Report on Limited Review

IBERCAJA BANCO, S.A.
Condensed Consolidated Interim Financial Statements
and Consolidated Interim Directors´ Report
for the six months ended June 30, 2022

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

REPORT ON LIMITED REVIEW OF CONDENSED CONSOLIDATED INTERIM 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.:

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, "the interim financial statements") of Ibercaja Banco, S.A. (hereinafter, "the parent") and its subsidiaries (hereinafter, "the group"), which comprise the statement of financial position as at June 30, 2022, and the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and related notes, all condensed and consolidated, for the six months then ended. The parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," as adopted by the European Union for the preparation of condensed interim financial reporting as per 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, which cannot be considered an audit, no matter came to our attention that causes us to believe that the accompanying interim financial statements for the six months ended June 30, 2022 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

We draw attention to Note 2.1, which explains 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 group's consolidated financial statements for the year ended December 31, 2021. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

Consolidated Interim directors´ report

The accompanying consolidated interim directors´ report for the six months ended June 30, 2022 contains the explanations which the parent'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 report is consistent with the interim financial statements for the six months ended June 30, 2022. Our work is limited to checking the consolidated interim directors´ report in accordance with the scope described in this paragraph and does not include the review of information other than that obtained from the accounting records of Ibercaja Banco, S.A. and its subsidiaries.

Preparation of this review report

This report has been prepared at the request of Ibercaja Banco, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by Royal Decree 1362/2007, of 19 October.

ERNST & YOUNG, S.L.

(Signed in the original version)

____
José Carlos Hernández Barrasus

July 29, 2022

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

Condensed consolidated interim financial statements at 30 June 2022
and consolidated interim directors' report
for the six-month period ended on that date

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation issued by the Secretary of the Board, Jesus Barreiro Sanz, recording that at its meeting of 28 July 2022 in Zaragoza, pursuant to 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 June 2022, 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 six-month period ended 30 June 2022, as drawn up on official stamped paper, numbered sequentially and signed by all the members of the Board of Directors.

For the record, I hereby issue this instrument in Zaragoza, on 28 July 2022.

JESÚS BARREIRO SANZ
Non-Director Secretary

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 1/11-Mr Serrano.

Zaragoza, 28 July 2022

FRANCISCO SERRANO GILL DE ALBORNOZ
Chairman

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 2/11 – Mr Bueno.

Zaragoza, 28 July 2022

JESÚS BUENO ARRESE
First Deputy Chairman

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 3/11 – Mr Iglesias.

Zaragoza, 28 July 2022

VÍCTOR IGLESIAS RUIZ
CEO

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 4/11 – Ms González-Bueno.

Zaragoza, 28 July 2022

GABRIELA GONZÁLEZ-BUENO LILLO
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 5/11 – Mr Solchaga.

Zaragoza, 28 July 2022

JESÚS SOLCHAGA LOITEGUI
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 6/11 – Mr Echarri.

Zaragoza, 28 July 2022

JOSÉ MIGUEL ECHARRI PORTA
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 7/11 – Mr Cóndor.

Zaragoza, 28 July 2022

VICENTE CÓNDOR LÓPEZ
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 8/11 – Mr Longás.

Zaragoza, 28 July 2022

FÉLIX LONGÁS LAFUENTE
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 9/11 – Mr Tejel.

Zaragoza, 28 July 2022

JESÚS TEJEL GIMÉNEZ
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 10/11 – Mr Arrufat.

Zaragoza, 28 July 2022

ENRIQUE ARRUFAT GUERRA
Director

IBERCAJA BANCO, S.A.

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Attestation* to put on record that, at its meeting on 28 July 2022, pursuant to 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 June 2022, 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 six-month period ended on 30 June 2022, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the directors' signatures, which appear below.

To the best of our knowledge, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2022, 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 six-month period ended on 30 June 2022 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 attestation consists of 11 pages numbered sequentially, each signed by a director. Attestation 11/11 – Ms Segura.

Zaragoza, 28 July 2022

MARÍA PILAR SEGURA BAS
Director

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

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2022 AND 31 DECEMBER 2021

ASSETS	Note	Thousands of euros	
		30/06/2022	31/12/2021 (*)
Cash and cash balances at central banks and other demand deposits		**6,842,100**	**6,388,624**
Financial assets held for trading	**5**	**5,497**	**2,864**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**5.2**	**1,597,300**	**1,668,437**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets at fair value through profit or loss	**5**	**6,376**	**7,451**
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**	**5,548,640**	**6,464,034**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		*200,064*	*190,604*
Financial assets at amortised cost	**5.4**	**43,213,848**	**40,989,400**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		4,590,670	3,623,061
Derivatives - Hedge accounting		**158,332**	**71,866**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging		**-**	**-**
Investments in joint ventures and associates		**95,346**	**101,328**
Joint ventures		28,153	25,480
Associates		67,193	75,848
Assets under insurance or reinsurance contracts		**151**	**390**
Tangible assets	**7**	**1,004,806**	**1,004,091**
Property, plant and equipment		762,743	748,138
For own use		*670,100*	*656,681*
Assigned under operating lease		*92,643*	*91,457*
Investment property		242,063	255,953
Of which: assigned under operating lease		*85,871*	*59,235*
Memorandum items: acquired under finance lease		-	-
Intangible assets	**8**	**271,863**	**269,167**
Goodwill		144,934	144,934
Other intangible assets		126,929	124,233
Tax assets		**1,283,082**	**1,304,032**
Current tax assets		13,645	11,880
Deferred tax assets		1,269,437	1,292,152
Other assets		**137,838**	**148,297**
Inventories		81,918	89,654
Other assets		55,920	58,643
Non-current assets and disposal groups classified as held for sale		**197,408**	**211,428**
TOTAL ASSETS		**60,362,587**	**58,631,409**

(*) 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 June 2022.

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

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2022 AND 31 DECEMBER 2021

LIABILITIES	Note	Thousands of euros	
		30/06/2022	31/12/2021 (*)
Financial liabilities held for trading	6	**8,788**	**8,775**
Financial liabilities at fair value through profit or loss		**-**	**-**
Memorandum items: subordinated liabilities		-	-
Financial liabilities at amortised cost	6	**49,866,947**	**47,285,113**
Memorandum items: subordinated liabilities		*481,049*	*502,752*
Derivatives - Hedge accounting		**459,505**	**275,690**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging		**(69,487)**	**17,758**
Liabilities under insurance or reinsurance contracts		**6,383,170**	**7,121,494**
Provisions	9	**219,410**	**268,943**
Pensions and other post-employment defined benefit obligations		73,633	89,239
Other long-term employee remuneration		1,544	1,544
Lawsuits and litigation for outstanding taxes		7,475	7,163
Commitments and guarantees given		17,167	16,707
Other provisions		119,591	154,290
Tax liabilities		**138,454**	**160,221**
Current tax liabilities		1,465	772
Deferred tax liabilities		136,989	159,449
Other liabilities		**168,241**	**223,014**
Liabilities included in disposal groups of items classified as held for sale		**-**	**-**
TOTAL LIABILITIES		**57,175,028**	**55,361,008**

(*) 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 June 2022.

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

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2022 AND 31 DECEMBER 2021

EQUITY	Note	Thousands of euros	
		30/06/2022	31/12/2021 (*)
Shareholders' equity	**10**	**3,276,779**	**3,253,857**
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		678,592	621,589
Revaluation reserves		3,284	3,288
Other reserves		1,953,235	1,960,567
(Treasury shares)		-	-
Profit attributable to owners of the parent		114,921	150,985
(Interim dividends)		(37,681)	(47,000)
Accumulated other comprehensive income		**(89,220)**	**16,544**
Items that will not be reclassified to profit or loss		22,029	25,282
Actuarial gains/(losses) on defined benefit pension plans		(4,327)	(13,612)
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		*26,356*	*38,894*
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		(111,249)	(8,738)
Hedges of net investment in foreign operations (effective portion)		-	-
Currency translation		-	-
Hedging derivatives. Cash flow hedges (effective portion)		*(22,915)*	*(24,973)*
Changes in the fair value of debt instruments measured at fair value through other comprehensive income		*(88,334)*	*16,388*
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		-	*(153)*
Non-controlling interests		-	-
Accumulated other comprehensive income		-	-
Other items		-	-
TOTAL EQUITY		**3,187,559**	**3,270,401**
TOTAL EQUITY AND LIABILITIES		**60,362,587**	**58,631,409**
Memorandum items: off-balance sheet exposures	**5.4.4**		
Loan commitments given		**3,153,950**	**3,220,412**
Financial guarantees granted		**97,996**	**97,630**
Other commitments given		**835,849**	**820,619**

(*) 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 June 2022.

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022 AND 2021

	Note	Thousands of euros 30/06/2022	30/06/2021 (*)
(+) Interest income	15.1	272,797	278,963
a) Financial assets at fair value through other comprehensive income		42,853	49,448
b) Financial assets at amortised cost		246,831	216,075
c) Other assets		(16,887)	13,440
(-) Interest expense	15.2	26,329	32,840
(-) Expenses on share capital repayable on demand		-	-
(=) A) NET INTEREST INCOME		**246,468**	**246,123**
(+) Dividend income	15.3	7,440	7,429
(+/-) Share of profit of entities accounted for using the equity method		3,661	(436)
(+) Fee and commission income	15.4	232,506	212,187
(-) Fee and commission expenses	15.5	9,128	9,395
(+/-) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	15.6	3,666	34,714
a) Financial assets at amortised cost		876	33,641
b) Other financial assets and liabilities		2,790	1,073
(+/-) Net gains/(losses) on financial assets and liabilities held for trading	15.6	(544)	361
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		(544)	361
(+/-) Gains/losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net	15.6	66	227
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		66	227
(+/-) 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	693	300
(+/-) Net exchange differences		500	125
(+) Other operating income	15.7	15,547	18,690
(-) Other operating expenses	15.8	31,495	23,548
(+) Income from assets covered by insurance and reinsurance contracts		373,276	519,900
(-) Liability expenses covered by insurance or reinsurance contracts		373,411	520,067
(=) B) GROSS INCOME		**469,245**	**486,610**
(-) Administrative expenses	15.9	245,995	261,816
(-) a) Personnel expenses		165,755	184,194
(-) b) Other administration expenses		80,240	77,622
(-) Amortisation and depreciation		36,487	32,815
(+/) Provisions or reversal of provisions		3,625	3,854
(+/-) Impairment or reversal of impairment on financial assets not measured fair value through profit or loss or net gain on change		33,563	38,036
(+/-) a) Financial assets at fair value through other comprehensive income		1,032	(635)
(+/-) b) Financial assets at amortised cost		32,531	38,671
(=) C) PROFIT/(LOSS) FROM ORDINARY ACTIVITIES		**149,575**	**150,089**
(+/-) Impairment or reversal of impairment on investments in joint ventures or associates		-	-
(+/-) Impairment or reversal of impairment of non-financial assets	15.10	6,528	3,040
(+/-) a) Tangible assets		5,428	1,547
(+/-) b) Intangible assets		-	-
(+/-) c) Other		1,100	1,493
(+/-) Net gains/(losses) on derecognition of non-financial assets	15.11	8,585	(1,806)
(+) 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	(7,063)	(10,468)
(=) D) PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**144,569**	**134,775**
(+/-) Expense or income from taxes on income from continuing operations	15.13	29,648	40,715
(=) E) PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**114,921**	**94,060**
(+/-) Profit/(loss) after tax from discontinued activities		-	-
= PROFIT/(LOSS) FOR THE PERIOD		**114,921**	**94,060**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		114,921	94,060

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

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated income statement for the six-month period ended 30 June 2022.

