more weight to the base scenario than to the optimistic scenario.

In preparing the condensed interim consolidated financial statements for the first nine months of 2021, although the Group is currently working on its process of recalibration of the credit risk models, in view of the first preliminary results obtained, the information available at the date of formulation of these interim financial statements and taking into account the reweighting carried out on the forward looking information scenarios in the financial year 2020, the Group, despite the prospects of improvement issued by the Central Banks, has decided to maintain, out of prudence and while waiting to cover the existing uncertainties, the scenarios and weightings used at the close of the financial year 2020.

In the nine months ended 30 September 2021, the Group continued to analyse its loan portfolio taking into account the different types and segmentation of customers affected by the new economic situation (affected by ERTE furloughs, unemployment or equivalent circumstances), their characteristics (companies, individuals, self-employed, etc.) as well as the sector to which each borrower belongs (CNAE/NACE). As at 31 December 2020, it was concluded that there are economic sectors particularly impacted by the COVID-19 crisis, such as air transport, hotels, restaurants and tourism, for which the Group is being particularly prudent in determining credit risk coverage.

In addition, given the high degree of uncertainty that still persists due to the crisis caused by the coronavirus, the Group supplements the expected loss estimated by its credit risk models to include the effects that may not be included in them either by considering additional risk indicators, the incorporation of sectoral particularities or those that may affect a set of transactions or borrowers.

This post-model adjustment should be of a temporary nature, until the reasons for the post-model adjustment disappear or materialise. Therefore, at 31 December 2020, as stated in Note 11.6.3 of the consolidated financial statements for 2020, the Group supplemented the expected loss estimated by its credit risk models with an additional allowance to cover the increase in credit risk of customers who had not defaulted at year-end 2020, but who, due to the persistent deterioration of the macroeconomic situation, were expected to transition to Stage 2 in 2021, since the potential effect of transitions between stages is not captured by the internal models. As at 30 September 2021, the Group is analysing this development and has therefore decided to maintain this post-model adjustment of 52 million euros:

The Group closely monitors the trend of both the sectors and the most relevant individual borrowers that could be affected by this crisis, in order to adapt its credit risk coverage to the different scenarios that may arise.

6. Financial liabilities

6.1 Disclosure of financial liabilities

The breakdown, by type and category, of the financial liabilities included in the Bank's balance sheet and in the Group's consolidated balance sheet as at 30 September 2021 and 31 December 2020, is as follows:

	Thousands of euros	
	30/09/2021	
	Financial liabilities held for trading	**Financial liabilities at amortised cost**
Derivatives	4,169	-
Short positions	-	-
Deposits	-	45,248,393
Central banks	-	*5,886,372*
Credit institutions	-	*1,118,786*
Customers	-	*38,243,235*
Debt securities issued	-	1,010,437
Other financial liabilities	-	953,484
BANK TOTAL	**4,169**	**47,212,314**
Derivatives	6,018	-
Short positions	-	-
Deposits	-	44,533,786
Central banks	-	*5,886,373*
Credit institutions	-	*1,118,787*
Customers	-	*37,528,626*
Debt securities issued	-	1,285,111
Other financial liabilities	-	990,052
GROUP TOTAL	**6,018**	**46,808,949**

	Thousands of euros	
	31/12/2020	
	Financial liabilities held for trading	**Financial liabilities at amortised cost**
Derivatives	3,729	-
Short positions	-	-
Deposits	-	45,213,080
Central banks	-	*5,371,202*
Credit institutions	-	*1,207,848*
Customers	-	*38,634,030*
Debt securities issued	-	1,021,094
Other financial liabilities	-	827,243
BANK TOTAL	**3,729**	**47,061,417**
Derivatives	5,630	-
Short positions	-	-
Deposits	-	44,460,275
Central banks	-	*5,371,202*
Credit institutions	-	*1,207,820*
Customers	-	*37,881,253*
Debt securities issued	-	1,340,670
Other financial liabilities	-	826,435
GROUP TOTAL	**5,630**	**46,627,380**

On 30 April 2020, the Governing Council of the European Central Bank made a number of amendments to the terms and conditions of these financing operations in order to further support the provision of credit to households and businesses to mitigate the economic effects of the health crisis. With the maturity of the TLTRO II programme (1,650,000 thousand euros), the Group participated in the fourth auction of the TLTRO III programme for an amount of 5,400,000 thousand euros maturing in 2023, which has been recorded under "Financial liabilities at amortised cost - Deposits at central banks" in the consolidated balance sheet. In addition, on 24 June 2021, the Group participated in the seventh auction of the TLTRO III programme for an amount of 559,000 thousand euros.

For institutions that meet a certain volume of eligible loans between 1 March 2020 and 31 March 2021, the interest rate may be -1% for the period from June 2020 to June 2021. Furthermore, these conditions were extended on 10 December 2020, establishing, in addition to the above, that, if a certain volume of eligible loans is met between 1 October 2020 and 31 December 2021, the -1% interest rate may be applied for the period between June 2021 and June 2022.

Institutions shall have the option to repay the financing early one year after the settlement of each transaction, on a quarterly basis.

In accordance with point B5.4.4 of IFRS 9 on the application of the effective interest rate method to financial assets and liabilities at amortised cost, the Group has opted to accrue interest in accordance with the specific periods of adjustment to market rates, so that interest for the period from June 2020 to June 2022 (i.e. -1%) will be recognised in "Interest income and similar – Liability interest" in the consolidated interim income statement, assuming that the threshold of eligible loans giving rise to the extra-rate is met. This compliance is estimated considering the performance of the eligible loan book to date and the projections estimated in the Group's Business Plan, the degree of compliance with which is reviewed periodically. The amount of this positive remuneration amounts to 43,830 thousand euros and 19,321 thousand euros at 30 September 2021 and 2020, respectively (Note 15.1).

In addition, "Financial liabilities at amortised cost - Other financial liabilities" includes lease liabilities of 54,618 thousand euros (31 December 2020: 58,496 thousand euros).

6.2 Issuance, repurchase or redemption of debt securities

The breakdown of and movements in issues, repurchases or redemptions of debt securities carried out in the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros				
	Balance at 01/01/2021	(+) Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Balance at 30/09/2021
Debt securities issued in an EU member state that required registration of an information prospectus	1,340,670	-	(51,984)	(3,575)	1,285,111
Debt securities issued in an EU member state that did not require registration of an information prospectus	-	-	-	-	-
Other debt securities issued outside an EU Member State	-	-	-	-	-
TOTAL	**1,340,670**	**-**	**(51,984)**	**(3,575)**	**1,285,111**

	Thousands of euros				
	Balance at 01/01/2020	(+) Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Balance at 30/09/2020
Debt securities issued in an EU member state that required registration of an information prospectus	1,480,421	500,000	(638,330)	8,588	1,350,679
Debt securities issued in an EU member state that did not require registration of an information prospectus	-	-	-	-	-
Other debt securities issued outside an EU Member State	-	-	-	-	-
TOTAL	**1,480,421**	**500,000**	**(638,330)**	**8,588**	**1,350,679**

At 30 September 2021 and 2020 there were no debt securities issued at those dates by associates or third parties (outside the Ibercaja Banco Group) and guaranteed by the Bank or any other entity of the Ibercaja Banco Group.

The list of Ibercaja Banco Group Entities issuing debt is as follows:

Name	Relationship	Country
Ibercaja Banco, S.A.	Parent company	Spain

The credit ratings granted are as follows:

- Ibercaja Banco, S.A.

Company	Date		Short-term		Long-term		Outlook	
	2021	2020	2021	2020	2021	2020	2021	2020
Standard & Poor's	June 2021	April 2020	B	B	BB+	BB+	Stable	Negative
Moody's	July 2021	April 2020	NP	NP	Ba2	Ba3	Stable	Stable
Fitch Ratings	September 2021	September 2020	B	B	BB+	BB+	Positive	Negative

During the nine months ended 30 September 2021, the rating agencies revised downwards their outlook for the Spanish financial system as a result of the expected impacts on the Spanish economy of the health crisis triggered by COVID-19. As a result of this sector-wide review, the outlook for Ibercaja Banco's credit rating was revised downwards. During 2021, the rating agencies are once again reviewing their outlook for Ibercaja Banco.

No issues of debt securities were made in the period from the beginning of the financial year to 30 September 2021. The list of issues of debt securities made in the period from the beginning of the previous financial year to 30 September 2020 is as follows:

Issue	ISIN code	Date	Amount issued	Interest rate	Market	Guarantees
Ibercaja subordinated notes	ES0244251015	January 2020	500,000	2.75%	AIAF Market	(a)
			500,000			

On 16 January 2020, Ibercaja Banco, S.A. set the economic terms of an issue of subordinated notes with a par value of 500 million euros and maturing on 23 July 2030. The issue price of the subordinated notes was 100% and they will bear a fixed annual coupon of 2.75% until 23 July 2025, when Ibercaja has the option of carrying out early redemption. From this date, they will bear a fixed interest equal to the applicable 5 year Mid-Swap Rate plus a margin of 2.882%. The disbursement and closure of this issue took place on 23 January 2020.

The new notes qualify as Tier 2 capital instruments for the purposes of the own funds requirements to which it is subject under Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms.

The list of repurchases or redemptions of debt securities made between the beginning of the financial year and 30 September 2021 is as follows:

Issue	ISIN code	Date	Repurchase or redemption amount	Interest rate	Market	Guarantees
Ibercaja Banco TDA Securitisation Bonds	(*)	Jan.-Sep. 2021	51,984	(**)	AIAF Market	(b)
			51,984			

(*) For each bond or promissory note issue made in each programme with the same maturity, a single ISIN code is assigned.
(**) Reference rate (3M EURIBOR) plus the margin applicable to each issue.
Regarding guarantees granted: (a) Equity of Ibercaja Banco and (b) Mortgage portfolio.

The list of repurchases or redemptions of debt securities made between the beginning of the previous financial year and 30 September 2020 is as follows:

Issue	ISIN code	Date	Repurchase or redemption amount	Interest rate	Market	Guarantees
Ibercaja subordinated notes	ES0244251007	Jan.-June 2020	500,000	5%	AIAF Market	(a)
Ibercaja April II 2010 mortgage-backed bonds	ES0414954174	Jul. 2020	100,000	5%	AIAF Market	(b)
Ibercaja Banco TDA Securitisation Bonds	(*)	Jan.-June 2020	38,330	(**)	AIAF Market	(b)
			638,330			

(*) For each bond or promissory note issue made in each programme with the same maturity, a single ISIN code is assigned.
(**) Reference rate (3M EURIBOR) plus the margin applicable to each issue.
Regarding guarantees granted: (a) Equity of Ibercaja Banco and (b) Mortgage portfolio.

On 8 January 2020, Ibercaja Banco, S.A. agreed to make a buyback offer in cash to all holders of the subordinated notes issue called "€500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025". Once this offer was concluded, Ibercaja accepted the purchase of notes for a nominal amount of 281,900 thousand euros, the settlement of which took place on 23 January 2020. Subsequently, Ibercaja met the selling interest of other investors who had not participated in the public offering, repurchasing an additional 77,700 thousand euros during the first half of that financial year. Finally, on 28 July 2020, as anticipated in its "Other Relevant Information" communication to the CNMV on 3 June 2020, having obtained the necessary authorisations, the Group proceeded to carry out the early redemption of the remaining amount (140,400 thousand euros) of its issue of subordinated notes.