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

CONDENSED CONSOLIDATED STATEMENTS
OF RECOGNISED INCOME AND EXPENSE
FOR THE SIX-MONTH PERIODS
ENDED 30 JUNE 2022 AND 2021

	Note	Thousands of euros	
		30/06/2022	**30/06/2021(*)**
A) PROFIT/(LOSS) FORTHE PERIOD		**114,921**	**94,060**
B) OTHER COMPREHENSIVE INCOME		**(100,749)**	**(14,955)**
Items that will not be reclassified to profit or loss		**1,762**	**17,393**
a) Actuarial gains/(losses) on defined benefit pension plans		13,264	3,624
b) Non-current assets and disposal groups of items held for sale		-	-
c) Share in other income and expense recognised of investments in joint ventures and associates		-	-
d) Changes in the fair value of equity instruments measured at fair value through other comprehensive income		(10,747)	22,675
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		(755)	(8,906)
Items that may be reclassified to profit or loss		**(102,511)**	**(32,348)**
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)		2,940	(22,216)
Valuation gains/(losses) taken to equity		*2,940*	*(22,216)*
Transferred to the income statement		-	-
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		(149,603)	(23,170)
Valuation gains/(losses) taken to equity		*(146,813)*	*(19,918)*
Transferred to the income statement	*15.6*	*(2,790)*	*(3,252)*
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 income and expense recognised of investments in joint ventures and associates		153	(578)
h) Corporate income tax relating to items that may be reclassified to profit or loss		43,999	13,616
C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**14,172**	**79,105**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		14,172	79,105

(*) Presented for comparison purposes only (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 six-month period ended 30 June 2022.

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

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(Thousands of euros)

	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	Non-controlling interests: Accumulated other comprehensive income	Non-controlling interests: Other items	Total
I. Closing balance at 31/12/2021	**214,428**	**-**	**350,000**	**-**	**621,589**	**3,288**	**1,960,567**	**-**	**150,985**	**(47,000)**	**16,544**	**-**	**-**	**3,270,401**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**621,589**	**3,288**	**1,960,567**	**-**	**150,985**	**(47,000)**	**16,544**	**-**	**-**	**3,270,401**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**114,921**	**-**	**(100,749)**	**-**	**-**	**14,172**
Other changes in equity	**-**	**-**	**-**	**-**	**57,003**	**(4)**	**(7,332)**	**-**	**(150,985)**	**9,319**	**(5,015)**	**-**	**-**	**(97,014)**
Issuance of ordinary 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)	-	-	-	-	(51,140)	-	-	-	-	(37,681)	-	-	-	(88,821)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	108,143	(4)	861	-	(150,985)	47,000	(5,015)	-	-	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(8,193)	-	-	-	-	-	-	(8,193)
III. Closing balance at 30/06/2022	**214,428**	**-**	**350,000**	**-**	**678,592**	**3,284**	**1,953,235**	**-**	**114,921**	**(37,681)**	**(89,220)**	**-**	**-**	**3,187,559**

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 June 2022.

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

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021 (*)
(Thousands of euros)

	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	Non-controlling interests: Accumulated other comprehensive income	Non-controlling interests: 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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**94,060**	**-**	**(14,955)**	**-**	**-**	**79,105**
Other changes in equity	**-**	**-**	**-**	**-**	**20,568**	**(4)**	**357**	**-**	**(23,602)**	**-**	**(7,686)**	**-**	**-**	**(10,367)**
Issuance of ordinary 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	-	-	-	-	24,417	(4)	6,875	-	(23,602)	-	(7,686)	-	-	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(6,518)	-	-	-	-	-	-	(6,518)
III. Closing balance at 30/06/2021 (*)	**214,428**	**-**	**350,000**	**-**	**623,231**	**3,293**	**1,966,997**	**-**	**94,060**	**-**	**35,149**	**-**	**-**	**3,287,158**

(*) Presented for comparison purposes only (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 June 2022.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022 AND 2021

	Thousands of euros	
	30/06/2022	**30/06/2021 (*)**
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)	**49,440**	**(1,827,848)**
1. Profit/(loss) for the period	114,921	94,060
2. Adjustments to obtain cash flows from operating activities:	189,053	27,304
(+) Amortisation and depreciation	36,487	32,815
(+/-) Other adjustments	152,566	(5,511)
3. Net increase/decrease in operating assets:	1,700,122	1,686,821
(+/-) Financial assets held for trading	2,633	(1,936)
(+/-) Financial assets not held for trading mandatorily measured at fair value through profit or loss	(71,137)	523,514
(+/-) Financial assets at fair value through profit or loss	(1,075)	(893)
(+/-) (Financial assets at fair value through other comprehensive income)	(752,342)	(366,427)
(+/-) (Financial assets at amortised cost)	2,439,250	1,569,905
(+/-) Other operating assets	82,793	(37,342)
4. Net increase/(decrease) in operating liabilities:	1,400,371	(245,421)
(+/-) Financial liabilities held for trading	13	(1,284)
(+/-) Financial liabilities at fair value through profit or loss	-	-
(+/-) Financial liabilities at amortised cost	2,083,013	156,210
(+/-) Other operating liabilities	(682,655)	(400,347)
5. Company tax credit/(payments)	45,217	(16,970)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 +2)	**22,992**	**8,936**
1. Payments:	51,985	51,967
(-) Tangible assets	40,953	44,282
(-) (Intangible assets)	9,470	2,447
(-) Investments in joint ventures and associates	-	597
(-) Subsidiaries and other business units	-	-
(-) Non-current assets and liabilities classified as held for sale	1,562	4,641
(-) Other payments related to investing activities	-	-
2. Receipts:	74,977	60,903
(+) Tangible assets	28,167	26,443
(+) Intangible assets	133	-
(+) Investments in joint ventures and associates	19,760	772
(+) Subsidiaries and other business units	-	-
(+) Non-current assets and liabilities classified as held for sale	26,917	33,688
(+) Other receipts related to investing activities	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**381,044**	**(16,099)**
1. Payments:	118,956	16,099
(-) Dividends	88,821	3,849
(-) Subordinated liabilities	-	-
(-) Redemption of own equity instruments	-	-
(-) Acquisition of own equity instruments	-	-
(-) Other payments related to financing activities	30,135	12,250
2. Receipts:	500,000	-
(+) Subordinated liabilities	-	-
(+) Issuance of own equity instruments	-	-
(+) Disposal of own equity instruments	-	-
(+) Other receipts related to financing activities	500,000	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS		**-**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**453,476**	**(1,835,011)**
F) CASH AND CASH EQUIVALENTS AT START OF PERIOD	**6,388,624**	**7,562,636**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	**6,842,100**	**5,727,625**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
(+) Cash	209,473	184,245
(+) Cash equivalents at central banks	6,286,448	5,204,645
(+) Other financial assets	346,179	338,735
(-) Less: bank overdrafts repayable on demand	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6,842,100**	**5,727,625**
of which: in the possession of Group companies but not drawable by the Group		

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

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of cash flows for the six-month period ended 30 June 2022.

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Contents

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

1. <u>Introduction</u>

Ibercaja Banco, S.A. (hereinafter, 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 the Bank is filed at the Zaragoza Companies Registry under volume 3865, book 0, sheet 1, page Z-52186, entry 1. It is also entered on the Bank of Spain Special Register under number 2,085. Its corporate website (electronic headquarters) is www.ibercaja.com, on which its bylaws 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 2021.

The activities carried on by the Group and the detail of the companies composing it did not change significantly in the first half of 2022 (Note 3).

2. <u>Basis of presentation and other information</u>

2.1 Basis of presentation

The condensed consolidated interim financial statements of the Bank and subsidiaries composing the Ibercaja Banco Group for the six-month period ended 30 June 2022 (hereinafter, interim financial statements) were authorised for issue by the Bank's directors at the meeting of the Board of Directors held on 28 July 2022.

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 from the accounting records kept by the Bank and by the other Group companies. In its preparation, account has been taken of Bank of Spain Circular 4/2017 of 27 November (hereinafter, Circular 4/2017) and its subsequent amendments, and Circular 3/2018 of 28 June of the National Securities Market Commission (hereinafter, CNMV).

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.

On 22 December 2021, the Bank of Spain issued Circular 6/2021, amending Circular 4/2017 in various areas of action. Notably, in relation to the preparation of these condensed consolidated interim financial statements, the single final provision of the new Circular updates the alternative solutions for the collective estimation of expected credit losses and the discounts on the reference value of foreclosed assets or assets received in payment of debts as set out in Annex IX of Circular 4/2017.

The condensed interim consolidated financial statements prepared by the Bank's directors, which, in accordance with EU-IFRS (specifically IAS 34, as mentioned above), do not include all the information that would be required for full consolidated financial statements, although account has been taken of the standards and interpretations to have taken effect as from 1 January 2022 (Note 2.3.1). These statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2021, as drawn up in accordance with applicable accounting principles, standards and measurement criteria in accordance with IFRS-EU and taking into consideration Spanish Circular 4/2017, and subsequent amendments. These statements were prepared on 25 February 2022 and approved at the General Meeting of Shareholders held on 30 March 2022. The accompanying selected explanatory notes include an explanation of any significant events that help to explain the changes in the consolidated financial position from 31 December 2021 to 30 June 2022.

These condensed consolidated interim financial statements, unless stated otherwise, are presented in thousands of euros from 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 June 2022, 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 condition of the Group as at 30 June 2022, and of the consolidated results of its operations and consolidated cash flows of the Group in the period from 1 January 2022 to 30 June 2022.

2.2 Information relating to 2021

Under the regulations in force, the information contained in these explanatory Notes to the consolidated interim financial statements for 2021 is presented exclusively for the purpose of comparison with the information for 2022.

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 2021, 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 half of 2022

Minor amendments to several IFRS (IAS 37 Provisions — Onerous Contracts, IAS 16 — Property, Plant and Equipment and IFRS 3 — Business Combinations) and annual cycle of minor improvements to several 2018–2020 IFRS (IFRS 1 — First-time Adoption of IFRS, IFRS 9 — Financial Instruments, IAS 41 — Agriculture and amendments to the illustrative examples of IFRS 16 — Leases)

On 1 January 2022, minor changes and improvements took effect in relation to several IFRS to clarify the wording or correct minor consequences, oversights or conflicts between the requirements of the standards. The standards affected are IAS 37 — Provisions, IAS 16 — Property, Plant and Equipment, IFRS 3 — Business Combinations, IFRS 1 — First-time Adoption of IFRS, IFRS 9 — Financial Instruments, IAS 41 — Agriculture and IFRS 16 — Leases.

These amendments took effect on 1 January 2022 and have not had a significant impact on the consolidated interim condensed financial statements of the Ibercaja Banco Group.

2.3.2 Standards and interpretations issued by the IASB that are not effective as at 30 June 2022.

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 June 2022. 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 should apply in relation to the recognition, measurement, presentation and disclosure of insurance contracts, introducing various profound changes with respect to IFRS 4, with the aim of achieving greater consistency and increasing comparability between entities. This standard will apply for financial years beginning on or after 1 January 2023 (with a minimum of one year's comparative information).

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

Following 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 as 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 profit under the insurance contracts, which is recognised in the Bank's income statement as the service is provided in the future.

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.

The Group has an IFRS 17 implementation project in place with the aim of identifying the impacts and making the changes needed to adapt to the new criteria. The project is being led by a committee with the involvement of the senior management of Ibercaja Vida and all the areas and departments affected. The committee regularly reviews the progress made towards the project.

The project to implement the standard is proceeding according to schedule. Work has been carried out on the definition of the criteria, the actuarial modelling of cash flows and the various components required by the standard, the provisioning of data, the technological adaptation of the systems, the preparation of the accounting information, the governance of the Group reporting process and the development of the transition.

In 2022, work has intensified in implementing parallel accounting under both existing standards and IFRS 17 and in assessing the transition impact on the Group's consolidated financial statements. The Group is currently finalising the process of quantifying the impacts of the first-time adoption of IFRS 17 so that it can report them before the standard comes into force.

Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies and amendments to IAS 1 on Classification of Liabilities as Current Non-current

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.

Regarding classification as non-current or current liabilities, these amendments clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by the bank's expectations or events after the end of the period. The amendment also clarifies what is meant in IAS 1 when it refers to the “settlement” of a liability.

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 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.

The Group does not expect any material impact from these changes.

2.4 Estimates made

The interim financial statements for the six months ended 30 June 2022 contain estimates to quantify some of the assets, liabilities, income, expenditure and commitments disclosed herein. These estimates basically relate to:

- impairment losses on certain financial assets and the estimate of the related guarantees, particularly as regards changes arising from modifications to portfolios as a result of specific business models, the consideration of the “significant increase in credit risk (SICR)” and of “default”, and the introduction 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;
- the useful life of tangible and intangible assets;
- the measurement of real estate 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 corporation tax expense for the six months ended 30 June 2022 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 to value the lease liability.

It should be noted that there is inherent uncertainty associated with these estimates, although in the last two years the degree of uncertainty has increased considerably. The emergence of the COVID-19 virus in China and its rapid spread across the globe prompted the World Health Organization to declare it a global pandemic in March 2020, adversely affecting the global economy and activity since then. Signs of economic recovery began to emerge in 2021 as progress was made in vaccinating the population and as government measures to curb the spread of the virus began to take effect.

In view of this pandemic 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.

Meanwhile, the armed conflict between Russia and Ukraine that started in February 2022 has aggravated the already high volatility that had been affecting markets due to other geopolitical issues, thus leading to higher tensions in energy and commodity prices, accelerating inflationary pressures and prompting tighter monetary policies.

While the direct impact that the war between Russia and Ukraine might have on the Group can fairly be said to be immaterial given the low direct exposure to customers or counterparties originating in those two countries, it is difficult to estimate the indirect effects as the macroeconomic outlook is complex and fraught with uncertainty.

Therefore, the consequences for the Group's operations are still subject to a significant degree of uncertainty, as the markets are highly globalised and it remains to be seen how resolutely all the economic agents affected by the situation will react and adapt. Moreover, future mutations and variants of the virus remain a definite threat, as does the ongoing armed conflict, even though the Group's direct exposure in these countries is immaterial.

Amid all the economic uncertainty described above, the Group has revised certain estimates that, a priori, would be more sensitive to the potential negative economic consequences described above, the most relevant of which are described below.

- 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 that the prevailing economic climate could have 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 2021.
- Valuation of goodwill, due to the impact that the prevailing economic climate could have on the business projections used to calculate the value in use of the cash-generating unit associated with the goodwill (Note 8.1).
- Estimates made in respect of liabilities and commitments for post-employment benefits and other long-term commitments to employees (Note 9).

The estimates have therefore been made on the basis of the best available information as at 30 June 2022 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 six months ended 30 June 2022, there have been no significant changes to the estimates made at the end of the 2021 financial year other than those disclosed in these consolidated interim financial statements.

2.5 Risk management

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 first half of the year.

- Liquidity risk: regular levels of liquidity, which exceeded 12,000 million euros at the end of June, up more than 800 million euros during the first half of the year.

- Market risk: increased volatility in financial markets largely due to the uncertainty surrounding the war in Ukraine and its impact on inflation and the global economic recovery. This has led to a decline in equity prices in all markets and a sharp rise in the interest rate curve at all maturities, as well as corporate bond spreads. To mitigate the risk arising from the conflict and its impact on the Group's net asset value and interest margin, the Bank relied on margin-generating balance sheet strategies and hedging of interest rate risk during the first half of the year. For the Group’s investment portfolio, the main market risk metrics are monitored on an ongoing basis and the direct exposure to conflict risk is zero. Indirect exposure – through borrowers exposed to the warring nations – is minimal, with ongoing monitoring and analysis of those borrowers and active management of positions.

- Operational risk: the Group keeps close track of its operations at all times. In the current climate, the Group has been focusing on implementing measures and controls so that the economic and financial sanctions are duly applied in relation to the warring countries. Business has continued as normal with no significant incidents arising.

- Credit risk: the recoverability of loans and advances to customers continued to improve during the first half of the year, with further declines in non-performing loans (NPLs) and non-performing assets (NPAs). Relying on exhaustive risk monitoring, on the analysis of sector segmentation and on available information on customers, the Bank has been actively implementing the most appropriate measures to ensure the proactive management of customers, while also adapting the accounting classification to the real situation of each borrower on the basis of prospective information and indicators from the alert models. The risk exposure arising from the Russia-Ukraine conflict is marginal and collateral in nature and is being closely monitored and analysed for second-round effects.

The Group's directors are continuously monitoring the ongoing conflict 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 debentures or other fixed income securities and has empowered the Board of Directors to issue any kind of loans 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 and not matured may not exceed 80% of the unamortised 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 June 2022, the figure was 26.08% (26.37% at 31 December 2021).

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 was 444.69% at 30 June 2022 (446.78% at 31 December 2021).

At that date 99.58% of transactions in the mortgage portfolio had been formalised through loans (99.56% at 31 December 2021). Of these, instalments are collected on a monthly basis for 98.04% (97.94% at 31 December 2021). The operations formalised at variable interest rates are 87.14% of the total (99.38% at 31 December 2021) and of these, 87.42% are tied to Euribor (78.32% at 31 December 2021).

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	
	30/06/2022	31/12/2021
Total loans	**20,670,810**	**20,950,696**
Mortgage participations issued	**785,340**	**851,069**
of which: loans recognised on asset side of balance sheet	785,340	851,069
Mortgage transfer certificates issued	**1,205,372**	**1,288,009**
of which: loans recognised on asset side of balance sheet	1,205,372	1,288,009
Mortgage loans pledged in guarantee for financing received	**-**	**-**
Loans backing mortgage bonds issues and covered bond issues	**18,680,098**	**18,811,618**
Non-eligible loans	2,947,705	3,253,653
They meet the requirements to be eligible, except for the limit under art. 5.1 of RD 716/2009	2,723,960	2,997,474
Other non-eligible loans	223,745	256,179
Eligible loans	15,732,393	15,557,965
Loans backing mortgage bond issues	-	-
Loans suitable for backing mortgage bond issues	15,732,393	15,557,965
Non-eligible amounts	10,332	10,963
Eligible amounts	15,722,061	15,547,002
Memorandum items		
Loans backing mortgage bond issues	-	-

- Information on eligible loans and mortgages:

	Thousands of euros				
	30/06/2022				
	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					**15,732,393**
Residential	4,389,045	5,928,206	4,617,865	-	14,935,116
Other properties	433,254	345,947	18,076		797,277

	Thousands of euros				
	31/12/2021				
	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					**15,557,965**
Residential	4,351,484	6,027,579	4,349,849	-	14,728,912
Other properties	455,589	346,286	27,178		829,053

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

	Thousands of euros			
	30/06/2022		31/12/2021	
	Loans backing mortgage bonds issues and covered bond issues	Of which: Eligible loans	Loans backing mortgage bonds issues and covered bond issues	Of which: Eligible loans
Total	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Origin of operations	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Originated by the Bank	13,072,697	10,649,781	13,055,673	10,392,629
Subrogated from other entities	295,843	287,364	308,761	298,974
Other	5,311,558	4,795,248	5,447,184	4,866,362
Currency	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Euro	18,679,498	15,732,393	18,810,650	15,557,965
Other currencies	600	-	968	-
Payment status	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Payment normality	18,285,750	15,652,951	18,352,058	15,473,797
Other situations	394,348	79,442	459,560	84,168
Average residual period to maturity	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Up to 10 years	2,262,025	1,735,270	2,347,150	1,769,443
More than 10 years and up to 20 years	7,109,140	6,208,134	7,207,578	6,226,128
More than 20 years and up to 30 years	8,924,748	7,596,316	8,833,180	7,352,301
More than 30 years	384,185	192,673	423,710	210,093
Interest rate	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Fixed interest rate	234,075	122,964	214,865	112,431
Variable interest rate	15,787,875	13,567,604	16,413,490	13,877,263
Mixed interest rate	2,658,148	2,041,825	2,183,263	1,568,271
Holders	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Legal entities and individual entrepreneurs (business activities)	2,297,954	1,180,213	2,486,212	1,209,015
of which: real estate construction and development (including land)	*1,025,248*	*296,123*	*1,107,242*	*299,529*
Other household	16,382,144	14,552,180	16,325,406	14,348,950
Type of collateral	**18,680,098**	**15,732,393**	**18,811,618**	**15,557,965**
Finished assets/buildings	18,083,673	15,426,121	18,168,111	15,243,624
Homes	17,555,529	15,036,637	17,588,933	14,851,272
of which: state-subsidised housing	*994,575*	*928,851*	*1,065,425*	*994,586*
Offices and commercial premises	258,930	194,897	281,042	206,706
Other buildings and constructions	269,214	194,587	298,136	185,646
Assets/buildings under construction	341,731	209,923	337,723	201,196
Homes	67,602	25,668	62,480	18,162
of which: state-subsidised housing	*1,636*	*822*	*1,750*	*902*
Offices and commercial premises	878	597	671	488
Other buildings and constructions	273,251	183,658	274,572	182,546
Land	254,694	96,349	305,784	113,145
Consolidated urban land	98,362	1,520	127,838	3,971
Other land	156,332	94,829	177,946	109,174

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

	Thousands of euros	
	Nominal value	
	30/06/2022	31/12/2021
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**	**600,470**
AYT 10 Single Covered Bond (20 years)	341,026	341,026
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**	**500,000**
TDA 6 Single Covered Bond	250,000	250,000
TDA 6 Single Covered Bond (Extension)	250,000	250,000

- Information on the residual maturity of mortgage market securities:

	Thousands of euros			
	30/06/2022		31/12/2021	
	Nominal value	Average res. mat. (months)	Nominal value	Average res. mat. (months)
Mortgage bonds issued	**-**	**-**	-	-
of which: recognised under liabilities	-	-	-	-
Mortgage covered bonds issued	**4,100,470**	**-**	**4,100,470**	-
of which: recognised under liabilities	*1,600,470*	-	*1,600,470*	-
Debt securities. Issued through public offering	-	-	-	-
Debt securities. Other issues	3,000,000	-	3,000,000	-
Residual maturity up to one year	750,000	-	750,000	-
Residual maturity greater than one year and up to two years	500,000	-	-	-
Residual maturity greater than two years and up to three years	750,000	-	1,250,000	-
Residual maturity greater than three years and up to five years	-	-	-	-
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	-	1,100,470	-
Residual maturity up to one year	19,444	-	19,444	-
Residual maturity greater than one year and up to two years	75,000	-	75,000	-
Residual maturity greater than two years and up to three years	841,026		-	-
Residual maturity greater than three years and up to five years	165,000	-	841,026	-
Residual maturity greater than five years and up to ten years	-	-	165,000	-
Residual maturity greater than ten years	-	-	-	-
Mortgage participations issued	**785,340**	**86**	**851,069**	**86**
Issued through public offering	-	-	-	-
Other issues	785,340	86	851,069	86
Mortgage transfer certificates issued	**1,205,372**	**99**	**1,288,009**	**99**
Issued through public offering	-	-	-	-
Other issues	1,205,372	99	1,288,009	99

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

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

	Thousands of euros			
	2022		2021	
	Eligible loans	Non-eligible loans	Eligible loans	Non-eligible loans
Opening balance at 1 January	**15,557,965**	**3,253,653**	**15,672,324**	**3,842,758**
Write-offs in the year	**747,959**	**496,508**	**668,617**	**437,881**
Due principal received in cash	336,842	353,578	335,023	329,847
Repaid early	355,896	113,458	298,922	92,715
Subrogated by other entities	11,775	860	5,761	904
Other write-offs	43,446	28,612	28,911	14,415
Additions in the year	**922,387**	**190,560**	**484,733**	**190,484**
Originated by the Bank	720,055	178,062	382,371	173,869
Subrogated from other entities	9,517		2,528	-
Other additions	192,815	12,498	99,834	16,615
Closing balance at 30 June	**15,732,393**	**2,947,705**	**15,488,440**	**3,595,361**

- Information on mortgage loans backing the issue of mortgage bonds and secured mortgage covered bonds. Available balances:

	Thousands of euros	
	30/06/2022	31/12/2021
Total	**568,237**	**562,383**
Potentially eligible	556,794	548,712
Non-eligible	11,443	13,671

At 30 June 2022 and 31 December 2021, the Group had no replacement assets in connection with issues of secured mortgage covered bonds and mortgage bonds.