7. Tangible assets

Movements in this consolidated balance sheet heading for the nine-month period ended 30 September 2021 are as follows:

	Thousands of euros			
	For own use	Property investments	Assigned under operating lease	Total
Cost				
Balances at 1 January 2021	**1,331,111**	**387,388**	**89,553**	**1,808,052**
Additions	30,400	1,897	33,619	65,916
Disposals due to sales or through other means	(46,202)	(11,834)	(21,955)	(79,991)
Other transfers and other movements	-	52	-	52
Balances at 30 September 2021	**1,315,309**	**377,503**	**101,217**	**1,794,029**
Accumulated depreciation				
Balances at 1 January 2021	**(692,566)**	**(92,295)**	**(13,928)**	**(798,789)**
Disposals due to sales or through other means	27,172	2,276	5,489	34,937
Allowances recognised in profit or loss	(30,355)	(4,859)	(6,951)	(42,165)
Other transfers and other movements	(657)	1,049	-	392
Balances at 30 September 2021	**(696,406)**	**(93,829)**	**(15,390)**	**(805,625)**
Impairment losses				
Balances at 1 January 2021	**(102)**	**(48,194)**	**-**	**(48,296)**
Transfer charged to profit for the year	(817)	(1,178)	-	(1,995)
Recovered amount credited to profits	-	-	-	-
Other transfers and other movements	817	2,432	-	3,249
Balances at 30 September 2021	**(102)**	**(46,940)**	**-**	**(47,042)**
Net tangible assets				
Balances at 1 January 2021	**638,443**	**246,899**	**75,625**	**960,967**
Balances at 30 September 2021	**618,801**	**236,734**	**85,827**	**941,362**

Movements in this consolidated balance sheet heading for the nine-month period ended 30 September 2020 were as follows:

	Thousands of euros			
	For own use	Property investments	Assigned under operating lease	Total
Cost				
Balances at 1 January 2020	**1,349,339**	**410,979**	**87,716**	**1,848,034**
Additions	28,470	1,552	18,972	48,994
Disposals due to sales or through other means	(36,496)	(9,511)	(16,237)	(62,244)
Other transfers and other movements	-	123	-	123
Balances at 30 September 2020	**1,341,313**	**403,143**	**90,451**	**1,834,907**
Accumulated depreciation				
Balances at 1 January 2020	**(704,075)**	**(97,093)**	**(13,735)**	**(814,903)**
Disposals due to sales or through other means	21,608	5,777	4,060	31,445
Allowances recognised in profit or loss	(29,035)	(5,011)	(6,966)	(41,012)
Other transfers and other movements	(792)	828	-	36
Balances at 30 September 2020	**(712,294)**	**(95,499)**	**(16,641)**	**(824,434)**
Impairment losses				
Balances at 1 January 2020	**(200)**	**(49,221)**	**-**	**(49,421)**
Transfer charged to profit for the year	(273)	(483)	-	(756)
Recovered amount credited to profits	-	-	-	-
Other transfers and other movements	369	(537)	-	(168)
Balances at 30 September 2020	**(104)**	**(50,241)**	**-**	**(50,345)**
Net tangible assets				
Balances at 1 January 2020	**645,064**	**264,665**	**73,981**	**983,710**
Balances at 30 September 2020	**628,915**	**257,403**	**73,810**	**960,128**

At 30 September 2021, the cost of property, plant and equipment for own use includes the right-of use assets corresponding to the leased tangible assets in which the Group acts as the lessee, amounting to 98,113 thousand euros, of which 43,450 thousand euros had been depreciated at that date (30 September 2020: 87,520 thousand euros, of which 27,741 thousand euros had been depreciated at that date).

8. Intangible assets

8.1 Goodwill

The breakdown of the items comprising the balance of this heading of the consolidated balance as at 30 September 2021 and 31 December 2020 is the following:

	Thousands of euros	
Company	**30.09.2021**	**31.12.2020**
Banco Grupo Cajatres, S.A.U.	128,065	128,065
Caja Badajoz Vida y Pensiones, S.A. de Seguros	16,869	16,869
	144,934	**144,934**

Note 16 to the consolidated financial for 2020 describes the business combinations that gave rise to this goodwill.

For the purpose of allocating goodwill in accordance with paragraph 80 of IAS 36 *Impairment of Assets,* the Group has considered that there is only one cash-generating unit coinciding with its entire balance sheet, as neither goodwill is controlled at a lower level for internal management purposes nor are there distinct operating segments, in accordance with paragraph 68 of IAS 36 and as indicated in Note 4. Therefore, Ibercaja Banco has been considered to be the cash-generating unit to which the goodwill is allocated, since, as mentioned in Note 4 to these condensed consolidated interim financial statements and Note 27.8 to the consolidated financial statements for 2020, the Group considers that there are neither business segments nor geographical segments due to:

- The types of products marketed by the Group’s insurance companies are, in part, substitutes for bank savings products and are subject to similar risks.
- The use of the commercial network of Ibercaja Banco, S.A. as the majority distribution channel for the products of the Group’s insurance companies affects the relationship of dependence between the two sectors.
- The existence of a common customer base and the linkage of the two brands from the consumer’s point of view mean that operational risk is interrelated between the two sectors of banking and insurance.
- All strategic, commercial and regulatory analysis is carried out at the Group level.
- The Group carries out all its activity in Spain. The Group therefore considers it has a single geographical segment for operating purposes.

The Group determines the recoverability of goodwill at the end of each reporting period in accordance with paragraph 24 of IAS 36 by comparing the recoverable amount of the CGU (higher of fair value or value in use) containing the goodwill is compared with that unit’s carrying value.

At year-end 2020, in order to estimate the value in use of the cash-generating unit, the Group received a report from an independent expert (Deloitte Financial Advisory, S.L.U.) using the Group's new Strategic Plan as a basis, and concluded that there was no need to recognise any impairment of the cash-generating unit. Note 16 to the consolidated financial statements for 2020 describes the methodology used, the discount rate and other relevant assumptions of the model, as well as the main assumptions used to project the performance of the business. Also, a sensitivity analysis due to reasonably possible changes in the key valuation variables (perpetual growth rate of cash flows, discount rate, credit cost adjustments due to the effect of changes in government measures to combat COVID-19 and the time window of the cash flow projection) has been performed, noting that in no case would the calculated value in use be lower than the carrying amount of the cash-generating unit, concluding that there was no evidence of impairment.

Owing to the improved economic outlook derived from the progress made in the fight against the pandemic and the expected impact of the extraordinary measures adopted by the Government to combat it, as well as the high degree of compliance with the Group's Business Plan, in preparing these condensed consolidated interim financial statements, the Group has reviewed the assumptions used in December 2020 and updated the sensitivity analyses, taking into account the best information available at the date of authorisation for issue of these condensed consolidated interim financial statements, concluding that the carrying amount does not exceed the recoverable amount of the cash-generating unit associated with the goodwill.

8.2 Other intangible assets

In the first nine months of 2021 and throughout 2020, there were no impairment losses on intangible assets. (Note 15.10).

9. Provisions

The provisions recognised in the consolidated balance sheet at 30 September 2021 and 31 December 2020 were as follows:

	Thousands of euros	
	30/09/2021	**31/12/2020**
Pensions and other post-employment defined benefit obligations	101,144	119,125
Other long term employee remuneration	-	122
Lawsuits and litigation for outstanding taxes	7,049	7,780
Commitments and guarantees given	16,772	19,477
Other provisions	187,397	246,596
	312,362	**393,100**

Note 21 to the consolidated financial statements for 2020 describes the provisions made.

Pensions and other post-employment defined benefit obligations

On 17 December 2020, the Directorate General of Insurance and Pension Funds published by means of a Resolution the new biometric tables to be applied by insurance companies and pension plans, as well as the technical guide on supervisory criteria related to them. The updating of these tables, together with the performance of the assets and obligations assigned to the pension plans that the Group maintains with its employees, has resulted in a variation of 17,981 thousand euros in the post-employment commitments recorded under this heading of the consolidated balance sheet during the nine months ended 30 September 2021.

Other provisions

- **Costs of the workforce downsizing plan**

  These provisions relate to the labour cost of the redundancy plans for 2014, 2015, 2017 and 2020 pending disbursement (160,990 thousand euros at 30 September 2021 and 207,379 thousand euros at 31 December 2020). During the first nine months of 2021, payments totalling 49,890 thousand euros were made to 408 employees, who were covered by the redundancy plan for 2020.

- **Floor clauses**

  With regard to the possible impact of the refund of the amounts received as a result of application of the so-called floor clauses, either as a result of the hypothetical cancellation by the courts of the floor clauses, or through the application of Royal Decree Law 1/2018, of 20 January, on measures to protect consumers regarding floor clauses, the Bank has reserves to cover a hypothetical legal risk deriving from the potential elimination of the floor clauses in mortgages which would cover, where applicable, the maximum estimated amount of €14,880 thousand euros as at 30 September 2021 (20,658 thousand euros at 31 December 2020).

- **Mortgage expenses**

  The CJEU, in its Judgment of 16 July 2020, while recalling that an unfair term must be deemed not to have been included without further modification, permits that not all the sums paid have to be refunded where the limitation derives from provisions of national law which impose on the consumer the obligation to pay all or part of those costs (mortgage arrangement and redemption expenses).

  As at 30 September 2021, the Bank, based on the information available at that date, had recognised a provision of 1,764 thousand euros for this item. However, at year-end, depending on claims received, this provision will be re-estimated.

- **Amounts paid on account to the Bank in connection with home purchases**

  According to the Supreme Court judgment of 21 December 2015, in the sale and purchase of homes under Law 57/1968, credit institutions that accept deposits from buyers into an account held by the developer without requiring the opening of a special account and the related security are liable to the buyers for the total amounts advanced by the buyers and deposited in the account(s) that the developer holds with such institution in the event of insolvency of the developer. As at 30 September 2021, the Bank had recognised a provision in the amount of 7,834 thousand euros to cover amounts received on account for home purchases.

- **Other provisions**

  The remainder of the balance relates to the coverage of other ordinary business risks of the Bank.

10. Equity

During the nine months ended 30 September 2021 there have been movements in the Group's equity to comply with the requirements of article 25 of the Corporate Income Tax Act regarding the creation of a separate and appropriately titled restricted reserve for the amount of the reduction due to the capitalisation reserve.

As a result, the capitalisation reserve that was on the Group's consolidated balance sheet at 31 December 2020 was released with a credit to voluntary reserves in the amount of 7,528 thousand euros, leaving a capitalisation reserve for 2017 amounting to 11,799 thousand euros.

In addition, the Group has set up, with a charge to voluntary reserves, another capitalisation reserve for 2019, in accordance with the provisions of the aforementioned article of the Corporate Income Tax Act, amounting to 10,684 thousand euros, so that, at 30 September 2021, the carrying amount of the capitalisation reserves in the consolidated balance sheet totals 22,484 thousand euros (31 December 2020: 19,328 thousand euros).

11. Fair value of financial assets and liabilities

11.1 Breakdown

Set out below is the breakdown of the fair value of financial assets and liabilities at 30 September 2021 and 31 December 2020 compared with their carrying amount shown in the balance sheet at that same date. Similarly, a breakdown is provided of fair value according to the system of appraisal (levels 1, 2 and 3):

	Thousands of euros				
	30/09/2021				
	Total balance sheet	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Cash and cash balances at central banks and other demand deposits	6,736,730	6,736,730	-	6,736,730	-
Financial assets held for trading	4,525	4,525	-	4,525	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,533,628	1,533,628	1,531,934	-	1,694
Financial assets at fair value through profit or loss	7,715	7,715	7,715	-	-
Financial assets at fair value through other comprehensive income	6,382,256	6,382,256	6,140,709	213,370	28,177
Financial assets at amortised cost	40,403,841	43,538,311	7,684,084	2,267,768	33,586,459
Derivatives - Hedge accounting	72,639	72,639	-	72,639	
Total financial assets	**55,141,334**	**58,275,804**	**15,364,442**	**9,295,032**	**33,616,330**
Financial liabilities held for trading	6,018	6,018	-	5,641	377
Financial liabilities at amortised cost	46,808,949	47,110,750	-	47,110,750	-
Derivatives - Hedge accounting	155,448	155,448	-	155,448	-
Total financial liabilities	**46,970,415**	**47,272,216**	**-**	**47,271,839**	**377**

	Thousands of euros				
	31/12/2020				
	Total balance sheet	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Cash and cash balances at central banks and other demand deposits	7,572,609	7,572,609	-	7,572,609	-
Financial assets held for trading	5,503	5,503	-	5,503	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	853,721	853,721	824,170	-	29,551
Financial assets at fair value through profit or loss	8,602	8,602	8,602	-	-
Financial assets at fair value through other comprehensive income	7,023,328	7,023,328	6,551,935	442,143	29,250
Financial assets at amortised cost	39,726,825	43,033,735	6,548,679	3,636,832	32,848,224
Derivatives - Hedge accounting	142,020	142,020	-	142,020	-
Total financial assets	**55,332,608**	**58,639,518**	**13,933,386**	**11,799,107**	**32,907,025**
Financial liabilities held for trading	5,630	5,630	-	5,253	377
Financial liabilities at amortised cost	46,627,380	47,206,444	-	47,206,444	-
Derivatives - Hedge accounting	216,202	216,202	-	216,202	-
Total financial liabilities	**46,849,212**	**47,428,276**	**-**	**47,427,899**	**377**

The criteria used to determine fair value have been as follows:

- Level 1: using prices quoted on active markets for financial instruments.
- Level 2: using prices quoted on active markets for similar instruments or other valuation techniques in which all significant inputs are based on directly or indirectly observable market data.
- Level 3: using valuation techniques in which some significant inputs are not based on observable market data.

In particular, the valuation techniques used in levels 2 and 3 and assumptions used to determine fair value have been:

- Debt securities and interest rate swaps: Valuation techniques based on discounted flows using the interest rate curve and the market spread for similar instruments have been used.
- Options: Valued by applying models accepted as standard in the market. In those cases where no valuation model is available, they are valued through the quotation provided by counterparties.
- Equity instruments measured at fair value: In general, provided that directly or indirectly observable market data is available, their fair value is obtained from listed prices or transactions in active markets for similar instruments. If sufficient market information is not available, fair value is determined by discounting the estimated cash flows, which are derived from business plans of the investees, generally for a period of five years, calculating a residual value for the remaining period. These flows have been discounted using market rates and adjusted at the average cost of capital.
- Financial assets at amortised cost – Loans and advances - Customers: The valuation technique used is based on discounting the estimated future cash flows, considering maturity and repricing dates and calculating interest based on the interbank interest rate curve. Additionally, the early amortisation of 1.39% of the total has been taken into account. This percentage is based on the Group’s historical data and is used in internal management.

At 30 September 2021, the impact of a 100 basis point rise in the interbank interest rate curve would bring about a -2.09% reduction in fair value.

In this case, it is estimated that there are no major differences owing to the credit risk between the carrying value and fair value of customer loans since the Group has quantified the level of credit risk provisions for its loan risk portfolio in accordance with applicable accounting legislation and which is considered sufficient to cover that risk. Nonetheless, since there is no market for those financial assets, the amount at which they may be exchanged between interested parties could differ from the net value reflected since the potential acquirer would take into account the expected losses and recorded in accordance with applicable legislation and their best estimates of possible future losses.

- Customer deposits: The valuation technique used has been based on discounting the estimated future cash flows, considering maturity and repricing dates and calculating interest based on the interbank interest rate curve.

- Marketable debt securities and subordinated liabilities: Valued using market prices or spreads for similar instruments.

The reasons why there may be differences between the fair value and carrying value of financial instruments are as follows:

- In the fixed-income instruments issued, the fair value of the instrument varies depending on the evolution of market interest rates. The longer the residual life of the instrument, the greater the variation.

- In variable income instruments, fair value may differ from carrying value if margins relative to the reference interest rate have changed since the issuing of the instrument. If margins remain constant, the fair value coincides with the carrying value only on repricing dates. On all other dates, there is an interest rate risk for the flows that have already been calculated.

The Group performs an analysis to assess whether levels of fair value hierarchy in which financial instruments are classified may have changed. If transfers between these levels occur, they are treated has having taken place at the end of the quarter in which they are identified. In the nine-month period ended 30 September 2021 and as at 31 December 2020, there were no financial instruments that were no longer measured under level 2 and 3 criteria and instead measured according to level 1 criteria.

For certain financial instruments (mainly the portfolio of financial assets and liabilities held for trading, the portfolio of non-trading financial assets mandatorily measured at fair value through profit or loss and trading related to financial derivatives), there is a balancing entry in the income statement for fair value changes. Details of the effect on the income statement arising from changes in fair value are as follows, classified on the basis of the hierarchical level of the instrument's fair value:

	Thousands of euros	
	30/09/2021	**30/09/2020**
Level 1	3,638	(4,866)
Level 2	(25,212)	(31,970)
Level 3	222	(10,515)
	(21,352)	**(47,351)**

Set out below in the fair value hierarchy of Level 3 fair value, there is a reconciliation of opening balances with the balances in the nine-month periods ended on 30 September 2021 and 2020, separately revealing changes during the year attributable to the following:

	Thousands of euros			
	Financial assets held for trading	**Financial assets not held for trading mandatorily measured at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial liabilities held for trading**
Balance at 1 January 2021	**-**	**29,551**	**29,250**	**377**
Profit/(loss) recognised in the income statement and/or statement of recognised income and expense	-	227	(479)	-
Purchases	-	-	159	-
Sales	-	-	(753)	-
Issues	-	-	-	-
Settlements and maturities	-	(28,084)	-	-
Transfers from or to Level 3 in or outside the portfolios described	-	-	-	-
Balance at 30 September 2021	**-**	**1,694**	**28,177**	**377**

	Thousands of euros			
	Financial assets held for trading	**Financial assets not held for trading mandatorily measured at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial liabilities held for trading**
Balance at 1 January 2020	**-**	**90,980**	**30,494**	**387**
Profit/(loss) recognised in the income statement and/or statement of recognised income and expense	-	(10,404)	62	-
Purchases	-	-	113	-
Sales	-	-	(214)	-
Issues	-	-	-	-
Settlements and maturities	-	(50,831)	-	(10)
Transfers from or to Level 3 in or outside the portfolios described	-	-	-	-
Balance at 30 September 2020	**-**	**29,745**	**30,455**	**377**

The fair value of investments in venture capital funds is determined according to the valuations regularly provided by the fund manager. The valuation criteria are generally based on the guidelines set by the EVCA (European Private Equity Venture Capital Association).

Considering the amount of these investments, the Group believes that the changes that would occur in their fair value as a result of reasonably possible changes in the variables that determine the value would not have a significant impact on the results, total assets or equity of the Group.

11.2 Impact of COVID-19 on fair value hierarchy levels

The events related to COVID-19 have had a significant impact on the financial markets at certain times, and especially in the weeks following COVID-19 being declared a global pandemic. With the announcement of tightening measures affecting most of the world's economies, there was a decline in liquidity, a widening of bid-ask spreads in some financial instruments and some loss of convergence among the various price contributors.

Subsequently, market conditions have been normalising. Certain assets have recovered some of their accumulated losses, liquidity has recovered and volatility has declined in most markets from the highs reached in the weeks following COVID-19 being declared a global pandemic. At the end of the period from 1 January to 30 September 2021 and at year-end 2020, no significant reduction in the price sources used to value financial instruments was observed.

As a result, during the nine-month period ended 30 September 2021 and 2020, the Group has not identified any significant changes in the fair value hierarchy levels of the financial assets in its portfolio.

12. Information on average workforce and number of offices

The average workforce of the Parent and the Group for the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Ibercaja Banco		Ibercaja Banco Group	
	30/09/2021	**30/09/2020**	**30/09/2021**	**30/09/2020**
Men	2,608	2,692	2,691	2,775
Women	2,387	2,434	2,555	2,601
	4,995	**5,126**	**5,246**	**5,376**

As at 30 September 2021, the number of offices was 944 (1,036 as at 30 September 2020), all in Spain.

13. Remuneration of Directors and Senior Management

13.1 Remuneration of the Board of Directors

The following table shows the remuneration earned by the members of the Board of Directors of the Company, in their capacity as Directors or the Secretary of the Board of Directors, including attendance fees and travel to meetings of the Board of Directors and its committees, as well as to meetings of the governing bodies of Group companies, during the nine-month periods ending on 30 September 2021 and 2020:

	Thousands of euros	
	30/09/2021	**30/09/2020**
Compensation		
Remuneration for membership on the Board and/or Board committees	714	650
Salaries	294	294
Variable remuneration in cash	41	65
Instrument-based remuneration systems	46	74
Severance payments	-	-
Long-term savings systems	42	40
Other items	103	100
	1,240	**1,223**

13.2 Remuneration of senior management

For the purposes of preparing the condensed consolidated interim financial statements, those who have held the position of Chief Executive Officer were considered to be senior management staff, as well as employees of the Ibercaja Banco S.A. management team (Management Committee), which are detailed in the Annual Corporate Governance Report for financial year 2020. However, the total remuneration includes that earned by members of the Management Committee, even if they have not carried out their activity during the full reporting period.

At 30 September 2021, the Management Committee (including the Chief Executive Officer) is made up of 12 people, jointly identified as senior management (12 people in at 30 September 2020).

The remuneration accrued by senior management in the nine-month periods ended 30 September 2021 and 2020 are shown in the following table, as was previously defined:

	Thousands of euros	
	30/09/2021	**30/09/2020**
Total remuneration received by executives	2,186	2,223

14. Related party transactions

In addition to the information presented in Note 13 in relation to the remuneration earned by directors and senior executives, below are the transactions with related parties carried out during the nine-month period ended 30 September 2021, in accordance with the third section of Order EHA/3050/2004, of 15 September:

	Thousands of euros				
	Significant shareholders	**Directors and executives**	**Individuals, companies or entities of the Group**	**Other related parties**	**Total**
EXPENSE AND INCOME:					
1) Finance expense	35	2	-	37	74
2) Management or collaboration arrangements	755	-	-	-	755
3) R+D transfers and licence arrangements	-	-	-	-	-
4) Leases	-	-	-	-	-
5) Receipt of services	-	-	-	-	-
6) Purchase of goods (finished or in progress)	-	-	-	-	-
7) Valuation adjustments for bad or doubtful debts	-	-	-	-	
8) Losses on write-off or disposal of assets	-	-	-	-	-
9) Other expenses	-	-	-	-	-
EXPENSES	**790**	**2**	-	**37**	**829**
10) Interest income	-	46	64	-	110
11) Management or collaboration arrangements	181	-	-	-	181
12) R+D transfers and licence arrangements	-	-	-	-	-
13) Dividends received	-	-	-	-	-
14) Leases	-	-	-	-	-
15) Provision of services	-	1	-	-	1
16) Sale of goods (finished or in progress)	-	-	-	-	-
17) Profits on write-off or disposal of assets	-	-	-	-	-
18) Other income	-	-	-	-	-
INCOME	**181**	**47**	**64**	**-**	**292**

	Thousands of euros				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
OTHER TRANSACTIONS					
Purchase of tangible or intangible assets, or other assets	-	-	-	-	-
Financing arrangements: credits and capital contributions (lender)	-	947	-	-	947
Finance lease arrangements (lessor)	-	16	-	-	16
Write down or cancellation of credits and leases (lessor)	-	-	-	-	-
Sale of tangible or intangible assets, or other assets	-	-	-	-	-
Financing arrangements of loans and capital contributions (borrower)	-	-	-	-	-
Finance lease arrangements (lessee)	-	-	-	-	-
Write down or cancellation of loans and leases (lessee)	-	-	-	-	-
Guarantees provided	-	-	-	-	-
Guarantees received	-	-	-	-	-
Commitments undertaken	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other profits distributed	-	-	-	-	-
Other transactions	-	-	-	-	-

Transactions with related parties during the nine-month period ended 30 September 2020 are as follows:

	Thousands of euros				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
EXPENSE AND INCOME:					
1) Finance expense	55	5	-	60	120
2) Management or collaboration arrangements	659	-	-	-	659
3) R+D transfers and licence arrangements	-	-	-	-	-
4) Leases	-	-	-	-	-
5) Receipt of services	-	-	-	-	-
6) Purchase of goods (finished or in progress)	-	-	-	-	-
7) Valuation adjustments for bad or doubtful debts	-	-	-	-	
8) Losses on write-off or disposal of assets	-	-	-	-	-
9) Other expenses	-	-	-	-	-
EXPENSES	**714**	**5**	**-**	**60**	**779**
10) Interest income	-	47	13	-	60
11) Management or collaboration arrangements	209	-	-	-	209
12) R+D transfers and licence arrangements	-	-	-	-	-
13) Dividends received	-	-	-	-	-
14) Leases	-	-	-	-	-
15) Provision of services	-	1	-	-	1
16) Sale of goods (finished or in progress)	-	-	-	-	-
17) Profits on write-off or disposal of assets	-	-	-	-	-
18) Other income	-	-	-	-	-
INCOME	**209**	**48**	**13**	**-**	**270**

	Thousands of euros				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
OTHER TRANSACTIONS					
Purchase of tangible or intangible assets, or other assets	-	-	-	-	-
Financing arrangements: credits and capital contributions (lender)	-	608	-	-	608
Finance lease arrangements (lessor)	-	371	-	-	371
Write down or cancellation of credits and leases (lessor)	-	-	-	-	-
Sale of tangible or intangible assets, or other assets	-	-	-	-	-
Financing arrangements of loans and capital contributions (borrower)	-	-	-	-	-
Finance lease arrangements (lessee)	-	-	-	-	-
Write down or cancellation of loans and leases (lessee)	-	-	-	-	-
Guarantees provided	-	-	-	-	-
Guarantees received	-	-	-	-	-
Commitments undertaken	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other profits distributed	-	-	-	-	-
Other transactions	-	-	-	-	-

The balances with related parties recorded in the balance sheets as at 30 September 2021 and 31 December 2020 are presented below:

	Thousands of euros				
	30/09/2021				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
1. Trade receivables	-	-	-	-	-
2. Credits and loans granted	120,580	9,393	3,742	-	133,715
3. Other receivables	-	-	-	-	-
TOTAL RECEIVABLES (1+2+3)	**120,580**	**9,393**	**3,742**	**-**	**133,715**
4. Suppliers and trade payables	-	-	-	-	-
5. Credits and loans received	161,498	20,813	13,849	93,061	289,221
6. Other payment obligations	-	-	-	-	-
TOTAL PAYABLES (4+5+6)	**161,498**	**20,813**	**13,849**	**93,061**	**289,221**

	Thousands of euros				
	31/12/2020				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
1. Trade receivables	-	-	-	-	-
2. Credits and loans granted	80,002	8,936	2,462	-	91,400
3. Other receivables	-	-	-	-	-
TOTAL RECEIVABLES (1+2+3)	**80,002**	**8,936**	**2,462**	**-**	**91,400**
4. Suppliers and trade payables	-	-	-	-	-
5. Credits and loans received	103,790	22,484	13,309	478,163	617,746
6. Other payment obligations	-	-	-	-	-
TOTAL PAYABLES (4+5+6)	**103,790**	**22,484**	**13,309**	**478,163**	**617,746**

15. Income statement

15.1 Interest income and similar

The breakdown of interest income and similar of the consolidated income statement heading in the nine-month periods ended 30 September 2021 and 2020, based on the financial instrument portfolios from which the income originates, is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Financial assets held for trading	-	-
Non-trading financial assets mandatorily valued at fair value through profit or loss	64	111
Financial assets at fair value through profit or loss	-	4
Financial assets at fair value through other comprehensive income	72,442	85,727
Financial assets at amortised cost	314,718	362,034
Interest rate hedging derivatives	(22,264)	(7,252)
Other assets	352	654
Interest income from liabilities	49,918	22,570
	415,230	**463,848**

“Interest income from liabilities” includes interest income from the application of negative interest rates on liquidity auctions under the European Central Bank’s TLTRO programme (Note 6.1) amounting to 43,830 thousand euros and 19,321 thousand euros at 30 September 2021 and 2020, respectively.