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

2.7.1 Financing related to development and real estate activities.

The breakdown of the financing for real estate construction and development at 30 June 2022 and 31 December 2021 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	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Financing for real estate construction and development (including land) (businesses in Spain)	**1,017,397**	**1,041,081**	**144,695**	**162,223**	**38,266**	**37,617**	**979,131**	**1,003,464**
of which: default/non-performing	50,324	57,701	26,633	31,061	30,795	28,745	19,529	28,956
Memorandum items: written-off assets	**133,213**	**133,524**	**-**	**-**	**-**	**-**	**-**	**-**

(*) Excess of the gross exposure on the maximum recoverable amount of the effective collateral calculated according to Circular 4/2017. 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	**30/06/2022**	**31/12/2021**
Total carrying amount of financing granted to customers	31,583,733	30,655,026
Loans to customers, excluding Public Administrations (businesses in Spain) (carrying amount)	30,070,570	29,640,212
Total assets (total businesses) (carrying amount)	60,362,587	58,631,409
Impairment loss and provisions for exposures classified as normal (total businesses)	171,910	169,425

The breakdown of the heading of the financing for the real estate construction and development (including land), on 30 June 2022 and at 31 December 2021 is as follows:

	Thousands of euros	
	Gross carrying amount	
	30/06/2022	31/12/2021
Without real estate collateral	**23,848**	**21,921**
With real estate collateral (breakdown as per the type of asset received in collateral)	**993,549**	**1,019,160**
Buildings and other completed constructions	302,862	350,164
Housing	*266,158*	*312,154*
Other	*36,704*	*38,010*
Buildings and other constructions under construction	605,915	581,647
Housing	*605,657*	*581,261*
Other	*258*	*386*
Land	84,772	87,349
Consolidated urban land	*78,216*	*66,895*
Other land	*6,556*	*20,454*
Total	**1,017,397**	**1,041,081**

Below a breakdown of the collateral received and financial guarantees granted in relation with the financing for real estate construction and development (including land) is shown at 30 June 2022 and 31 December 2021:

Collateral received:

	Thousands of euros	
	30/06/2022	31/12/2021
Value of collateral	964,214	1,027,909
Of which: guarantees default/non-performing risks	*38,431*	*42,091*
Value of other collateral	295,556	352,738
Of which: guarantees default/non-performing risks	*19,088*	*20,136*
Total value of the collateral received	**1,259,770**	**1,380,647**

Financial guarantees granted:

	Thousands of euros	
	30/06/2022	31/12/2021
Financial guarantees granted related to real estate construction and development	**5,295**	**5,347**
Amount recognised under liabilities on the balance sheet	2,334	2,306

At 30 June 2022 and 31 December 2021, the breakdown of loans to households for home purchases was as follows:

	Thousands of euros			
	Gross carrying amount		of which: default/non-performing	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Housing acquisition loans	**18,036,899**	**18,062,695**	**237,277**	**272,530**
Without mortgage loan	238,570	238,729	3,157	8,198
With mortgage loan	17,798,329	17,823,966	234,120	264,332

The breakdown of the loans with mortgage loan to households for housing acquisition according to the percentage of the gross carrying amount to the latest appraisal amount (loan to value) on 30 June 2022 and 31 December 2021 is the following:

	Thousands of euros					
	30/06/2022					
	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	5,397,975	6,751,569	5,073,340	361,783	213,662	**17,798,329**
of which: default/non-performing	38,006	67,261	69,088	26,646	33,119	**234,120**

	Thousands of euros					
	31/12/2021					
	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 amount	5,391,568	6,924,348	4,902,202	377,912	227,936	**17,823,966**
of which: default/non-performing	38,095	69,579	83,629	30,327	42,702	**264,332**

At 30 June 2022, 96.77% of the housing acquisition loans with real estate collateral had an LTV lower than 80% (96.6% at 31 December 2021).

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 June 2022 and 31 December 2021:

	Thousands of euros							
	30/06/2022							
				Collateralised loans. Carrying amount based on latest available appraisal (loan to value)				
	Total	**of which: real estate 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%**
Public administrations	**747,611**	**44,530**	**308**	**16,657**	**16,284**	**11,897**	**-**	**-**
Other financial institutions and individual entrepreneurs (financial business activity)	**1,636,980**	**8,365**	**1,624,513**	**806**	**7,267**	**192**	**1,624,508**	**105**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**8,201,893**	**2,069,436**	**123,947**	**900,801**	**726,590**	**388,187**	**59,152**	**118,653**
Real estate construction and development (including land)	964,549	942,386	19	358,697	348,062	216,323	9,255	10,068
Civil engineering	16,101	27	-	27	-	-	-	-
Other purposes	7,221,243	1,127,023	123,928	542,077	378,528	171,864	49,897	108,585
Large corporations	*2,229,977*	*26,290*	*253*	*7,580*	*8,529*	*6,964*	*3,215*	*255*
SMEs and individual entrepreneurs	*4,991,266*	*1,100,733*	*123,675*	*534,497*	*369,999*	*164,900*	*46,682*	*108,330*
Other households and non-profit institutions serving households	**20,231,697**	**18,373,710**	**54,097**	**4,794,799**	**5,791,526**	**5,857,758**	**1,351,184**	**632,540**
Homes	18,194,689	17,949,613	23,888	4,554,474	5,673,955	5,794,052	1,332,414	618,606
Consumption	696,411	88,877	18,863	68,698	21,134	13,018	4,654	236
Other purposes	1,340,597	335,220	11,346	171,627	96,437	50,688	14,116	13,698
Total	**30,818,181**	**20,496,041**	**1,802,865**	**5,713,063**	**6,541,667**	**6,258,034**	**3,034,844**	**751,298**
Memorandum items: refinancing, refinanced and restructured operations	**375,515**	**300,464**	**896**	**74,839**	**93,620**	**78,423**	**29,993**	**24,485**

	Thousands of euros							
	31/12/2021							
				Collateralised loans. Carrying amount based on latest available appraisal (loan to value)				
	Total	**of which: real estate 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%**
Public administrations	**672,711**	**48,679**	**334**	**4,782**	**21,835**	**21,241**	**381**	**774**
Other financial institutions and individual entrepreneurs (financial business activity)	**1,628,474**	**7,571**	**1,615,223**	**5,056**	**2,463**	**59**	**1,615,115**	**101**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**8,036,651**	**2,209,609**	**115,307**	**677,892**	**612,908**	**459,033**	**248,411**	**326,672**
Real estate construction and development (including land)	993,549	968,088	18	100,323	170,838	282,314	199,624	215,007
Civil engineering	18,091	29	-	29	-	-	-	-
Other purposes	7,025,011	1,241,492	115,289	577,540	442,070	176,719	48,787	111,665
Large corporations	*1,821,670*	*27,732*	*172*	*6,975*	*8,158*	*12,502*	*0*	*269*
SMEs and individual entrepreneurs	*5,203,341*	*1,213,760*	*115,117*	*570,565*	*433,912*	*164,217*	*48,787*	*111,396*
Other households and non-profit institutions serving households	**19,975,083**	**18,448,699**	**49,802**	**5,809,684**	**7,096,571**	**4,965,959**	**392,659**	**233,628**
Homes	18,236,178	17,993,549	21,622	5,551,930	6,975,555	4,898,612	374,194	214,880
Consumption	743,313	97,582	17,855	72,192	22,190	14,176	5,221	1,658
Other purposes	995,592	357,568	10,325	185,562	98,826	53,171	13,244	17,090
Total	**30,312,919**	**20,714,558**	**1,780,666**	**6,497,414**	**7,733,777**	**5,446,292**	**2,256,566**	**561,175**
Memorandum items: refinancing, refinanced and restructured operations	**385,306**	**342,443**	**811**	**70,714**	**68,623**	**75,654**	**49,155**	**79,108**

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 30/06/2022				
	Spain	**Rest of the EU**	**America**	**Rest of the world**	**Total**
Central banks and credit institutions	**7,226,892**	**234,035**	**2,975**	**53,085**	**7,516,987**
Public administrations	**14,095,593**	**1,692,438**	**97,426**	**-**	**15,885,457**
Central government	13,062,111	1,692,438	97,426	-	14,851,975
Other public administrations	1,033,482	-	-	-	1,033,482
Other financial companies and individual entrepreneurs (financial business activity)	**2,166,398**	**288,686**	**-**	**1,657**	**2,456,741**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**11,043,321**	**750,268**	**22,547**	**13,716**	**11,829,852**
Real estate construction and development (including land)	1,303,033	-	-	-	1,303,033
Civil engineering	23,932	-	-	-	23,932
Other purposes	9,716,356	750,268	22,547	13,716	10,502,887
Large corporations	*2,643,900*	*730,140*	*18,128*	*10,706*	*3,402,874*
SMEs and individual entrepreneurs	*7,072,456*	*20,128*	*4,419*	*3,010*	*7,100,013*
Other household	**20,280,454**	**58,605**	**10,746**	**38,378**	**20,388,183**
Homes	18,088,470	57,945	10,044	38,229	18,194,688
Consumption	695,389	481	430	111	696,411
Other purposes	1,496,595	179	272	38	1,497,084
Total	**54,812,658**	**3,024,032**	**133,694**	**106,836**	**58,077,220**

	Thousands of euros 31/12/2021				
	Spain	**Rest of the EU**	**America**	**Rest of the world**	**Total**
Central banks and credit institutions	**6,818,974**	**177,629**	**6,891**	**54,357**	**7,057,851**
Public administrations	**13,430,040**	**1,700,051**	**100,972**	**-**	**15,231,063**
Central government	12,465,518	1,700,051	100,972	-	14,266,541
Other public administrations	964,522	-	-	-	964,522
Other financial companies and individual entrepreneurs (financial business activity)	**1,875,751**	**91,852**	**-**	**1,978**	**1,969,581**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**11,004,116**	**885,722**	**34,949**	**10,380**	**11,935,167**
Real estate construction and development (including land)	1,335,591	-	-	-	1,335,591
Civil engineering	26,005	-	-	-	26,005
Other purposes	9,642,520	885,722	34,949	10,380	10,573,571
Large corporations	*2,291,535*	*841,929*	*15,033*	*6,672*	*3,155,169*
SMEs and individual entrepreneurs	*7,350,985*	*43,793*	*19,916*	*3,708*	*7,418,402*
Other household	**19,978,281**	**58,200**	**10,522**	**41,918**	**20,088,921**
Homes	18,127,226	57,561	9,619	41,772	18,236,178
Consumption	742,261	451	497	104	743,313
Other purposes	1,108,794	188	406	42	1,109,430
Total	**53,107,162**	**2,913,454**	**153,334**	**108,633**	**56,282,583**

- Activity in Spain:

	Thousands of euros								
	30/06/2022								
	Aragon	Madrid	Catalonia	Valencian Community	Andalusia	Castilla León	Castilla La Mancha	Other	Total
Central banks and credit institutions	**7,085,850**	**44,959**	**-**	**51,361**	**2,673**	**-**	**-**	**42,049**	**7,226,892**
Public administrations	**238,349**	**84,311**	**6,473**	**61,990**	**54,477**	**88,752**	**46,730**	**452,400**	**14,095,593**
Central government (*)	-	-	-	-	-	-	-	-	13,062,111
Other public administrations	238,349	84,311	6,473	61,990	54,477	88,752	46,730	452,400	1,033,482
Other financial institutions and individual entrepreneurs (financial business activity)	**401,459**	**1,760,814**	**639**	**273**	**571**	**1,536**	**199**	**907**	**2,166,398**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**4,080,083**	**2,449,180**	**1,086,686**	**701,649**	**613,031**	**461,680**	**284,798**	**1,366,214**	**11,043,321**
Real estate construction and development (including land)	287,018	648,929	82,369	45,351	83,354	56,168	26,396	73,448	1,303,033
Civil engineering	1,304	21,988	-	-	14	490	-	136	23,932
Other purposes	3,791,761	1,778,263	1,004,317	656,298	529,663	405,022	258,402	1,292,630	9,716,356
Large corporations	*558,633*	*855,494*	*371,159*	*208,478*	*142,884*	*81,310*	*51,429*	*374,513*	*2,643,900*
SMEs and individual entrepreneurs	*3,233,128*	*922,769*	*633,158*	*447,820*	*386,779*	*323,712*	*206,973*	*918,117*	*7,072,456*
Other household	**5,553,256**	**5,501,888**	**1,947,501**	**1,654,454**	**1,216,689**	**853,201**	**1,191,039**	**2,362,426**	**20,280,454**
Homes	4,163,318	5,248,848	1,843,882	1,576,061	1,161,798	779,128	1,125,677	2,189,758	18,088,470
Consumption	282,043	108,724	50,719	40,901	26,182	37,443	40,783	108,594	695,389
Other purposes	1,107,895	144,316	52,900	37,492	28,709	36,630	24,579	64,074	1,496,595
Total	**17,358,997**	**9,841,152**	**3,041,299**	**2,469,727**	**1,887,441**	**1,405,169**	**1,522,766**	**4,223,996**	**54,812,658**