15.2 Interest expense

The breakdown of interest expense income and similar items of the consolidated income statement heading in the nine-month periods ended 30 September 2021 and 2020, based on the portfolio from which the income originates, is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Financial liabilities at amortised cost	43,707	76,940
Interest rate hedging derivatives	(38,251)	(45,359)
Insurance contracts	1,420	3,366
Other liabilities	21,319	16,953
Interest expense from assets	16,420	7,758
	44,615	**59,658**

15.3 Income from dividends

The amount recorded under this heading relates in full to dividends from equity instruments in the portfolio of financial assets at fair value through portfolio other comprehensive income amounting to 8,506 thousand euros at 30 September 2021 (3,502 thousand euros at 30 September 2020).

15.4 Fee and commission income

Fee and commission income accrued in the nine-month periods ended 30 September 2021 and 2020, classified in accordance with the item generating the fees, is reflected in the following table:

	Thousands of euros	
	30/09/2021	30/09/2020
Contingent risk fees	6,450	6,878
Contingent commitment fees	2,021	2,664
Foreign currency exchange fees	72	79
Collection and payment services fees	87,508	83,618
Securities services fees	35,256	26,911
Non-bank financial product marketing fees	187,376	149,886
Other fees	12,930	14,833
	331,613	**284,869**

15.5 Fee and commission expenses

Fee and commission expenses accrued in the nine-month periods ended 30 September 2021 and 2020, classified in accordance with the item generating the fees, is reflected in the following table:

	Thousands of euros	
	30/09/2021	30/09/2020
Fees and commissions assigned to other entities	4,811	4,212
Fees and commissions paid for securities transactions	1,700	1,794
Other fees	7,795	5,608
	14,306	**11,614**

15.6 Net gains/(losses) on financial transactions

The breakdown of income from financial transactions of the consolidated income statements for the nine-month periods ended 30 September 2021 and 2020, based on the financial instrument portfolios from which the income originates, is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Net gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss	**38,102**	**14,159**
Financial assets at fair value through other comprehensive income	7,242	12,352
Financial assets at amortised cost	33,039	11,173
Financial liabilities at amortised cost	(2,179)	(9,366)
Other	-	-
Net gains/(losses) on financial assets and liabilities held for trading	**531**	**915**
Gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, net	**222**	**(10,404)**
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	**-**	**-**
Net gain/(loss) from hedge accounting	**651**	**(233)**
Adjustments to hedged instruments (fair value hedge)	22,756	37,630
Hedge derivative (fair value hedge)	(22,105)	(37,863)
	39,506	**4,437**

At 30 September 2021, the heading “Net gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss - Financial assets at amortised cost” includes 33,102 thousand euros for the result of execution of the forward sale on the disposal of the Spanish public debt securities portfolio made in 2020 (Note 5.4.1).

At 30 September 2020, “Net gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss - Financial liabilities at amortised cost” mainly reflected the impact of the subordinated notes repurchase transaction described in Note 6.2. The Group had to pay a premium of an average cost of 2.14% to the holders of the issue who took part in the buy-back offer. The final impact of this repurchase resulted in a negative result of 9 million euros.

Also, at that date, “Gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net - Financial assets at amortised cost” included, among others, the impact of the sale of a portfolio of non-performing loans with a nominal value of 269 million euros which, on 30 January 2020, the Group concluded with DSSV, S.A.R.R.L. The transaction resulted in a positive result of 3 million euros.

Lastly, in the nine-month period ended 30 September of the previous year, “Net gains or losses on financial assets not held for trading mandatorily measured at fair value through profit or loss” mainly reflected the impact of the 10,350 thousand euros reduction in the value of SAREB’s subordinated debt (Note 5.2).

15.7 Other operating income

The breakdown of “Other operating income” in the consolidated income statements for the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020(*)
Income from investment property	2,908	3,111
Income from other operating leases	12,171	11,653
Sales and income from provision of services	3,041	3,254
Other items	7,995	18,949
	26,115	**36,967**

(*) Restated figures (see Note 2.2.)

At 30 September 2020, “Other items” mainly includes the initial recognition of 15 million euros in revenue, as part of the 70 million euros already received by Ibercaja Mediación for the signing of the novation agreement modifying Caser’s non-life insurance distribution contract (see Note 2.2 and Note 5.3).

15.8 Other operating expenses

The breakdown of “Other operating expense” in the consolidated income statements for the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Operating expenses on investment properties	643	1,050
Contribution to National Resolution Fund	13,794	11,094
Contribution to Deposit Guarantee Fund	5,291	5,273
Other items	9,849	8,928
	29,577	**26,345**

15.9 Administration expenses

15.9.1 Personnel expenses

The breakdown of personnel expenses in the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Wages and salaries	203,366	200,467
Social security contributions	51,853	52,046
Contributions to pension funds and insurance policies	14,099	12,645
Severance payments	3,491	-
Other staff costs	1,130	621
	273,939	**265,779**

15.9.2 Other administration expenses

The breakdown of “Other administration expenses” in the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Buildings, installations and office equipment	21,254	20,781
Equipment maintenance, licences, works and computer software	17,473	19,135
Communications	9,662	8,834
Advertising	3,046	3,054
Charges and taxes	10,717	11,512
Other management and administration expenses	55,321	45,727
	117,473	**109,042**

15.10 Impairment and reversal of impairment in non-financial assets

The breakdown of impairment losses and reversals of impairment losses on non-financial assets during the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Tangible assets	**1,995**	**756**
Property, plant and equipment	817	273
Investment property	1,178	483
Intangible assets	**-**	**-**
Goodwill	-	-
Other intangible assets	-	-
Other	**1,615**	**1,632**
	3,610	**2,388**

15.11 Net gains and losses on derecognition of non-financial assets

The breakdown of net gains and losses on the derecognition of non-financial assets in the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	(5,544)	(365)
Gains/(losses) on disposal of shareholdings	395	-
Other gains/(losses)	-	-
	(5,149)	**(365)**

15.12 Net gains/(losses) on non-current assets classified as held for sale not qualifying as discontinued operations

The breakdown of net gains and losses on non-current assets and disposal groups of items classified as held for sale not qualifying for discontinued operations in the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Impairment gains/(losses) on other non-current assets for sale	(13,379)	(4,479)
Gains/(losses) on disposal of other non-current assets for sale	6,283	(1,925)
	(7,096)	**(6,404)**

16. Events after the reporting period

On 1 October 2021, Moody's Investors Service, as a result of an internal review of its methodology, upgraded Ibercaja Banco's long-term deposit rating to "Ba1" from "Ba2", maintaining a stable outlook, and maintained the rating for short-term deposits at Not Prime (NP).

On 5 October 2021, the Board of Directors of Ibercaja Banco, having regard to the Recommendation of the European Central Bank of 23 July 2021, which repeals Recommendation ECB/2020/62 restricting the payment of dividends, decided, in accordance with the provisions of Article 277 of the Corporate Enterprises Act, to distribute to the shareholders an interim dividend of 47 million euros in proportion to their respective holdings in the share capital of the Bank. The dividend was paid in full on 7 October 2021.

On 28 October 2021, at a General Meeting, the shareholders of Ibercaja Banco unanimously resolved to appoint José Miguel Echarri Porta as a member of the Board of Directors, with the category of proprietary external director, replacing Emilio Jiménez Labrador, after having obtained a favourable opinion from the competent supervisory authorities.

17. Condensed individual financial statements of Ibercaja Banco, S.A.

The individual condensed balance sheets at 30 September 2021 and 31 December 2020, as well as the individual condensed income statements, the individual condensed statements of recognised income and expense, the individual condensed statements of total changes in equity and the individual condensed cash flow statements of the parent entity for the nine-month periods ended 30 September 2021 and 2020, prepared in accordance with Bank of Spain Circular 4/2017, are presented below.

IBERCAJA BANCO, S.A.

INDIVIDUAL CONDENSED BALANCE SHEETS
AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

ASSETS	30/09/2021	31/12/2020(*)
Cash and cash balances at central banks and other demand deposits	**6,576,080**	**7,387,451**
Financial assets held for trading	**2,989**	**4,953**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	**1,694**	**1,542**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets at fair value through profit or loss	-	-
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets at fair value through other comprehensive income	**631,985**	**437,288**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	*43,221*	*71,059*
Financial assets at amortised cost	**40,555,253**	**39,858,274**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	*4,147,804*	*3,126,292*
Derivatives - Hedge accounting	**72,639**	**142,020**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	-	-
Investments in subsidiaries, joint ventures and associates	**879,405**	**899,019**
Subsidiaries	788,191	807,964
Joint ventures	38,226	38,226
Associates	52,988	52,829
Tangible assets	**734,654**	**758,550**
Property, plant and equipment	545,155	561,217
For own use	545,155	*561,217*
Assigned under operating lease	-	-
Investment property	189,499	197,333
of which: assigned under operating lease	*38,574*	*40,616*
Memorandum items: acquired under finance lease	-	-
Intangible assets	**127,983**	**130,224**
Goodwill	28,815	38,420
Other intangible assets	99,168	91,804
Tax assets	**1,289,337**	**1,301,762**
Current tax assets	7,503	6,046
Deferred tax assets	1,281,834	1,295,716
Other assets	**206,178**	**192,998**
Insurance contracts linked to pensions	91,050	92,310
Inventories	263	338
Other assets	114,865	100,350
Non-current assets and disposal groups classified as held for sale	**59,834**	**62,245**
TOTAL ASSETS	**51,138,031**	**51,176,326**

(*) Presented for comparison purposes only (Note 2.2).

IBERCAJA BANCO, S.A.

INDIVIDUAL CONDENSED BALANCE SHEETS
AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

LIABILITIES	30/09/2021	31/12/2020(*)
Financial liabilities held for trading	**4,169**	**3,729**
Financial liabilities at fair value through profit or loss	**-**	**-**
Memorandum items: subordinated liabilities	-	-
Financial liabilities at amortised cost	**47,212,314**	**47,061,417**
Memorandum items: subordinated liabilities	*502,464*	*510,326*
Derivatives - Hedge accounting	**155,448**	**216,202**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	**23,768**	**37,593**
Provisions	**306,246**	**369,532**
Pensions and other post-employment defined benefit obligations	97,680	99,268
Other long-term employee remuneration	-	122
Lawsuits and litigation for outstanding taxes	5,503	6,235
Commitments and guarantees given	16,855	19,523
Other provisions	186,208	244,384
Tax liabilities	**140,816**	**143,546**
Current tax liabilities	-	-
Deferred tax liabilities	140,816	143,546
Other liabilities	**103,300**	**183,383**
Liabilities within disposal groups classified as held for sale	**-**	**-**
TOTAL LIABILITIES	**47,946,061**	**48,015,402**

(*) Presented for comparison purposes only (Note 2.2).

IBERCAJA BANCO, S.A.

INDIVIDUAL CONDENSED BALANCE SHEETS
AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

EQUITY	30/09/2021	31/12/2020(*)
Shareholders' equity	**3,196,026**	**3,126,166**
Capital	214,428	214,428
Paid-in capital	*214,428*	*214,428*
Called-up capital	-	-
Memorandum items: uncalled capital	-	-
Share premium	-	-
Equity instruments issued other than capital	350,000	350,000
Equity component of compound financial instruments	-	-
Other equity instruments issued	*350,000*	*350,000*
Other equity items	-	-
Retained earnings	566,640	562,518
Revaluation reserves	2,327	2,327
Other reserves	1,984,424	1,988,922
(Treasury shares)	-	-
Profit/(loss) for the year	78,207	7,971
(Interim dividends)	-	-
Other accumulated comprehensive income	**(4,056)**	**34,758**
Items that will not be reclassified to profit or loss	22,222	24,571
Actuarial gains/(losses) on defined benefit pension plans	*(11,377)*	*(5,802)*
Non-current assets and disposal groups classified as held for sale	-	-
Changes in the fair value of equity instruments measured at fair value changes through other comprehensive income	*33,599*	*30,373*
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-	-
Items that may be reclassified to profit or loss	(26,278)	10,187
Hedges of net investment in foreign operations (effective portion)	-	-
Foreign currency translation	-	-
Hedging derivatives. Cash flow hedge reserve (effective portion)	*(24,567)*	8,551
Changes in the fair value of debt instruments measured at fair value through other comprehensive income	*(1,711)*	*1,636*
Hedging instruments (undesignated items)	-	-
Non-current assets and disposal groups classified as held for sale	-	-
TOTAL EQUITY	**3,191,970**	**3,160,924**
TOTAL EQUITY AND LIABILITIES	**51,138,031**	**51,176,326**
Memorandum items: off-balance sheet exposures		
Loan commitments given	**3,840,019**	**3,780,315**
Financial guarantees granted	**100,098**	**94,627**
Other commitments given	**822,326**	**798,930**

(*) Presented for comparison purposes only (Note 2.2).

IBERCAJA BANCO, S.A.

INDIVIDUAL CONDENSED CONSOLIDATED INCOME STATEMENTS FOR FOR THE NINE-MONTH PERIODS ENDED ON 30 SEPTEMBER 2021 AND 2020

	Thousands of euros	
	30/09/2021	30/09/2020(*)
(+) Interest income and similar	338,115	374,656
a) Financial assets at fair value through other comprehensive income	1,857	2,267
b) Financial assets at amortised cost	302,567	350,360
c) Other assets	33,691	22,029
(-) Interest expense	52,557	62,194
(-) Expenses on share capital repayable on demand	-	-
(=) A) NET INTEREST INCOME	**285,558**	**312,462**
(+) Dividend income	61,415	73,889
(+) Fee and commission income	220,696	201,293
(-) Fee and commission expenses	7,469	7,154
(+/-) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	36,178	13,073
a) Financial assets at amortised cost	33,039	11,173
b) Other financial assets and liabilities	3,139	1,900
(+/-) Gains/(losses) on financial assets and liabilities held for trading, net	531	916
a) Reclassification of financial assets from fair value through other comprehensive income	-	-
b) Reclassification of financial assets from amortised cost	-	-
c) Other gains or (-) losses	531	916
(+/-) Gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, net	222	(10,291)
a) Reclassification of financial assets from fair value through other comprehensive income	-	-
b) Reclassification of financial assets from amortised cost	-	-
c) Other gains or (-) losses	222	(10,291)
(+/-) Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net	-	-
(+/-) Net gains/(losses) from hedge accounting	651	(233)
(+/-) Net exchange differences	322	545
(+) Other operating income	34,804	30,745
(-) Other operating expenses	24,090	21,354
(=) B) GROSS INCOME	**608,818**	**593,891**
(-) Administration expenses	371,231	354,928
(-) a) Personnel expenses	263,986	256,929
(-) b) Other administration expenses	107,245	97,999
(-) Amortisation and depreciation	53,766	55,074
(+/-) Provisions or reversal of provisions	4,549	(29,468)
(+/-) Impairment or reversal of impairment on financial assets not measured fair value through profit or loss or net gain on change	64,131	176,639
(+/-) a) Financial assets at fair value through other comprehensive income	88	(159)
(+/-) b) Financial assets at amortised cost	64,043	176,798
(=) C) PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	**115,141**	**36,718**
(+/-) Impairment or (-) reversal of impairment on investments in subsidiaries, joint ventures or associates	(632)	6,700
(+/-) Impairment or reversal of impairment of non-financial assets	823	339
(+/-) a) Tangible assets	817	274
(+/-) b) Intangible assets	-	-
(+/-) c) Other	6	65
(+/-) Net gains/(losses) on derecognition of non-financial assets	(230)	(679)
(+) Negative goodwill recognised in profit or loss	-	-
(+/-) Gains/(losses) on non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations	(877)	(467)
(=) D) PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**113,843**	**28,533**
(+/-) Expense or income from taxes on income from continuing operations	35,636	3,222
(=) E) PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**78,207**	**25,311**
(+/-) Profit/(loss) after tax from discontinued activities	-	-
= PROFIT FOR THE PERIOD	**78,207**	**25,311**

(*) Presented for comparison purposes only (Note 2.2).

IBERCAJA BANCO, S.A.

CONDENSED INDIVIDUAL STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE NINE-MONTH PERIODS ENDED ON 30 SEPTEMBER 2021 AND 2020

	Thousands of euros	
	30/09/2021	30/09/2020(*)
A) PROFIT FOR THE PERIOD	**78,207**	**25,311**
B) OTHER COMPREHENSIVE INCOME	**(30,449)**	**(6,808)**
Items that will not be reclassified to profit or loss	**6,015**	**(20,426)**
a) Actuarial gains/(losses) on defined benefit pension plans	(7,965)	-
b) Non-current assets and disposal groups of items held for sale	-	-
c) Changes in the fair value of equity instruments measured at fair value through other comprehensive income	18,011	(31,698)
d) Gains/(losses) resulting from hedge accounting of equity instruments at fair value through other comprehensive income, net	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
e) Changes in the fair value of financial liabilities at fair value through profit or loss profit or loss attributable to changes in credit risk	-	-
f) Corporation tax relating to items not to be reclassified	(4,030)	11,272
Items that may be reclassified to profit or loss	**(36,464)**	**13,618**
a) Hedges of net investment in foreign operations (effective portion)	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
b) Currency translation	-	-
Gains/(losses) from foreign currency exchange taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
c) Cash flow hedges (effective portion)	(47,310)	14,744
Valuation gains/(losses) taken to equity	*(47,277)*	*14,744*
Transferred to the income statement	(33)	-
Transferred to initial carrying amount of hedge items	-	-
Other reclassifications	-	-
d) Hedging instruments (undesignated items)	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
e) Debt instruments at fair value through other comprehensive income	(4,781)	4,710
Valuation gains/(losses) taken to equity	*537*	*15,973*
Transferred to the income statement	*(5,318)*	*(11,263)*
Other reclassifications	-	-
f) Non-current assets and disposal groups of items held for sale	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
g) Corporation tax relating to items that may be reclassified to profit or loss	15,627	(5,836)
C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**47,758**	**18,503**

(*) Presented for comparison purposes only (Note 2.2).

IBERCAJA BANCO, S.A.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED ON 30 SEPTEMBER 2021

	Thousands of euros											
	Capital	**Share premium**	**Equity instruments issued other than capital**	**Other equity items**	**Retained earnings**	**Revaluation reserves**	**Other reserves**	**(Treasury shares)**	**Profit for the period**	**(Interim dividends)**	**Accumulated other comprehensive income**	**Total**
I. Closing balance at 31/12/2020	**214,428**	**-**	**350,000**	**-**	**562,518**	**2,327**	**1,988,922**	**-**	**7,971**	**-**	**34,758**	**3,160,924**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**562,518**	**2,327**	**1,988,922**	**-**	**7,971**	**-**	**34,758**	**3,160,924**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**78,207**	**-**	**(30,449)**	**47,758**
Other changes in equity	**-**	**-**	**-**	**-**	**4,122**	**-**	**(4,498)**	**-**	**(7,971)**	**-**	**(8,365)**	**(16,712)**
Issuance of common shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	--	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration)	-	-	-	-	(3,849)	-	-	-	-	-	-	(3,849)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Sale or redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	7,971	-	8,365	-	(7,971)	-	(8,365)	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(12,863)	-	-	-	-	(12,863)
III. Closing balance at 30/09/2021	**214,428**	**-**	**350,000**	**-**	**566,640**	**2,327**	**1,984,424**	**-**	**78,207**	**-**	**(4,056)**	**3,191,970**

IBERCAJA BANCO, S.A.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED ON 30 SEPTEMBER 2020

	Thousands of euros											
	Capital	**Share premium**	**Equity instruments issued other than capital**	**Other equity items**	**Retained earnings**	**Revaluation reserves**	**Other reserves**	**(Treasury shares)**	**Profit for the period**	**(Interim dividends)**	**Accumulated other comprehensive income**	**Total**
I. Closing balance at 31/12/2019	**214,428**	**-**	**350,000**	**-**	**507,825**	**2,327**	**1,968,925**	**-**	**72,193**	**-**	**69,906**	**3,185,604**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**507,825**	**2,327**	**1,968,925**	**-**	**72,193**	**-**	**69,906**	**3,185,604**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,311**	**-**	**(6,808)**	**18,503**
Other changes in equity	**-**	**-**	**-**	**-**	**54,693**	**-**	**22,959**	**-**	**(72,193)**	**-**	**(33,292)**	**(27,833)**
Issuance of common shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration)	-	-	-	-	(17,500)	-	-	-	-	-	-	(17,500)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Sale or redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	72,193	-	33,292	-	(72,193)	-	(33,292)	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(10,333)	-	-	-	-	(10,333)
III. Closing balance at 30/09/2020	**214,428**	**-**	**350,000**	**-**	**562,518**	**2,327**	**1,991,884**	**-**	**25,311**	**-**	**29,806**	**3,176,274**

(*) Presented for comparison purposes only (Note 2.2).

IBERCAJA BANCO, S.A.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIODS
ENDED ON 30 SEPTEMBER 2021 AND 2020**

	Thousands of euros	
	30/09/2021	30/09/2020
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)	**(771,317)**	1,121,338
1. Profit for the period	78,207	25,311
2. Adjustments to calculate cash flows from operating activities:	96,330	208,169
(+) Amortisation and depreciation	53,766	55,074
(+/-) Other adjustments	42,564	153,095
3. Net increase/decrease in operating assets:	935,659	1,134,982
(+/-) Financial assets held for trading	(1,964)	-892
(+/-) Financial assets not held for trading mandatorily measured at fair value through profit or loss	152	(20,810)
(+/-) Financial assets at fair value through profit or loss	-	-
(+/-) Financial assets at fair value through other comprehensive income	194,051	(551,178)
(+/-) Financial assets at amortised cost	761,012	1,667,759
(+/-) Other operating assets	(17,592)	40,103
4. Net increase/(decrease) in operating liabilities:	(2,806)	2,023,804
(+/-) Financial liabilities held for trading	440	(581)
(+/-) Financial liabilities at fair value through profit or loss	-	-
(+/-) Financial liabilities at amortised cost	166,949	2,081,081
(+/-) Other operating liabilities	(170,195)	(56,696)
5. Company tax credit/(payments)	(7,389)	(964)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 +2)	**(27,182)**	**(26,085)**
1. Payments:	46,155	34,940
(-) Tangible assets	30,268	24,526
(-) Intangible assets	15,043	10,002
(-) Investments in joint ventures and associates	597	-
(-) Subsidiaries and other business units	-	-
(-) Non-current assets and liabilities classified as held for sale	247	412
(-) Other payments related to investing activities	-	-
2. Receipts:	18,973	8,855
(+) Tangible assets	16,150	8,747
(+) Intangible assets	-	-
(+) Investments in joint ventures and associates	834	-
(+) Subsidiaries and other business units	-	-
(+) Non-current assets and liabilities classified as held for sale	1,989	108
(+) Other receipts related to investing activities	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(22,224)**	**(18,375)**
1. Payments:	22,224	518,375
(-) Dividends	3,849	-
(-) Subordinated liabilities	-	500,000
(-) Redemption of own equity instruments	-	-
(-) Acquisition of own equity instruments	-	-
(-) Other payments related to financing activities	18,375	18,375
2. Receipts:	-	500,000
(+) Subordinated liabilities	-	500,000
(+) Issuance of own equity instruments	-	-
(+) Disposal of own equity instruments	-	-
(+) Other receipts related to financing activities	-	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	-	**-**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(820,723)**	**1,076,878**
F) CASH AND CASH EQUIVALENTS AT START OF PERIOD	**7,377,476**	**3,700,576**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	**6,556,753**	**4,777,454**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
(+) Cash	178,852	199,679
(+) Cash equivalents at central banks	6,162,618	4,567,239
(+) Other financial assets	215,283	10,536
(-) Less: Bank overdrafts repayable on demand	**-**	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6,556,753**	**4,777,454**

(*) Presented for comparison purposes only (Note 2.2).

iberCaja

CONSOLIDATED INTERIM MANAGEMENT REPORT

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

Ibercaja Banco, S.A. y Sociedades dependientes

1 HIGHLIGHTS FOR THE PERIOD AT THE IBERCAJA GROUP

- **Retail funds**, at 68,170 million euros, grew by 4.2% in the first nine months of 2021, thanks to **asset management and life insurance**, whose volume performed strongly, increasing by 10.0%, so that weight in total managed savings reached 47.2%.
- **Assets of investment funds** managed by Ibercaja Gestión continue to rise, totalling 17,691 million euros, with an increase of 16.0% since December, above the total of Spanish CIUs, which recorded a growth of 11.8%. Net contributions, at 1,872 million euros, were 2.4 times higher than a year earlier. Market share, at 5.77%**,** gained **21 basis points.**
- Volume managed in **pension plans** increased by 5.6%, allowing market share, 5.95%, to add **4 basis points** to that of year-end 2020. In individual and employment plans, market share increased by **6 and 7 basis points, respectively.**
- **New credit and loan originations** **recovered pre-pandemic levels** at more than 4,000 million euros, an increase of 7.3% compared to the same period in 2019.
- The new **Business Banking area**, created at the beginning of the year, boosted market presence in the productive activities business, achieving a growth of **221 million euros in performing loans** in this segment since the end of 2020, an increase in the balance of **3%**. Ibercaja, working with experienced consulting firms, made available to business banking clients an advisory service for accessing funds from the NextGenerationEU plan so that they can leverage the opportunities that these funds represent for the recovery of the economy.
- **New life and non-life premium income rose** **44.5%** year-on-year to 47 million euros. New life insurance premiums went up by 72.4% year on year, while new non-life insurance premiums rose by 40.5%.
- On 14 April, the Chairman and CEO of Ibercaja unveiled the new **Strategic Plan 2021-2023**, which, under the name **"Desafío 2023"** (Challenge 2023), will be the Bank's roadmap for the three-year period. The new Plan focuses on two main **objectives**: **improving competitiveness** and **Bank profitability**. In addition, the Plan includes a cross-cutting sustainability initiative to meet the ECB's expectations in the four areas established by the Supervisor: strategy and business model, governance and risk appetite, risk management and disclosure.