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

	Thousands of euros								
	31/12/2021								
	Aragon	Madrid	Catalonia	Valencian Community	Andalusia	Castilla León	Castilla La Mancha	Other	Total
Central banks and credit institutions	**6,680,473**	**39,603**	**-**	**39,006**	**24,257**	**-**	**-**	**35,635**	**6,818,974**
Public administrations	**162,018**	**99,054**	**7,407**	**62,016**	**41,049**	**102,725**	**44,724**	**445,529**	**13,430,040**
Central government (*)	-	-	-	-	-	-	-	-	12,465,518
Other public administrations	162,018	99,054	7,407	62,016	41,049	102,725	44,724	445,529	964,522
Other financial institutions and individual entrepreneurs (financial business activity)	**121,116**	**1,749,551**	**873**	**316**	**649**	**1,987**	**231**	**1,028**	**1,875,751**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**4,316,740**	**2,341,900**	**1,034,961**	**668,055**	**593,671**	**452,230**	**280,257**	**1,316,302**	**11,004,116**
Real estate construction and development (including land)	293,872	710,770	65,190	47,886	79,210	47,025	25,906	65,732	1,335,591
Civil engineering	1,356	24,280	-	-	-	212	-	157	26,005
Other purposes	4,021,512	1,606,850	969,771	620,169	514,461	404,993	254,351	1,250,413	9,642,520
Large corporations	*538,589*	*669,787*	*318,871*	*179,529*	*122,554*	*77,799*	*47,945*	*336,461*	*2,291,535*
SMEs and individual entrepreneurs	*3,482,923*	*937,063*	*650,900*	*440,640*	*391,907*	*327,194*	*206,406*	*913,952*	*7,350,985*
Other household	**5,275,510**	**5,370,661**	**1,930,812**	**1,670,685**	**1,234,740**	**863,308**	**1,217,557**	**2,415,008**	**19,978,281**
Homes	4,279,095	5,102,455	1,821,792	1,589,465	1,177,322	782,682	1,147,151	2,227,264	18,127,226
Consumption	296,909	116,734	54,003	42,129	28,391	41,854	44,010	118,231	742,261
Other purposes	699,506	151,472	55,017	39,091	29,027	38,772	26,396	69,513	1,108,794
Total	**16,555,857**	**9,600,769**	**2,974,053**	**2,440,078**	**1,894,366**	**1,420,250**	**1,542,769**	**4,213,502**	**53,107,162**

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

2.7.4 Assets foreclosed or acquired in payment of debts

The following is a breakdown regarding foreclosed or acquired real estate assets in payment of debt on 30 June 2022 and 31 December 2021:

	Thousands of euros			
	30/06/2022			
	Gross carrying amount (*)	Total allowances for impairment losses	Of which: Allowances for impairment losses from time of foreclosure	Carrying amount
Real estate assets acquired from loans for real estate construction and development	**295,544**	**(192,142)**	**(112,508)**	**103,402**
Buildings and other completed constructions	31,709	(16,407)	(7,675)	15,302
Housing	*16,640*	*(8,325)*	*(3,584)*	*8,315*
Other	*15,069*	*(8,082)*	*(4,091)*	*6,987*
Buildings and other constructions under construction	3,579	(2,642)	(817)	937
Housing	*3,219*	*(2,356)*	*(666)*	*863*
Other	*360*	*(286)*	*(151)*	*74*
Land	260,256	(173,093)	(104,016)	87,163
Consolidated urban land	*70,597*	*(44,615)*	*(18,982)*	*25,982*
Other land	*189,659*	*(128,478)*	*(85,034)*	*61,181*
Real estate assets acquired in mortgage loans to households for housing acquisition	**104,223**	**(46,203)**	**(20,590)**	**58,020**
Other foreclosed or received real estate assets in payment of debt	**64,923**	**(32,276)**	**(12,117)**	**32,647**
	464,690	**(270,621)**	**(145,215)**	**194,069**

(*) Amount before deducting allowances for impairment loss

	Thousands of euros			
	31/12/2021			
	Gross carrying amount (*)	Total allowances for impairment losses	Of which: Allowances for impairment losses from time of foreclosure	Carrying amount
Real estate assets acquired from loans for real estate construction and development	**368,001**	**(246,009)**	**(150,440)**	**121,992**
Buildings and other completed constructions	33,230	(16,741)	(8,117)	16,489
Housing	*17,322*	*(8,434)*	*(3,469)*	*8,888*
Other	*15,908*	*(8,307)*	*(4,648)*	*7,601*
Buildings and other constructions under construction	3,579	(2,641)	(816)	938
Housing	*3,219*	*(2,356)*	*(666)*	*863*
Other	*360*	*(285)*	*(150)*	*75*
Land	331,192	(226,627)	(141,507)	104,565
Consolidated urban land	*81,579*	*(52,716)*	*(24,077)*	*28,863*
Other land	*249,613*	*(173,911)*	*(117,430)*	*75,702*
Real estate assets acquired in mortgage loans to households for housing acquisition	**109,185**	**(47,747)**	**(22,145)**	**61,438**
Other foreclosed or received real estate assets in payment of debt	**65,055**	**(32,441)**	**(12,679)**	**32,614**
	542,241	**(326,197)**	**(185,264)**	**216,044**

(*) Amount before deducting 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 June 2022 and 31 December 2021 is as follows:

	Thousands of euros 30/06/2022				
	Gross carrying amount	Allowances for impairment losses from lending	Accumulated depreciation	Allowances for impairment losses from time of foreclosure	Carrying amount
Tangible assets – Investment property	14,366	(2,441)	(283)	(3,559)	8,083
Other assets - Inventories	98,580	(15,116)	-	(62,005)	21,459
Non-current assets and disposal groups classified as held for sale	351,744	(107,471)	(95)	(79,651)	164,527
	464,690	**(125,028)**	**(378)**	**(145,215)**	**194,069**

	Thousands of euros 31/12/2021				
	Gross carrying amount	Allowances for impairment losses from lending	Accumulated depreciation	Allowances for impairment losses from time of foreclosure	Carrying amount
Tangible assets – Investment property	15,789	(2,330)	(262)	(4,441)	8,756
Other assets - Inventories	142,193	(25,422)	-	(87,756)	29,015
Non-current assets and disposal groups classified as held for sale	384,259	(112,821)	(98)	(93,067)	178,273
	542,241	**(140,573)**	**(360)**	**(185,264)**	**216,044**

2.7.5 Policies for the management of problem assets

The Group establishes specific policies relating to the management of assets from the real estate sector.

These policies seek to ensure compliance with the obligations of the borrowers and mitigate the risks to which the Group is exposed. Alternatives are sought that allow for the completion and sale of the projects and renegotiation of the exposures may proceed if would improve the Group's credit position and with the basic purpose that the borrower is able to continue his/her commercial activity. Previous experience with the borrower is taken into account, including their willingness to repay the debt, and the improvement of the Group in terms of expected loss. The aim is to increase the collateral of the loans without increasing the customer's risk.

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

In the case that 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 claim and subsequent acquisition of real estate 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, sale of real estate and lease of real estate assets.

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 uses the website www.ibercaja.es/inmuebles to disclose information on the assets to the public.

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 to meeting their payments commitments promptly at the time they fall due. The policy is aimed at:

- Ensuring the economic feasibility of borrowers and operations (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 guarantee.

Acceptance of transactions:

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.

Sanctions:

The branch network is not authorised to sanction 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 June 2022 and 31 December 2021 can be seen below:

	Thousands of euros			
	30/06/2022		31/12/2021	
	Total	Of which: in default/not-performing	Total	Of which: in default/not-performing
Gross amount	**509,765**	**273,937**	**538,586**	**329,245**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	**1,278**	**1,278**	**1,278**	**1,278**
Allowances for impairment of assets	**132,972**	**117,703**	**152,002**	**139,280**
Of which: collective	*84,978*	*71,312*	*96,679*	*85,261*
Of which: individual	*47,994*	*46,391*	*55,323*	*54,019*
Net amount	**375,515**	**154,956**	**385,306**	**188,687**
Value of the collateral received	**535,115**	**272,795**	**572,005**	**331,133**
Value of collateral	347,002	181,114	390,364	217,750
Value of other collateral	188,113	91,681	181,641	113,383

The total carrying amount of the financing granted to customers at 30 June 2022 amounted to 31,583,733 thousand euros (30,655,026 thousand euros as at 31 December 2021).

Changes in refinanced and restructured operations during the six-month periods ended 30 June 2022 and 30 June 2021 are shown below:

	Thousands of euros	
	2022	**2021**
Balance at 1 January	**538,586**	**736,561**
(+) Refinancing and restructuring in the period	57,720	31,140
Memorandum items: impact recognised in the income statement for the period	5,287	4,387
(-) Debt repayments	46,818	68,386
(-) Foreclosures	4,179	12,093
(-) Derecognitions (reclassification to written-off assets)	12,010	13,881
(+)/(-) Other changes (*)	(23,534)	(25,944)
Balance at 30 June	**509,765**	**647,397**

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

The breakdown of current balances of refinancing and restructuring as at 30 June 2022 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 collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Public administrations	1	89	-	-	-	-	-	89
Other financial companies and individual entrepreneurs (financial business activity)	2	10	-	-	-	-	(10)	-
Non-financial companies and individual entrepreneurs (non-financial business activity)	1,299	104,400	660	116,498	90,429	747	(78,331)	142,567
of which: financing for real estate construction and development (including land)	6	1,983	107	50,743	39,491	6	(20,800)	31,926
Other household	1,843	20,466	3,272	268,302	239,021	67	(55,909)	232,859
Total	3,145	124,965	3,932	384,800	329,450	814	(134,250)	375,515
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 collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	1	10	-	-	-	-	(10)	-
Non-financial companies and individual entrepreneurs (non-financial business activity)	589	46,652	445	81,533	57,303	134	(70,831)	57,354
of which: financing for real estate construction and development (including land)	5	1,892	95	38,899	27,672	6	(19,889)	20,902
Other household	1,216	15,402	1,653	130,340	111,414	56	(48,140)	97,602
Total	1,806	62,064	2,098	211,873	168,717	190	(118,981)	154,956
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 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 collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	**3**	**15**	**1**	**29**	**29**	-	**(13)**	**31**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**1,000**	**72,458**	**754**	**144,995**	**107,654**	**589**	**(91,181)**	**126,272**
of which: financing for real estate construction and development (including land)	*8*	*3,424*	*115*	*53,679*	*40,006*	*6*	*(23,569)*	*33,534*
Other household	**2,034**	**24,125**	**3,598**	**296,964**	**262,570**	**76**	**(62,086)**	**259,003**
Total	**3,037**	**96,598**	**4,353**	**441,988**	**370,253**	**665**	**(153,280)**	**385,306**
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 collateral that can be considered			
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	**1**	**12**	**1**	**29**	**29**	-	**(13)**	**28**
Non-financial companies and individual entrepreneurs (non financial business activity)	**600**	**49,788**	**517**	**108,037**	**75,932**	**267**	**(86,478)**	**71,347**
of which: financing for real estate construction and development (including land)	*7*	*3,334*	*102*	*44,709*	*31,056*	*6*	*(22,565)*	*25,478*
Other household	**1,352**	**18,370**	**1,908**	**153,009**	**129,281**	**65**	**(54,067)**	**117,312**
Total	**1,953**	**68,170**	**2,426**	**261,075**	**205,242**	**332**	**(140,558)**	**188,687**
Additional information Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