PROFIT OR LOSS

- The Group posted a **net profit** of **146 million euros**, double that of the first nine months of the previous year.
- Net interest income stood at 371 million euros, 8.3% lower than in the same period in 2020, affected by the impact of negative interest rates in the performance of the loan portfolio. Fee and commission income increased by 16.0% year-on-year due to the strong momentum of off-balance-sheet managed savings. Non-banking fees and commissions from asset management and insurance grew by 45.6 million euros, or 27.6%, compared to September 2020. As a result, overall **recurring income**, the sum of net interest income, net fee and commission income and exchange differences, increased by **1.5%**, exceeding the Bank's target of stability for the year as a whole.
- **Operating expenses** were up 3.6% year-on-year. The halt in activity in 2020 as a result of the pandemic and the launch of the new Strategic Plan explain the increase in the cost base. However, in the coming months, cost savings will become visible when departures of employees covered by the regulated workforce restructuring materialise. Terminations are occurring over a staggered timetable and will continue through to June 2022.
- **Profit before write-downs**, at 291 million euros, was **7.7%** higher than in September 2020, thanks to a 5.2% increase in the gross margin.
- All provisions and write-downs recognised in impairment losses on financial assets, non-financial assets, non-current assets held for sale and period provisions, 85 million euros, were 46.6% less than in September 2020. The write-downs of loans and foreclosed properties, 78 million euros, decreased by 57.1%, on recognising an extraordinary provision in 2020 of 90 million euros, aimed to cover the potential impact on the loan portfolio of the economic effects of COVID-19. Stripping out this extraordinary provision, the decrease was 15.1%, due to lower entries in NPLs. The **cost of risk** fell to **32 basis points**, lower than in 2020 as a whole (71 basis points).

RISK, LIQUIDITY AND SOLVENCY MANAGEMENT

- **Doubtful assets** dropped by **16.8%, as opposed to a 2.9% decrease across the sector** (last information at August), with the default rate falling by 51 basis points to **2.7%.** The positive gap with respect to credit institutions as a whole widened to 173 basis points.
- The **foreclosed property portfolio** totalled 559 million, **9.8% less than in December 2020**, as a result of the recovery of sales in the property market after the standstill seen in the most critical months of the pandemic. The coverage of these property assets is 59.2%, or 65.2% for unbuilt land.
- The **aggregate of distressed exposure, doubtful and foreclosed assets** was reduced by 231 million euros. The **distressed asset rate**, **4.4%,** has fallen by 65 basis points since December. The **coverage ratio** of these assets was **65.7%**, up by 359 basis points. Problem assets net of coverage account for 0.8% of the balance sheet vs.1.1% at year-end 2020.

- The Group has a **sound funding structure** based on the deposits of retail customers that account for **78.0%** of external funding, so the retail loan-to-deposit (LTD) ratio is below 100%. The **Group's liquid assets** represent **24.5% of the balance sheet** and comfortably cover all wholesale debt maturities.
- The **fully loaded CET1 ratio** is 12.8%, **up 22 basis points**, while the **total capital ratio** is **17.5% (+24 bp vs December 2020).** In terms of Phased In, common equity tier 1 (CET1) capital is 13.6%, while the total capital ratio is 18.3%. The excess capital in terms of 2021 SREP requirements stands at 576 basis points.

DIVIDEND POLICY

- On 5 October 2021, the **Board of Directors of Ibercaja Banco**, having regard to the Recommendation of the European Central Bank of 23 July 2021, which repeals Recommendation ECB/2020/62 restricting the payment of dividends, **decided**, in accordance with the provisions of Article 277 of the Corporate Enterprises Act, to **distribute to the shareholders** an **interim dividend of 47 million euros in proportion to their respective holdings in the share capital of the Bank.** The dividend was paid in full on 7 October 2021.

RATING AGENCIES

- On 24 June, **Standard & Poor's** raised Ibercaja Banco's outlook from “negative” to “stable”, confirming the long-term rating at “BB+”.
- On 9 September, **Fitch Ratings** revised Ibercaja Banco's outlook to “positive” from “negative”, confirming the long-term credit rating at “BB+”.
- On 1 October 2021, **Moody's Investors Service**, as a result of an internal review of its methodology, upgraded Ibercaja Banco's long-term deposit rating to “Ba1” from “Ba2”, maintaining a stable outlook, and maintained the rating for short-term deposits at Not Prime (NP).

CORPORATE GOVERNANCE

- On 28 October 2021, at a General Meeting, the shareholders of Ibercaja Banco unanimously resolved to **appoint José Miguel Echarri Porta as a member of the Board of Directors**, with the category of proprietary external director, replacing Emilio Jiménez Labrador, after having obtained a favourable opinion from the competent supervisory authorities.

COMMITMENT TO SUSTAINABILITY

- Creation of the **Sustainability Department** and the **Sustainable Finance Unit**.
- Ibercaja's involvement as a founding member of the **United Nations Net Zero Banking Alliance**.
- The **assets of investment funds and pension plans managed with ESG criteria** totalled **1,921 million euros** at the end of September, an increase of **116% compared to the end of 2020**.
- Development of sustainable finance products and services.
- **Carbon footprint offset**: In October, for the first time, the Bank earned the "Calculo-reduzco" seal awarded by the Spanish Climate Change Office, which recognises the Bank's commitment to reducing its carbon footprint through an emissions reduction plan. Since Ibercaja started to monitor its Scope 1, 2 and 3 carbon footprint in 2016, it has cut its carbon emissions by 88%. The Ibercaja offset all its direct emissions in 2020, 1,282 Tn/CO2, through the Zero CO2 initiative run by ECODES, under the "Conservation of the Amazon in Madre de Dios, Peru" project, thus achieving carbon neutrality since last year. The goal is to achieve neutrality of emissions across the entire portfolio by 2050.
- **Renewal of certification of its environmental management system** in accordance with ISO 14001-2015.

DIGITALISATION

- Digital banking accounts for 74.8% of the number of the Bank's transactions carried out.
- The **number of digital banking customers** who used any of the different channels in the last month reached **865,089**, with a year-on-year growth of 2.7%, highlighting the advances in mobile banking users (+11.2%) and mobile phone payments (+31.6%).

Key indicators

FIGURES ROUNDED TO MILLION EUROS AND %

BALANCE SHEET	30/09/2021	31/12/2020	Var. %
Total assets	58,163	58,401	(0.4)
Gross loans and advances to customers	31,180	31,590	(1.3)
Performing loan portfolio exc. reverse repurchase agreements	28,718	28.956	(0.8)
Total retail funds	68,170	65,411	4.2
Equity	3,318	3,218	3.1
Retail business volume	96,888	94,367	2.7

RESULTS	30/09/2021	30/09/2020	Var. %
Net interest income	371	404	(8.3)
Recurring revenues	688	678	1.5
Gross income	732	696	5.2
Operating expenses	441	426	3.6
Profit before write-downs	291	270	7.7
Profit/(loss) attributed to the parent	146	73	100.6

EFFICIENCY AND PROFITABILITY	30/09/2021	30/09/2020	Change
Recurring cost-to-income ratio (ordinary expenses/recurring revenues)	64.1	62.8	1.3 pp
ROA (profit attributable to the parent company/total average assets)	0.3	0.2	0.1 pp
RORWA (profit attributable to the parent company/APR)	1.1	0.5	0.6 pp
ROE (profit attributable to the parent company/average own funds)	6.6	3.4	3.2 pp
ROTE (profit attributable to the parent company/average tangible own funds)	7.2	3.7	3.5 pp

RISK MANAGEMENT	30/09/2021	31/12/2020	Change
Non-performing balances (loans and advances to customers)	842	1.013	(16.8%)
Non-performance rate of loans and advances to customers (%)	2.7	3.2	(0.5) pp
Ratio of distressed assets (%)	4.4	5.1	(0.7) pp
Coverage of non-performing exposures	590	647	(8.8%)
Coverage of non-performing risks (%)	70.1	63.9	6.2 pp
Coverage of exposure to distressed assets (%)	65.7	62.2	3.5 pp

LIQUIDITY	30/09/2021	31/12/2020	Change
Liquid assets / Total assets	24.5	25.6	(1.1) pp
Loan-to-deposit ratio (LtD)	80.5	81.1	(0.6) pp
LCR ratio (%)	443.1	468.1	(25.0) pp
NSFR ratio (%)	150.5	151.5	(1.0) pp

SOLVENCY	30/09/2021	31/12/2020	Change
CET1, phased-in (%)	13.58	13.62	(0.04) pp
Solvency ratio, phased-in (%)	18.26	18.27	(0.01) pp
Leverage ratio, phased-in (%)	6.08	6.26	(0.18) pp
CET1, fully loaded (%)	12.81	12.59	0.22 pp
Total capital, fully loaded (%)	17.50	17.26	0.24 pp
Leverage ratio, fully loaded (%)	5.78	5.85	(0.07) pp

ADDITIONAL INFORMATION	30/09/2021	31/12/2020	Var. %
Avg. Group employees	5,246	5,371	(2.3)
No. of offices	944	1,031	(8.4)

Note: The information referring to the first nine months of 2020 has been restated as described in Note 2.2. of the consolidated condensed interim financial statements due to the change in accounting policy in relation to the agreement entered into with Caser in 2020.

2 ALTERNATIVE PERFORMANCE MEASURES

EL BANCO DEL VAMOS

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA/2015/1415es), the **Alternative Performance Measures (APMs)** used in this report are **defined below, alongside a reconciliation with the balance sheet and income statement items** used to calculate them.

Ibercaja uses a range of APMs, which are unaudited, to aid understanding of the company's financial performance. APMs should be regarded as additional information. They do not replace financial information prepared under IFRS. The way in which the Group defines and calculates APMs may differ from performance measures calculated by other companies and, therefore, the APMs may not be comparable.

Note: The information referring to the first nine months of 2020 has been restated as described in Note 2.2. of the consolidated condensed interim financial statements due to the change in accounting policy in relation to the agreement entered into with Caser in 2020.

APMs related to the income statement

RECURRING REVENUES

Definition: sum of net interest income plus net fee and commission income and net exchange differences (APM defined and calculated below).

Importance of its use: measures the performance of income directly related to typical banking activity.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Net interest income [1]	370,615	404,190
+	Net fees and commissions and exchange differences [2]	317,629	273,800
=	**Recurring revenues**	**688,244**	**677,990**

(1) Source: consolidated income statement in the interim financial statements.
(2) APM. See definition and calculation below.

NET FEES AND COMMISSIONS AND EXCHANGE DIFFERENCES

Definition: Fee and commission income minus fee and commission expense plus net exchange differences.

Importance of its use: measures the income generated via fees and commissions.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Fee and commission income	331,613	284,869
-	Fee and commission expenses	14,306	11,614
+	Net exchange differences	322	545
=	**Net fees and commissions and exchange differences**	**317,629**	**273,800**

Source: consolidated income statement in the interim financial statements.

NET GAIN/(LOSS) FROM FINANCIAL TRANSACTIONS

Definition: sum of gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains/losses on financial assets and liabilities held for trading, gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, gains/losses on financial assets and liabilities designated at fair value through profit or loss and gains/losses resulting from hedge accounting.

Importance of its use: to determine the amount of income related to financial activity but which, by their nature, cannot be considered as recurring revenue.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss	38,102	14,159
+	Gains/(losses) on financial assets and liabilities held for trading	531	915
+	Gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss	222	(10,404)
+	Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	-	-
+	Gains/(losses) from hedge accounting	651	(233)
=	**Gains/(losses) on financial assets and liabilities**	**39,506**	**4,437**

Source: consolidated income statement in the interim financial statements.

OTHER OPERATING INCOME AND EXPENSES

Definition: sum of the net amount of other operating income and expenses and income and expenses on assets and liabilities covered by insurance or reinsurance contracts.

Importance of its use: to measure income and expenses that are not wholly derived from financial activity but which are related to our business.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Other operating income	26,115	36,967
-	Other operating expenses	29,577	26,345
+	Income from assets covered by insurance and reinsurance contracts	714,198	755,355
-	Liability expenses covered by insurance or reinsurance contracts	714,443	755,536
=	**Other operating income and expense**	**(3,707)**	**10,441**

Source: consolidated income statement in the interim financial statements.

OPERATING EXPENSES

Definition: sum of staff costs, other administration expenses and depreciation/amortisation.

Importance of its use: indicator of expenses incurred in our activity.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Personnel expenses	273,939	265,779
+	Other administration expenses	117,473	109,042
+	Amortisation/Depreciation	49,966	51,133
=	**Operating expenses**	**441,378**	**425,954**

Source: consolidated income statement in the interim financial statements.

RECURRING OPERATING EXPENSES

Definition: operating expenses (APM defined and calculated above) excluding non-recurring items.

Importance of its use: to measure the performance of ordinary expenses generated by our businesses (banking business, asset management and bancassurance).

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Operating expenses [1]	441,378	425,954
-	Non-recurring expenses	-	-
=	**Recurring operating expenses**	**441,378**	**425,954**

(1) APM. See definition and calculation above.

PROFIT BEFORE WRITE-DOWNS

Definition: gross income less operating expenses (administrative expenses and depreciation and amortisation).

Importance of its use: to show profitability before write-downs.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Gross income	731,899	695,810
-	Administrative expenses	391,412	374,821
-	Amortisation/Depreciation	49,966	51,133
=	**Profit before write-downs**	**290,521**	**269,856**

Source: consolidated income statement in the interim financial statements.

RECURRING PROFIT/(LOSS) BEFORE WRITE-DOWNS

Definition: recurring revenue less recurring operating expenses (APMs defined and calculated above).

Importance of its use: to measure the recurring profitability of the business before write-downs.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Recurring revenues [1]	688,244	677,990
-	Recurring operating expenses [1]	441,378	425,954
=	**Recurring profit/(loss) before write-downs**	**246,866**	**252,036**

(1) APM. See definition and calculation above.

PROVISIONS, IMPAIRMENT AND OTHER WRITE-DOWNS

Definition: sum of provisions, impairment of financial assets not measured at fair value through profit or loss, impairment of investments in joint ventures and associates, impairment of non-financial assets and gains or losses on non-current assets and disposal groups classified as held for sale and not qualifying as discontinued operations, corresponding to impairment losses on other non-current assets held for sale.

Importance of its use: indicator of the cost of allowances made during the year to cover the impairment of the value of our assets.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Provisions or (-) reversal of provisions	4,521	(27,397)
+	Impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit or loss.	63,841	180,278
+	Impairment or (-) reversal of impairment on investments in joint businesses or associates	-	-
+	Impairment or (-) reversal of impairment of non-financial assets	3,610	2,388
+	Impairment losses on other non-current assets for sale	13,379	4,479
=	**Provisions, impairment and other write-downs**	**85,351**	**159,748**

Source: consolidated income statement and note 15.12 to the interim financial statements.

OTHER GAINS/(LOSSES)

Definition: sum of gains/(losses) on the disposal non-financial assets and shareholdings and gains/(losses) on disposal of other non-current assets and held for sale within gains/(losses) on non-current assets and disposal groups of items classified as held for sale and not eligible for classification as discontinued operations.

Importance of its use: indicator of the impact on our income statement of the derecognition/disposal of assets not related to ordinary activity.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
+	Gains or (-) losses on the derecognition of net non-financial assets and shareholders (1)	(5,149)	(365)
+	Gains/(losses) on disposal of other non-current assets for sale (2)	6,283	(1,925)
=	**Other gains/(losses)**	**1,134**	**(2,290)**

(1) Source: consolidated income statement in the interim financial statements.
(2) Source: note 15.12 to the interim financial statements.

APMs related to the profitability

CUSTOMER SPREAD (%)

Definition: difference between the average loan portfolio performance and the cost of retail deposits.

Importance of its use: profitability indicator of our retail business.

	(%)	9M2021	9M2020
+	Yields from consumer loans *Interest income from the portfolio of registered loans in the year divided by the average customer loan balance*	1.20	1.36
-	Cost of retail deposits *Interest expense on retail deposits recognised in the balance sheet in the year divided by the average retail deposit balance*	(0.02)	(0.01)
=	**Customer spread (%)**	**1.22**	**1.37**

Source: internal Bank information.

NET INTEREST INCOME TO ATAs

Definition: net interest income (annualised) as a percentage of consolidated average total assets.

Importance of its use: put net interest income in relation to the balance sheet in order to allow better comparability between periods.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Net interest income (1)	370,615	404,190
Denominator	Average consolidated total assets (2)	57,731,883	54,670,098
=	**Net interest income (% on ATAs)**	**0.86**	**0.99**

(1) Source: consolidated income statement in the interim financial statements.

(2) The total average asset balance was calculated as a simple average of the monthly asset balances.

WEIGHT OF THE FIXED-INCOME PORTFOLIO IN INTEREST INCOME

Definition: income from the fixed-income portfolio divided by interest income.

Importance of its use: to measure the contribution of the fixed income portfolio to our interest income.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Income from fixed income portfolio [1]	25,769	46,952
Denominator	Interest income [2]	415,230	463,848
=	**Weight of fixed income portfolio in interest income (%)**	**6.21**	**10.12**

(1) Source: internal Bank information. Calculated as the income from the Group's debt portfolio excluding the insurance activity of Ibercaja Vida.

(2) Source: consolidated income statement in the interim financial statements.

NET FEES AND COMMISSIONS AND EXCHANGE DIFFERENCES TO ATAs

Definition: ratio of net fees and commissions (annualised) and exchange differences (APM as defined and calculated above) to consolidated average total assets.

Importance of its use: to put fee income in relation to the balance sheet in order to allow better comparability between periods.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Net fees and commissions and exchange differences [1]	317,629	273,800
Denominator	Average consolidated total assets [2]	57,731,883	54,670,098
=	**Net fees and commissions and exchange differences (% of ATAs)**	**0.73**	**0.67**

(1) APM. See definition and calculation above.

(2) See interest margin on ATMs.

NET FEES AND EXCHANGE DIFFERENCES TO RECURRING REVENUE

Definition: net fees and commissions and exchange difference divided by recurring revenue (APMs defined and calculated above).

Importance of its use: to measure the contribution of fees and commissions to recurring revenue.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Net fees and commissions and exchange differences [1]	317,629	273,800
Denominator	Recurring revenues [1]	688,244	677,990
=	**Net fees on recurring revenues**	**46.15**	**40.38**

(1) APM. See definition and calculation above.

RECURRING REVENUES TO ATAs

Definition: recurring revenue (annualised) as a percentage of consolidated average total assets.

Importance of its use: to put recurring revenue in relation to the balance sheet in order to allow better comparability between periods.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Recurring revenues [1]	688,244	677,990
Denominator	Average consolidated total assets [2]	57,731,883	54,670,098
=	**Recurring revenues (% of ATAs)**	**1.59**	**1.65**

(1) APM. See definition and calculation above.

(2) See interest margin on ATAs.

RECURRING OPERATING EXPENSES TO ATAs

Definition: the ratio of recurring operating expenses (annualised) to average consolidated total assets.

Importance of its use: to put recurring expenses in relation to the balance sheet in order to allow better comparability between periods.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Recurring operating expenses [1]	441,378	425,954
Denominator	Average consolidated total assets [2]	57,731,883	54,670,098
=	**Recurring operating expenses (% of ATAs)**	**1.02**	**1.04**

(1) APM. See definition and calculation above.

(2) See interest margin on ATAs.

COST-TO-INCOME RATIO

Definition: recurring operating expenses (APM defined and calculated above) divided by gross income.

Importance of its use: to measure our operating efficiency.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Recurring operating expenses [1]	441,378	425,954
Denominator	Gross income [2]	731,899	695,810
=	**Cost-to-income ratio (%)**	**60.31**	**61.22**

(1) APM. See definition and calculation above.

(2) Source: consolidated income statement in the interim financial statements.

RECURRING COST-TO-INCOME RATIO

Definition: recurring operating expenses divided by recurring revenue (APMs defined and calculated above).

Importance of its use: to measure the efficiency of our recurring activity.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Recurring operating expenses [1]	441,378	425,954
Denominator	Recurring revenues [1]	688,244	677,990
=	**Recurring cost-to-income ratio (%)**	**64.13**	**62.83**

(1) APM. See definition and calculation above.

RECURRING PROFIT BEFORE WRITE-DOWNS TO AVERAGE TOTAL ASSETS

Definition: difference between recurring revenues and recurring operating expenses (annualised) in relation to consolidated average total assets.

Importance of its use: to put profit before write-downs in relation to the balance sheet in order to allow better comparability between periods.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Recurring income before write-downs (1)	246,866	252,036
Denominator	Average consolidated total assets (2)	57,731,883	54,670,098
=	**Recurring profit before write-downs (% ATAs)**	**0.57**	**0.61**

(1) APM. See definition and calculation above.

(2) See interest margin on ATAs.

ROA

Definition: Profit attributable to the parent (annualised figure) divided by consolidated average total assets.

Importance of its use: to measure the profitability of our assets.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Profit/(loss) attributed to the parent(1)	145,975	72,758
Denominator	Average consolidated total assets (2)	57,731,883	54,670,098
=	**ROA (%)**	**0.34**	**0.18**

(1) Source: consolidated income statement in the interim financial statements.

(2) See interest margin on ATAs.

RORWA

Definition: parent company profits (annualised figure) divided by risk-weighted assets.

Importance of its use: to measure the profitability of our risk-weighted assets.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Profit/(loss) attributed to the parent(1)	145,975	72,758
Denominator	Risk-weighted assets phased in(2)	18,165,265	18,309,096
=	**RORWA (%)**	**1.07**	**0.53**

(1) Source: consolidated income statement in the interim financial statements.
(2) Source: note 2.8 to the interim financial statements.

ROE

Definition: Parent company profits (annualised figure) divided by average consolidated shareholders' equity. Excluded is the issue of AT1 of 350 million euros recorded as net shareholders' equity of other reserves arising from the issue of equity instruments other than equity (including accrued interest and costs of the AT1 issue).

Importance of its use: to measure profitability in relation to shareholders' equity.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Profit/(loss) attributed to the parent (1)	145,975	72,758
Denominator	Average consolidated shareholders' equity (2)	2,938,650	2,858,906
=	**ROE (%)**	**6.62**	**3.39**

(1) Source: consolidated income statement in the interim financial statements.

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

ROTE

Definition: ratio of profit/(loss) attributed to the parent company (annualised) to consolidated average tangible equity. Excluded is the issue of AT1 of 350 million euros recorded as net shareholders' equity of other reserves arising from the issue of equity instruments other than equity (including accrued interest and costs of the AT1 issue).

Importance of its use: to measure profitability in relation to tangible equity.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Profit/(loss) attributed to the parent(1)	145,975	72,758
Denominator	Average tangible consolidated shareholders' equity (2)	2,701,264	2,647,922
=	**ROTE (%)**	**7.21**	**3.66**

(1) Source: consolidated income statement in the interim financial statements.

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

Solvency-related APM

RWA DENSITY

Definition: Risk-weighted assets divided by total assets.

Importance of its use: to measure our balance sheet's risk profile.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Risk-weighted assets phased in[1]	18,165,265	18,248,449
Denominator	Consolidated total assets [2]	58,163,076	58,400,790
=	**RWA density (%)**	**31.23**	**31.25**

(1) Source: note 2.8 to the interim financial statements.

(2) Source: consolidated balance sheet the interim financial statements.

APMs related to asset quality

DISTRESSED ASSETS

Definition: the aggregation of impaired assets from loans and advances to customers and the gross value of foreclosed assets.

Importance of its use: to evaluate the size of our portfolio of non-performing assets in gross terms.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Impaired loans and advances to customers [1]	842,401	1,012,938
+	Gross value of foreclosed assets[2]	558,865	619,527
=	**Distressed assets**	**1,401,266**	**1,632,465**

(1) Source: notes 5.2.1 and 5.4.1 to the interim financial statements.