The following table shows refinanced or restructured transactions that, after the restructuring or refinancing, have been classified as non-performing during the first half of 2022 and in 2021:

	Thousands of euros	
	30/06/2022	31/12/2021
Public administrations	-	-
Other legal persons and individual entrepreneurs	**1,645**	**4,674**
Of which: financing for real estate construction and development	377	-
Other individuals	**4,218**	**10,932**
Total	**5,863**	**15,606**

2.7.7 Exposure to sovereign debt

This section provides information on the exposure to sovereign debt at 30 June 2022 and 31 December 2021:

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

	Thousands of euros	
	30/06/2022	**31/12/2021**
Spain	14,088,363	13,421,612
Italy	1,422,930	1,382,405
Portugal	55,935	67,788
United States	97,426	240,733
France	207,532	100,972
Other	5,638	6,311
Total gross amount	**15,877,824**	**15,219,821**
(Impairment losses)	*(164)*	*(180)*
Total net amount	**15,877,660**	**15,219,641**
of which: from the insurance company	*3,684,137*	*4,196,302*

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

	Thousands of euros	
	30/06/2022	**31/12/2021**
Financial assets at fair value through profit or loss	5,306	6,278
Financial assets at fair value through other comprehensive income	4,038,289	4,641,651
Financial assets at amortised cost	11,834,229	10,571,892
	15,877,824	**15,219,821**
Of which: from the insurance company	*3,684,137*	*4,196,302*

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					
	30/06/2022					
	Up to 3 months	**From 3 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**Beyond 5 years**	**Total**
Financial assets at fair value through profit or loss	-	-	957	2,774	1,575	5,306
Financial assets at fair value through other comprehensive income	72,743	225,169	653,261	560,066	2,527,050	4,038,289
Financial assets at amortised cost	23,965	1,783,309	1,722,651	2,922,758	5,381,546	11,834,229
Total	**96,708**	**2,008,478**	**2,376,869**	**3,485,598**	**7,910,171**	**15,877,824**
Of which: from the insurance company	*70,716*	*226,125*	*666,116*	*567,299*	*2,153,881*	*3,684,137*

	Thousands of euros					
	31/12/2021					
	Up to 3 months	**From 3 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**Beyond 5 years**	**Total**
Financial assets at fair value through profit or loss	-	-	4,596	1,682	-	6,278
Financial assets at fair value through other comprehensive income	159,382	246,561	786,869	528,504	2,920,335	4,641,651
Financial assets at amortised cost	733,675	242,951	2,233,291	2,168,689	5,193,286	10,571,892
Total	**893,057**	**489,512**	**3,024,756**	**2,698,875**	**8,113,621**	**15,219,821**
Of which: from the insurance company	*159,382*	*244,535*	*800,249*	*538,458*	*2,453,678*	*4,196,302*

- 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 -5.16% (-5.13% in financial year 2021).

2.8 Other information

Materiality

For the purposes of preparing the interim financial statements as at 30 June 2022, 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: is 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: for its calculation, 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 June 2022 and 2021 are detailed below:

	30/06/2022	30/06/2021
Earnings per share numerator		
Profit/(loss) attributed to the parent	114,921	94,060
Adjustment: Remuneration of issued equity instruments other than equity (AT1)	(8,572)	(8,572)
Profit attributable to owners of the parent adjusted	106,349	85,488
Earnings per share denominator		
Average weighted number of shares	214,427,597	214,427,597
Basic and diluted earnings per share (EUR) considering the effect of remuneration of other issued equity instruments other than capital (AT1)	**0.50**	**0.40**

At 30 June 2022 and 2021 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 June 2022 and 2021 on dividends paid:

	30/06/2022			30/06/2021		
	% of nominal value	**€ per share**	**Amount (thousands of euros)**	**% of nominal value**	**€ per share**	**Amount (thousands of euros)**
Ordinary shares	4.14%	0.41	88,821	0.18%	0.02	3,849
Other shares (no voting rights, callable, etc.)	-	-	-	-	-	-
Total dividends paid	**4.14%**	**0.41**	**88,821**	**0.18%**	**0.02**	**3,849**
a) Dividends charged to income statement	4.14%	0.41	88,821	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.

Due to the economic impacts of COVID-19, on 15 December 2020 the European Central Bank amended its recommendation on dividend payouts in view of the uncertainty caused by the health situation, calling on banks to be very prudent when deciding on how much to pay out or when repurchasing shares to remunerate shareholders until 30 September 2021. It also called urged credit institutions that were looking to implement dividend or share buyback measures to remunerate shareholders to contact the joint supervisory teams, in the framework of the supervisory dialogue, to discuss the prudence of such measures.

The General Meeting of Shareholders of Ibercaja Banco held on 15 April 2021 approved the distribution of a dividend against 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.

It should be noted that during the second half of 2021, the European Central Bank decided, in view of the improvement in the Eurosystem's macroeconomic expectations for the 2021–2023 period, not to extend this recommendation on dividend payouts. However, it called on banks to exercise 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 General Meeting of Shareholders of Ibercaja Banco held on 30 March 2022 approved the distribution of a dividend charged to 2021 profits in the amount of 98,140 thousand euros; taking into account that an interim dividend of 47,000 thousand euros had already been paid out to shareholders in 2021, as described in Note 4 to the 2021 consolidated financial statements. Payment of the remaining 51,140 thousand euros was made on 31 March 2022.

In addition, on 12 May 2022, the Board of Directors of Ibercaja Banco, taking into the account the aforementioned recommendations agreed, in accordance with Article 277 of the Corporate Enterprises Act, to distribute among shareholders an interim dividend of 37,681 thousand euros in proportion to their respective holdings in the share capital of the Bank. This interim dividend was paid in full on 13 May 2022.

Below is the accounting statement prepared in accordance with the legal requirements and which demonstrated the existence of sufficient liquidity to distribute the interim dividend approved:

	Thousands of euros
Profit before tax from 1 January 2022 to 31 March 2022	**57,720**
Estimate of corporate income tax	(16,240)
Legal reserve	-
Attributed profit/(loss)	-
Maximum amount of possible distribution	**41,480**
Amount to be distributed	**37,681**

	Thousands of euros
Balance in cash and cash equivalents at 1 January 2022	**6,197,163**
Cash flows from operating activities	(796,975)
Cash flows from investing activities	(21,949)
Cash flows from financing activities	(57,265)
Effect of exchange rate fluctuations	-
Balance in cash and cash equivalents at 31 March 2022	**5,320,974**
Interim dividend distributed	(37,681)
Balance in cash and cash equivalents at 31 March 2022 following the dividend distribution	**5,283,293**

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.

Capital adequacy

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 (CRRII Quick Fix).

At 30 June 2022, the Ibercaja Banco Group was complying with the minimum solvency ratios (Basel Pilar I) demanded by current regulations, as detailed in the following tables:

	30/06/2022	31/12/2021
Capital ratios		
Eligible common equity tier 1 (thousands of euros) (a)	2,332,826	2,420,441
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)	18,227,117	18,051,935
Common equity tier 1 ratio (CET 1) (A)=(a)/(d)	12.80%	13.41%
Additional tier 1 capital ratio (AT 1) (B)=(b)/(d)	1.92%	1.94%
Tier 1 capital ratio (Tier 1) (A)+(B)	14.72%	15.35%
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	2.74%	2.77%
Total capital ratio (A)+(B)+(C)	**17.46%**	**18.12%**

	30/06/2022	31/12/2021
Market leverage		
Tier 1 capital (thousands of euros) (a)	2,682,826	2,770,441
Exposure (thousands of euros) (b)	54,563,677	46,071,860
Leverage ratio (a)/(b)	**4.92%**	**6.01%**

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 capital adequacy 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) has notified its decision with respect to the prudent minimum capital requirements, once the results of the Supervisory Review and Evaluation Process (SREP) are known.

This decision means that Ibercaja Banco must maintain, from 1 March 2022, a phased-in common equity tier 1 (CET1) ratio of 8.21% and a total capital ratio of 12.65%. This total capital requirement includes the minimum requirement for Pillar 1 (4.5% CET 1 and 8% of total capital), the Pillar 2 requirement (1.21% for CET1 and 2.15% for total capital) and the capital conservation buffer (2.5%).

At 30 June 2022, Ibercaja Banco's consolidated ratios – CET1 of 12.80% and total capital of 17.46% – were clear of the regulatory requirements imposed for 2022.

The regulatory CET1 level that would oblige the Group to limit 2022 distributions in the form of dividends, variable remuneration and interest payments to holders of AT1 instruments – commonly referred to as the maximum distributable amount trigger level (or MDA trigger) – is 8.21% for 2022, in terms of CET1, to which we would need to add the potential deficits of additional Tier 1 (AT1) or Tier 2 with respect to the minimum capital requirements at those levels of 1.9% and 2.54%, respectively. In June 2022 there were no deficits to be covered. At 30 June, Ibercaja had a margin of 459 basis points in respect of the Group's MDA trigger.

Other events

In the six months ended 30 June 2022, there was no significant events 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 the Ibercaja Banco Group

Note 2 to the consolidated financial statements of the Ibercaja Banco Group at 31 December 2021 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 June 2022, 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 2021.

During the six months ended 30 June 2022, there were no acquisitions or other increases in holdings in subsidiaries, joint ventures and/or investments in associates.

The following is a breakdown of the decrease at 30 June 2022 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	Gain/(loss) generated (thousands of euros)
CAI Inmuebles, S.A. (in liquidation) (*)	Subsidiary	13/06/2022	100.00%	-	-
Nuevos Materiales de Construcción, S.A. (*)	Associate	23/02/2022	21.93%	-	-
Solavanti, S.L. (**)	Associate	22/03/2022	20.00%	-	10,167

(*) Liquidated company.

(**) Company subject to a sale and purchase agreement.

4. Segmented information

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 June 2022 and 31 December 2021, is as follows:

	Thousands of euros				
	30/06/2022				
	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	1,892	-	-	-	-
Equity instruments	-	-	-	288,576	-
Debt securities	-	-	-	519,666	11,083,452
Loans and advances	-	1,496	-	-	32,223,360
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	462,462
Customers	-	1,496	-	-	31,760,898
BANK TOTAL	**1,892**	**1,496**	**-**	**808,242**	**43,306,812**
Derivatives	5,497	-	-	-	-
Equity instruments	-	1,595,804	-	320,017	-
Debt securities	-	-	6,376	5,228,623	11,164,816
Loans and advances	-	1,496	-	-	32,049,032
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	466,795
Customers	-	1,496	-	-	31,582,237
GROUP TOTAL	**5,497**	**1,597,300**	**6,376**	**5,548,640**	**43,213,848**

	Thousands of euros				
	31/12/2021				
	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	2,589	-	-	-	-
Equity instruments	-	-	-	299,508	-
Debt securities	-	-	-	633,399	9,891,699
Loans and advances	-	1,496	-	-	31,196,118
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	357,311
Customers	-	1,496	-	-	30,838,807
BANK TOTAL	**2,589**	**1,496**	**-**	**932,907**	**41,087,817**
Derivatives	2,864	-	-	-	-
Equity instruments	-	1,666,941	-	345,676	-
Debt securities	-	-	7,451	6,118,358	9,974,513
Loans and advances	-	1,496	-	-	31,014,887
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	361,357
Customers	-	1,496	-	-	30,653,530
GROUP TOTAL	**2,864**	**1,668,437**	**7,451**	**6,464,034**	**40,989,400**

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 June 2022 and 31 December 2021:

	Thousands of euros	
	30/06/2022	**31/12/2021**
Debt securities	-	-
Unimpaired assets	-	-
Impaired assets	-	-
Credits and loans	2,774	2,774
Unimpaired assets	*1,496*	*1,496*
Impaired assets	*1,278*	*1,278*
Shares	-	-
Ownership interests in Investment Funds	1,595,804	1,666,941
Total gross amount	**1,598,578**	**1,669,715**
(Accumulated negative changes in fair value due to credit risk from non-performing exposures)	(1,278)	(1,278)
Total net amount	**1,597,300**	**1,668,437**

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

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 financial assets not held for trading mandatorily measured at fair value through profit or loss at 30 June 2022 and 31 December 2021:

	Thousands of euros			
	30/06/2022			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**1,496**	**-**	**1,278**	**2,774**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	-	-	1,278	1,278
Net amount	**1,496**	**-**	**-**	**1,496**

	Thousands of euros			
	31/12/2021			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**1,496**	**-**	**1,278**	**2,774**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	-	-	1,278	1,278
Net amount	**1,496**	**-**	**-**	**1,496**

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 June 2022 and 31 December 2021:

	Thousands of euros	
	30/06/2022	31/12/2021
Debt securities	5,234,406	6,123,109
Unimpaired assets	5,234,406	6,123,109
Impaired assets	-	-
Equity instruments	320,017	345,676
Total gross amount	**5,554,423**	**6,468,785**
(Impairment losses)	(5,783)	(4,751)
Total net amount	**5,548,640**	**6,464,034**

All impairment losses detailed in the table above relate to hedging against credit risk of debt securities, which is reversible.