(2) Source: note 2.7.4 to the interim financial statements.

NPLs TO LOANS AND ADVANCES TO CUSTOMERS

Definition: non-performing loans on the consolidated balance sheet divided by gross loans and advances to customers.

Importance of its use: monitor the rating of the credit portfolio.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Impaired loans and advances to customers[1]	842,401	1,012,938
Denominator	Gross loans and advances to customers[1]	31,180,078	31,589,582
=	**Non-performing loans to all loans and advances to customers (%)**	**2.70**	**3.21**

(1) Source: notes 5.2.1 and 5.4.1 to the interim financial statements.

DISTRESSED ASSET RATIO

Definition: ratio between distressed assets (APM defined and calculated above) and the value of the exposure.

Importance of its use: to evaluate the size of our portfolio of non-performing assets in relative terms.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Distressed assets [(1)]	1,401,266	1,632,465
Denominator	(a) Gross loans and advances to customers	31,180,078	31,589,582
	(b) Gross value of foreclosed assets	558,865	619,527
	(a) + (b) Value of exposure [(2)]	31,738,943	32,209,109
=	**Problem asset ratio (%)**	**4.41**	**5.07**

(1) Source: APM. See definition and calculation above.

(2) (1) Source: notes 2.7.4., 5.2.1 and 5.4.1 to the interim financial statements.

COST OF RISK

Definition: percentage of write-offs associated with loans and advances to customers and foreclosed property (annualised) in relation to the average exposure, understood as the sum of gross loans and advances to customers and foreclosed property.

Importance of its use: to monitor the cost of allowances for the loan portfolio and foreclosed assets.

	(THOUSANDS OF EUROS)	30/09/2021	30/09/2020
Numerator	Write-downs of loans and foreclosed properties [(1)]	78,043	182,072
Denominator	Average exposure (gross credit and property) [(2)]	32,202,074	33,034,382
=	**Cost of risk (%)**	**0.32**	**0.64**

(1) Source: internal Bank information. The write-down of the loan is the sum of the impairment of financial assets at amortised cost and the provisioning (reversal) of provisions for commitments and guarantees given. Foreclosed properties are classified according to their nature as non-current assets held for sale, investment property or inventories. The impairment is recorded under “impairment or reversal of impairment of non-financial assets (investment property and other)” (note 15.10 to the interim financial statements) and “impairment losses on non-current assets held for sale” (note 15.12 to the interim financial statements). The provision for COVID-19 as of September 2020, 90 million euros, has not been annualised in the calculation of the cost of risk for the first nine months of 2020.

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

COVERAGE OF NON-PERFORMING EXPOSURES

Definition: sum of impairment losses on loans and advances to customers and negative cumulative changes in fair value due to credit risk on non-performing exposures. Includes impairment losses of stages 1, 2 and 3.

Importance of its use: to monitor the extent to which provisions associated with credit risk cover doubtful loans.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Impairment losses on loans and advances to customers [1]	589,174	644,937
+	Accumulated negative changes in fair value of doubtful exposures [2]	1,278	2,241
=	**Coverage of non-performing exposures**	**590,452**	**647,178**

(1) Source: note 5.4.1 to the interim financial statements.

(2) Source: note 5.2.1 to the interim financial statements.

COVERAGE RATIO FOR NON-PERFORMING EXPOSURES

Definition: ratio of provisions for impairment of assets (APM as defined and calculated above) to impaired loans and advances to customers.

Importance of its use: to monitor the extent to which provisions associated with credit risk cover doubtful loans.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Coverage of non-performing exposures [1]	590,452	647,178
Denominator	Impaired assets loans and advances to customers[2]	842,401	1,012,938
=	**Coverage of non-performing risks (%)**	**70.09**	**63.89**

(1) Source APM. See definition and calculation above.

(2) Source: notes 5.2.1 and 5.4.1 to the interim financial statements.

COVERAGE RATE OF FORECLOSED ASSETS

Definition: Impairment losses on foreclosed assets (since loan origination) divided by the gross value of foreclosed assets.

Importance of its use: We use this APM to monitor the extent to which the provisions associated with foreclosed properties cover the gross value of those properties.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Correction of the impairment of foreclosed assets [1]	330,769	367,413
Denominator	Gross value of foreclosed assets[1]	558,865	619,527
=	**Coverage of foreclosed assets (%)**	**59.19**	**59.31**

(1) Source: note 2.7.4 to the interim financial statements.

COVERAGE RATE OF FORECLOSED LAND

Definition: Impairment losses on foreclosed land (since loan origination) divided by the gross value of foreclosed land.

Importance of its use: to monitor the extent to which provisions associated with land cover the gross value of these properties.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Land value adjustments [1]	231,906	266,206
Denominator	Gross value of land[1]	355,790	404,800
=	**Foreclosed land cover rate (%)**	**65.18**	**65.76**

(1) Source: note 2.7.4 to the interim financial statements.

COVERAGE RATIO OF DISTRESSED ASSETS

Definition: coverage of non-performing exposures and foreclosed assets divided by non-performing exposure (APM defined and calculated above).

Importance of its use: to monitor the extent to which provisions associated with non-performing loans and foreclosed properties cover the gross value of such exposure.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	(a) Coverage of non-performing exposures [2]	590,452	647,178
	(b) Correction of the impairment of foreclosed assets [1]	330,769	367,413
	(a) + (b) Coverage of distressed assets	921,221	1,014,591
Denominator	Distressed assets [2]	1,401,266	1,632,465
=	**Coverage rate of Problem assets (%)**	**65.74**	**62.15**

(1) Source: note 2.7.4 to the interim financial statements.

(2) Source: APM. See definition and calculation above.

NET DISTRESSED ASSETS TO TOTAL ASSETS

Definition: ratio between distressed assets net of coverage (APM defined and calculated above) to total assets.

Importance of its use: to measure the weight of distressed assets, after deducting the provisions linked to those assets, on the balance sheet.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	(a) Distressed assets[1]	1,401,266	1,632,465
	(b) Coverage of distressed assets [1]	921,221	1,014,591
	(a) - (b) Distressed assets net of coverage	480,045	617,874
Denominator	Total assets[2]	58,163,076	58,400,790
=	**Net distressed assets over total assets (%)**	**0.83**	**1.06**

(1) Source: APM. See definition and calculation above.

(2) Source: consolidated balance sheet the interim financial statements.

TEXAS RATIO

Definition: distressed assets (APM defined and calculated above) divided by shareholders' equity and coverage. Excluded is the issue of AT1 of 350 million euros recorded as net shareholders' equity of other reserves arising from the issue of equity instruments other than equity (including accrued interest and costs of the AT1 issue).

Importance of its use: to measure the capacity of absorption of potential losses of our distressed assets with the coverage in place and shareholders' equity.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Distressed assets [1]	1,401,266	1,632,465
Denominator	(b) Coverage of distressed assets[1]	921,221	1,014,591
	(b) Shareholders' equity[2]	3,303,406	3,160,630
	(c) Equity instruments issued other than capital[2]	350,000	350,000
	(d) Other reserves from the issue of equity instruments other than capital[2]	62,732	49,870
	(a) + (b) – (c) + (d)	3,937,359	3,875,091
=	**Texas Ratio (%)**	**35.59**	**42.13**

(1) Source: APM. See definition and calculation above.

(2) Source: consolidated balance sheet the interim financial statements.

APMs related to business volume

RETAIL DEPOSITS

Definition: sum of demand savings and term deposits except mortgage-backed bonds or repurchase agreements of assets recognised as customer deposits on the consolidated balance sheet.

Importance of its use: indicator of retail funding on the balance sheet.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Demand deposits (1)	33,402,246	33,014,125
+	Term deposits (1)	3,617,891	4,688,146
-	Mortgage-backed bonds (including nominal amount and share premium)	1,027,605	1,536,960
	Nominal amount of mortgage-backed bonds (1)	1,100,470	1,625,470
	Mortgage-backed bond issue premium(2)	(72,865)	(88,510)
=	**Retail deposits**	**35,992,532**	**36,165,311**

(1) Source: note 19.3 to the 2020 financial statements for December 2020 and the Bank's internal information for September 2021.

(2) Source: internal Bank information.

ASSET MANAGEMENT AND INSURANCE

Definition: Sum of the assets managed by investment firms and funds (including third-party funds but excluding the assets of funds that themselves invest in Ibercaja Gestión funds), pension plans and insurance.

Importance of its use: this indicator is significant because of the importance for Ibercaja of off-balance sheet savings as a source of the Group's income.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Investment companies and funds (1)	18,918,681	16,234,844
+	Pension funds(1)	6,321,085	5,907,074
+	Insurance products (2)	6,937,548	7,103,732
=	**Asset management and insurance**	**32,177,314**	**29,245,650**

(1) Source: note 27.4 to the 2020 consolidated financial statements for December 2020 and the Bank's internal information for September 2021.

(2) Source: note 24.4 to the 2020 individual financial statements for December 2020 and the Bank's internal information for September 2021.

TOTAL RETAIL FUNDS

Definition: sum of retail deposits and asset management and insurance (APMs defined and calculated above).

Importance of its use: indicator of the volume of retail savings managed by Ibercaja.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Retail deposits[1]	35,992,532	36,165,311
+	Asset management and insurance[2]	32,177,314	29,245,650
=	**Total retail funds**	**68,169,846**	**65,410,961**

(1) Source: APM. See definition and calculation above.

RETAIL BUSINESS VOLUME

Definition: sum of gross loans and advances to customers ex repurchase agreements and total retail funds (APM defined and calculated above).

Importance of its use: indicator of the savings and credit of our retail customers managed by Ibercaja.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Loans and advances to customers ex impaired assets and reverse repos [1]	28,718,177	28,955,787
+	Total retail funds [2]	68,169,846	65,410,961
=	**Retail business volume**	**96,888,023**	**94,366,748**

(1) Source: notes 8 and 11.4 to the 2020 consolidated financial statements for December 2020 and the Bank's internal information for September 2021.

(2) Source: APM. See definition and calculation above.

APMs related to liquidity

CREDIT-TO-RETAIL FUNDING RATIO (LTD)

Definition: net loans and advances to customers less repurchase agreements divided by retail deposits (APM defined and calculated above).

Importance of its use: to measure the proportion of loans and advances to customers financed by retail deposits.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	(a) Net loans and advances to customers[1]	30,589,626	30,942,404
	(b) Reverse repurchase agreements [2]	1,619,500	1,620,857
	(a) – (b) Net loans ex reverse repos	28,970,126	29,321,547
Denominator	Retail deposits[3]	35,992,532	36,165,311
=	**LTD (%)**	**80.49**	**81.08**

(1) Source: consolidated balance sheet the interim financial statements.

(2) Source: note 11.4 to the 2020 consolidated financial statements for December 2020 and the Bank's internal information for September 2021.

(3) Source: APM. See definition and calculation above.

AVAILABLE LIQUIDITY

Definition: Sum of cash and central bank accounts, collateral available for ECB operations, collateral available for ECB operations outside of ECB guarantee pool and other marketable assets not eligible for ECB, in accordance with Banco de España statement LQ 2.2.

Importance of its use: to calculate the volume of our available assets in the event of an outflow of customer deposits.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Cash and central banks	6,342,453	7,319,717
+	Available via facility	1,053,710	891,981
+	Eligible assets not included in the facility	6,400,558	6,421,078
+	Other marketable assets not eligible by the Central Bank	457,150	326,665
=	**Available liquidity**	**14,253,871**	**14,959,441**

Source: note 3.8.2 to the 2020 consolidated financial statements for December 2020 and the Bank's internal information for September 2021.

AVAILABLE LIQUIDITY TO TOTAL ASSETS

Definition: ratio of available liquidity (APM as defined and calculated above) to total assets.

Importance of its use: to calculate the available liquidity to total assets.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
Numerator	Available liquidity (1)	14,253,871	14,959,441
Denominator	Total assets(2)	58,163,076	58,400,790
=	**Available liquidity to total assets (%)**	**24.51**	**25.62**

(1) Source: APM. See definition and calculation above.

(2) Source: consolidated balance sheet the interim financial statements.

TOTAL AVAILABLE LIQUIDITY

Definition: aggregation of available liquidity (APM defined and calculated above) and mortgage-backed bond issuance capacity.

Importance of its use: to calculate the volume of our available assets in the event of an outflow of customer deposits.

	(THOUSANDS OF EUROS)	30/09/2021	31/12/2020
+	Available liquidity (1)	14,253,871	14,959,441
+	Capacity to issue mortgage bonds (2)	8,843,544	8,379,866
=	**Total availability of liquidity**	**23,097,415**	**23,339,307**

(1) Source: APM. See definition and calculation above.

(2) Source: note 3.8.2 to the 2020 consolidated financial statements for December 2020 and the Bank's internal information for September 2021.

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