In 2021, the subordinated debt of Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (SAREB) was converted into registered shares. 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” in the consolidated balance sheet, without this 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. In the first half of 2022, the value of these shares remains fully impaired.

5.3.2 Credit risk impairment losses

Changes in impairment losses recognised to cover the credit risk of debt securities during the six-month periods ended 30 June 2022 and 2021 are presented below:

	Thousands of euros	
	30/06/2022	30/06/2021
Opening balance	**4,751**	**6,612**
Transfer charged to profit for the year	2,053	774
Reversal of provisions taken to income statement	(1,021)	(1,409)
Amounts used	-	-
Exchange differences and other movements	-	-
Closing balance	**5,783**	**5,977**
Of which:		
- Individually determined	-	-
- Collectively determined	5,783	5,977

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 June 2022 and 31 December 2021:

	Thousands of euros	
	30/06/2022	**31/12/2021**
Debt securities	11,164,884	9,974,555
Unimpaired assets	*11,164,884*	*9,974,555*
Impaired assets	-	-
Loans and advances	32,553,974	31,554,034
Credit institutions	466,795	361,357
Customers	32,087,179	31,192,677
Unimpaired assets	*31,468,316*	*30,476,334*
Impaired assets	*618,863*	*716,343*
Total gross amount	**43,718,858**	**41,528,589**
(Impairment losses)	(505,010)	(539,189)
Total net amount	**43,213,848**	**40,989,400**

In 2021, the Group sold a portfolio of sovereign debt securities for a nominal value of 160,000 thousand euros. The result of this transaction amounted to 18,686 thousand euros, as 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 (Note 15.6). This transaction was not considered to be significant, hence the business model under which the assets concerned are managed was not questioned, in accordance with IFRS 9 and the Group's policies and methodological manuals.

In 2020, the Group also sold a portfolio of sovereign debt securities for a nominal value of 1,381,770 thousand euros, of which 300,000 thousand euros was executed through a forward sale in the first quarter of 2021. The sale was carried out in response to the extraordinary circumstances of the COVID-19 pandemic and the unusual scale of the challenges posed. This extraordinary sale transaction is consistent with the business model under which the assets concerned are managed (Maintenance of financial assets to receive their contractual cash flows, Note 2.2.4), in accordance with IFRS 9 and the Bank's policies and methodological manuals. The result of this transaction amounted to 33,102 thousand euros in 2021, as 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 (Note 15.6).

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 June 2022 and 31 December 2021

	Thousands of euros	
	30/06/2022	**31/12/2021**
Resident public administrations	178	178
Other resident sectors	608,483	712,870
Other non-resident sectors	10,202	3,295
	618,863	**716,343**

5.4.3 Credit risk impairment losses

The changes in the gross balance of financial assets included in this category in the six-month periods ended 30 June 2022 and 2021 are presented below:

	Thousands of euros			
	30/06/2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross balance at 1 January	**39,252,404**	**1,559,842**	**716,343**	**41,528,589**
Transfers:	(99,454)	63,334	36,120	-
from stage 1 to stage 2	*(427,025)*	*427,025*	-	-
from stage 1 to stage 3	*(31,887)*	-	*31,887*	-
from stage 2 to stage 3	-	*(43,060)*	*43,060*	-
from stage 3 to stage 2	-	*38,677*	*(38,677)*	-
from stage 2 to stage 1	*359,308*	*(359,308)*	-	-
from stage 3 to stage 1	*150*	-	*(150)*	-
Increases	8,673,900	85,905	10,546	8,770,351
Decreases	(6,251,617)	(184,319)	(80,436)	(6,516,372)
Transfers to write-offs	-	-	(63,710)	(63,710)
Other movements	-	-	-	-
Gross balance at 30 June	**41,575,233**	**1,524,762**	**618,863**	**43,718,858**

	Thousands of euros			
	30/06/2021			
	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:	(86,527)	61,333	25,194	-
from stage 1 to stage 2	*(474,352)*	*474,352*	-	-
from stage 1 to stage 3	*(21,904)*	-	*21,904*	-
from stage 2 to stage 3	-	*(39,757)*	*39,757*	-
from stage 3 to stage 2	-	*35,723*	*(35,723)*	-
from stage 2 to stage 1	*408,985*	*(408,985)*	-	-
from stage 3 to stage 1	*744*	-	*(744)*	-
Increases	9,025,762	98,748	14,002	9,138,512
Decreases	(7,423,812)	(236,255)	(84,425)	(7,744,492)
Transfers to write-offs	-	-	(71,186)	(71,186)
Other movements	-	-	-	-
Gross balance at 30 June	**39,198,797**	**1,601,680**	**894,282**	**41,694,759**

The following tables show impairment losses for the six-month periods ended 30 June 2022 and 2021, and the cumulative amount of impairment losses at the beginning and end of those periods, for the debt instruments classified in this portfolio (thousands of euros)

	Thousands of euros			
	30/06/2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**46,049**	**111,280**	**381,860**	**539,189**
Of which:				
- Individually determined	-	*14,376*	*94,994*	*109,370*
- Collectively determined	*46,049*	*96,904*	*286,866*	*429,819*
Changes through profit or loss:	**(46,994)**	**42,251**	**42,000**	**37,257**
Increases in origination	16,931	-	-	16,931
Changes due to changes in credit risk	(50,028)	42,572	46,940	39,484
Changes in calculation method	-	-	-	-
Other	(13,897)	(321)	(4,940)	(19,158)
Changes other than through profit or loss:	**44,412**	**(38,601)**	**(77,247)**	**(71,436)**
Transfers:	44,412	(39,642)	(4,770)	-
from stage 1 to stage 2:	*(6,408)*	*6,408*	-	-
from stage 1 to stage 3:	*(84)*	-	*84*	-
from stage 2 to stage 3:	-	*(5,609)*	*5,609*	-
from stage 3 to stage 2	-	*10,425*	*(10,425)*	-
from stage 2 to stage 1	*50,866*	*(50,866)*	-	-
from stage 3 to stage 1	*38*	-	*(38)*	-
Existing provisions utilised	-	-	(64,542)	(64,542)
Other movements	-	1,041	(7,935)	(6,894)
Balance at 30 June	**43,467**	**114,930**	**346,613**	**505,010**
Of which:				
- Individually determined	-	*12,516*	*85,616*	*98,132*
- Collectively determined	*43,467*	*102,414*	*260,997*	*406,878*

	Thousands of euros			
	30/06/2021			
	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:	**(33,965)**	**26,094**	**50,856**	**42,985**
Increases in origination	23,556	-	-	23,556
Changes due to changes in credit risk	(35,460)	28,048	64,190	56,778
Changes in calculation method	-	-	-	-
Other	(22,061)	(1,954)	(13,334)	(37,349)
Changes other than through profit or loss:	**34,637**	**(31,798)**	**(87,246)**	**(84,407)**
Transfers:	34,637	(31,798)	(2,839)	-
from stage 1 to stage 2:	*(7,898)*	*7,898*	-	-
from stage 1 to stage 3:	*(113)*	-	*113*	-
from stage 2 to stage 3:	-	*(5,346)*	*5,346*	-
from stage 3 to stage 2	-	*8,025*	*(8,025)*	-
from stage 2 to stage 1	*42,375*	*(42,375)*	-	-
from stage 3 to stage 1	*273*	-	*(273)*	-
Existing provisions utilised	-	-	(73,538)	(73,538)
Other movements	-	-	(10,869)	(10,869)
Balance at 30 June	**52,826**	**126,626**	**424,226**	**603,678**
Of which:				
- Individually determined	-	*12,305*	*111,751*	*124,056*
- Collectively determined	*52,826*	*114,321*	*312,475*	*479,622*

Impairment losses by counterparty category are as follows:

	Thousands of euros	
	30/06/2022	**31/12/2021**
Resident public administrations	166	178
Other resident sectors	502,771	535,716
Other non-resident sectors	2,073	3,295
	505,010	**539,189**

The various items recognised in the six-month periods ended 30 June 2022 and 2021 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	
	30/06/2022	**30/06/2021**
Impairment losses credited to allowances for assets	37,257	42,985
Recovery of written-off assets	(4,726)	(4,314)
	32,531	**38,671**

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 June 2022 and 31 December 2021 is detailed below:

	Thousands of euros			
	30/06/2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**41,575,233**	**1,524,762**	**618,863**	**43,718,858**
Allowances for impairment of assets	**43,467**	**114,930**	**346,613**	**505,010**
Of which: calculated collectively	43,467	102,414	260,997	406,878
Of which: calculated separately	-	12,516	85,616	98,132
Net amount	**41,531,766**	**1,409,832**	**272,250**	**43,213,848**

	Thousands of euros			
	31/12/2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**39,252,404**	**1,559,842**	**716,343**	**41,528,589**
Allowances for impairment of assets	**46,049**	**111,280**	**381,860**	**539,189**
Of which: calculated collectively	46,049	96,904	286,866	429,819
Of which: calculated separately	-	14,376	94,994	109,370
Net amount	**39,206,355**	**1,448,562**	**334,483**	**40,989,400**

The changes in exposures classified in stage 3 during the six-month periods ended 30 June 2022 and 2021 are shown below:

	Thousands of euros	
	30/06/2022	**30/06/2021**
Opening balance	**716,343**	**1,010,697**
(+) Refinancing and restructuring	17,717	14,390
(+) Other additions of the period	82,907	72,162
(-) Foreclosures	(21,644)	(31,228)
(-) Collections and exits from NPE	(111,479)	(104,424)
(-) Derecognitions (reclassification to written-off assets)	(63,710)	(71,185)
(+)/(-) Other changes	(1,271)	3,870
Closing balance	**618,863**	**894,282**

Collateral received and financial guarantees granted break down as follows at 30 June 2022 and 31 December 2021:

	Thousands of euros	
	30/06/2022	31/12/2021
Value of collateral	20,434,196	20,621,799
Of which: guarantees normal risks on special watch	*981,834*	*1,003,794*
Of which: guarantees non-performing risks	*369,142*	*424,694*
Value of other collateral	6,853,023	7,120,648
Of which: guarantees normal risks on special watch	*686,754*	*696,350*
Of which: guarantees non-performing risks	*212,114*	*249,032*
Total value of the collateral received	**27,287,219**	**27,742,447**

	Thousands of euros	
	30/06/2022	31/12/2021
Loan commitments given	**3,153,950**	**3,220,412**
Of which: amount classified as normal on special watch	*83,614*	*80,847*
Of which: classified as non-performing	*4,565*	*5,383*
Amount recognised under liabilities on the balance sheet	4,786	4,174
Financial guarantees granted	**97,996**	**97,630**
Of which: amount classified as normal on special watch	*10,682*	*12,709*
Of which: classified as non-performing	*4,656*	*4,733*
Amount recognised under liabilities on the balance sheet	5,848	6,073
Other commitments given	**835,849**	**820,619**
Of which: amount classified as normal on special watch	*432*	*411*
Of which: classified as non-performing	*25,905*	*25,359*
Amount recognised under liabilities on the balance sheet	6,533	6,460

5.5. Credit quality of debt securities

The concentration of credit quality risk in debt securities based on the counterparty's rating at 30 June 2022 and 31 December 2021:

	Thousands of euros			
	30/06/2022			
	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	-	-	362,531	1,469
A	-	3,731	3,216,505	7,874,929
BBB	-	2,645	1,649,587	3,258,788
BB	-	-	-	29,630
B	-	-	-	-
CCC	-	-	-	-
Unrated	-	-	-	-
Total	**-**	**6,376**	**5,228,623**	**11,164,816**

	Thousands of euros			
	31/12/2021			
	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	-	-	416,897	1,486
A	-	4,596	3,766,510	6,580,561
BBB	-	2,855	1,934,951	3,362,658
BB	-	-	-	29,808
B	-	-	-	-
CCC	-	-	-	-
Unrated	-	-	-	-
Total	**-**	**7,451**	**6,118,358**	**9,974,513**

5.6. Impact of COVID-19 and the Russia–Ukraine conflict on the 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 real estate 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 operations 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

The resolution passed by the Council of Ministers on 30 November 2021 approved the extension of the application period for guarantees granted to companies and the self-employed until 1 June 2022. Meanwhile, the resolution passed by the Council of Ministers on 21 June 2022 allowed for the possibility of extending the maturity of the guarantees managed on behalf of the State. The guarantee will be extended when, at the request of the debtor, the financial institution decides to extend the maturity of the financing granted, complying at all times with the European Temporary Framework for State Aid. These applications may be made from 30 June 2022 onwards.

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 June 2022 and 31 December 2021 is as follows:

	Thousands of euros								
	30/06/2022								
	Total data						Breakdown of outstanding amounts by risk stage		
	Number of transactions granted	Balance granted	of which: legal moratoria	of which: extended moratoria	of which: expired moratoria	Outstanding balance	Stage 1	Stage 2	Stage 3
Loans and advances subject to statutory and sectoral moratoria									
Mortgage operations	7,460	659,179	569,162	230,955	657,001	2,178	-	2,178	-
Consumer finance	327	3,118	2,911	1,233	3,118	-	-	-	-
Other operations	864	39,757	33,236	13,820	39,756	-	-	-	-
Total	**8,651**	**702,054**	**605,309**	**246,008**	**699,875**	**2,178**	**-**	**2,178**	**-**

	Thousands of euros								
	31/12/2021								
	Total data						Breakdown of outstanding amounts by risk stage		
	Number of transactions granted	Balance granted	of which: legal moratoria	of which: extended moratoria	of which: expired moratoria	Outstanding balance	Stage 1	Stage 2	Stage 3
Loans and advances subject to statutory and sectoral moratoria									
Mortgage operations	7,642	693,308	598,939	240,998	669,395	23,913	19,429	4,114	370
Consumer finance	363	3,615	3,385	1,400	3,407	208	139	26	43
Other operations	922	43,760	36,597	15,006	42,348	1,412	915	497	-
Total	**8,927**	**740,683**	**638,921**	**257,404**	**715,150**	**25,533**	**20,483**	**4,637**	**413**

	Thousands of euros						
	30/06/2022						
	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	**19,690**	**2,206,357**	**1,243,265**	**1,618,732**	**1,303,280**	**273,987**	**41,465**
Self-employed	3,665	84,711	51,373	64,228	50,198	10,703	3,327
SMEs	14,769	1,680,431	955,847	1,213,415	985,047	197,153	31,215
Other companies	1,256	441,215	236,045	341,089	268,035	66,131	6,923

	Thousands of euros						
	31/12/2021						
	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	**19,643**	**2,137,350**	**1,286,160**	**1,667,880**	**1,365,390**	**270,266**	**32,224**
Self-employed	3,754	85,507	57,087	71,371	59,720	10,263	1,388
SMEs	14,694	1,628,893	999,735	1,267,287	1,043,435	197,946	25,906
Other companies	1,195	422,950	229,338	329,222	262,235	62,057	4,930

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 operations whose holders had accredited correct compliance with their financial obligations and who, as a result of COVID-19, are experiencing temporary financial difficulties. At 30 June 2022, the Group had granted 290 operations of this type, for all of which the moratorium had expired (290 transactions with an outstanding balance of 271 thousand euros at 31 December 2021).

All the operations 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:

- **Legal moratoria:** 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 June 2022, legal moratorium measures have been formalised affecting 7,518 transactions, whose outstanding risk exposure amounts to 1,992 thousand euros (7,760 transactions with an outstanding risk of 17,173 thousand euros as at 31 December 2021). 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 moratoria:** 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 six 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 June 2022, the Group had formalised sectoral moratorium measures affecting 3,713 transactions, of which 2,580 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 186 thousand euros (3,808 transactions, of which 2,641 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 8,360 thousand euros as at 31 December 2021).

- **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 totalled the 100 billion euros set out in Royal Decree-Law 8/2020, under five lines, as approved by Resolution of the Council of Ministers of 24 March, 10 April, 5 May, 19 May 2020 and 16 June 2020. Of these total amounts, 67.5 billion euros are earmarked for SMEs and the self-employed, 25 billion euros for other companies, 4 billion euros for issuing commercial paper, 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 June 2022, the Government has 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, as approved by the Council of Ministers on 28 July, 24 November, 22 December 2020 and 28 May 2021, 15 billion euros of which is earmarked for SMEs and the self-employed, 8 billion euros for other companies, 2.55 billion to guarantee financing operations for companies and the self-employed that are in the process of implementing an insolvency agreement as part of an arrangement with creditors (but are up to date with their obligations under the arrangement and can prove this by means of a court or administrator's report), 250 million euros to guarantee commercial paper 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 commercial paper 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 mutual guarantee associations.

  At 30 June 2022, the number of transactions formalised by the Group for the self-employed, SMEs and other companies came to 19,690, with an outstanding balance of 1,618,732 thousand euros and an ICO guarantee amount of 1,243,265 thousand euros (19,643 transactions with an outstanding balance of 1,667,880 thousand euros and an ICO guarantee amount of 1,286,160 thousand euros at 31 December 2021).

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 to have arisen 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 under 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 European Banking Authority (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 refutes the presumption that there is a significant increase in risk in the case of operations affected by legal and sectoral moratoria, 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 2021 consolidated financial statements, the Group continues to consider the classification at Stage 2 of those exposures at 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. Meanwhile, positions of customers who are expected to encounter difficulties in starting to repay their ICO financing once the interest-only period has expired or once the current moratorium has ended (which will soon happen) have been reclassified to Stage 2 in 2022.

Direct exposures to customers in the countries at war are comparatively small (26 million euros at 30 June 2022), and so the Group does not consider that they will have a significant direct impact, although the macroeconomic situation is being closely monitored to gauge the overall effects on the wider portfolio.

5.6.3. Impact on credit risk impairment losses

In the first half of 2022, the Group continued to analyse its loan portfolio taking into account the various types and segmentation of customers affected by the new economic outlook (companies, individuals, self-employed, etc.) as well as the sector to which each borrower belongs (NACE). It was concluded at 31 December 2021 that certain economic sectors are particularly vulnerable to the COVID-19 crisis, and now to the war, such as air transport, hotels, restaurants and tourism, and so the Group is being particularly prudent in determining credit risk coverage.

Given the high degree of uncertainty that still persists in relation to all the factors described above, the Group supplements the expected credit loss estimated by its credit risk models to include those effects that may not be included in the models, either by considering additional risk indicators, factoring in sector-specific circumstances or any other aspects that could affect a particular segment of transactions or borrowers.

During the second quarter of 2020, there were numerous communications and recommendations from domestic and international regulators and supervisors on the treatment that credit institutions should apply when managing the credit risk of their financial assets in view of the high uncertainty at the time of the pandemic. It is worth mentioning the IASB's communication of 27 March regarding the adaptation of IFRS 9 to the situation created by Covid-19 ("IFRS 9 and Covid-19: Accounting for expected credit losses applying IFRS 9 — Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic") in which institutions were encouraged to make "overlays" or post-model adjustments to reflect factors that were not captured by credit risk models, and the ECB communication of 1 April, which also refers to the use of post-model adjustments to reflect the effects of the exceptional situation, which were not captured by the "ordinary" credit risk models of financial institutions.

This post-model adjustment should be of a temporary nature, until the reasons for the post-model adjustment disappear or materialise. To cover the economic effects to have arisen from COVID-19, the Group supplemented the expected loss estimated by its credit risk models with an additional allowance to cover the increased credit risk of customers who were not in default at year-end 2020, but who, due to the persistent deterioration of the macroeconomic situation, were expected to transition to Stage 2 and Stage 3 in future years, given that the potential effect of transitions between stages is not captured by the internal models. At 30 June 2022, the Group, based on the performance of the portfolio of transactions subject to moratoria and ICO financing, adjusted this fund to 48.5 million euros (31 December 2021: 52 million euros).

Aside from the economic effects of the coronavirus pandemic, which has continued to affect economic activity in the first half of 2022 (albeit to a lesser extent than in the previous comparative period), we also have the effects that the war has had on the volatility already existing in the markets. This has caused an inflationary increase not seen in decades and prompted more restrictive economic policies.

In line with these assumptions, the European Central Bank has recently published an estimate of the macroeconomic scenario for the 2022–2024 period within the European Union, in which it expects to see a decline in economic activity and a significant increase in inflation, especially in 2022. Therefore, the current projections issued by the European Central Bank or the Bank of Spain incorporate somewhat more pessimistic growth prospects.

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 riskimpairment losses 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 2021, the Group not only took into account the macroeconomic scenarios for 2022, but also the projections for the coming years, giving more weight to long-term projections (see Note 11.6.3 to the 2021 consolidated financial statements), and attaching more weight also to the worst-case scenario than to the base scenario.

In drawing up the condensed consolidated interim financial statements for the first half of 2022, although the Group is currently working on the process of recalibrating its credit risk models, in view of the first preliminary results obtained, the information available at the date of authorisation for issue of these interim financial statements and taking into account the re-weighting carried out on the forward-looking scenarios in 2021, the Group, despite the pessimistic outlook issued by the central banks, has decided to maintain the scenarios and weightings used at year-end 2021, in the interests of prudence and awaiting adequate coverage of the existing uncertainties. Therefore, during the first half of 2022, and in order to reflect the worsening macroeconomic outlook mentioned above, as the credit risk models do not yet reflect these effects, the Group posted a provision of 9 million euros.

The post-model adjustments described above are of a temporary nature, meaning they will persist until the reasons for them disappear or otherwise materialise.

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 June 2022 and 31 December 2021, is as follows:

	Thousands of euros	
	30/06/2022	
	Financial liabilities held for trading	**Financial liabilities at amortised cost**
Derivatives	4,257	-
Short positions	-	-
Deposits	-	46,910,711
Central banks	-	5,842,413
Credit institutions	-	1,306,646
Customers	-	39,761,652
Debt securities issued	-	1,523,096
Other financial liabilities	-	1,732,662
BANK TOTAL	**4,257**	**50,166,469**
Derivatives	8,788	-
Short positions	-	-
Deposits	-	46,325,060
Central banks	-	5,842,413
Credit institutions	-	1,306,646
Customers	-	39,176,001
Debt securities issued	-	1,763,647
Other financial liabilities	-	1,778,240
GROUP TOTAL	**8,788**	**49,866,947**

	Thousands of euros	
	31/12/2021	
	Financial liabilities held for trading	**Financial liabilities at amortised cost**
Derivatives	2,210	-
Short positions	-	-
Deposits	-	45,413,788
Central banks	-	5,871,128
Credit institutions	-	745,173
Customers	-	38,797,487
Debt securities issued	-	1,057,849
Other financial liabilities	-	1,070,424
BANK TOTAL	**2,210**	**47,542,061**
Derivatives	8,775	-
Short positions	-	-
Deposits	-	44,884,582
Central banks	-	5,871,128
Credit institutions	-	745,174
Customers	-	38,268,280
Debt securities issued	-	1,316,321
Other financial liabilities	-	1,084,210
GROUP TOTAL	**8,775**	**47,285,113**

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, the Group took part in the fourth auction of the TLTRO III programme for a total of 5,400,000 thousand euros maturing in 2023, as recognised 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.

The Group accrues the interest associated with this financing based on specific periods of adjustment to market rates and the existing time windows for renewing or cancelling this financing and taking into consideration IFRS 9, which indicates that when recognising the amortised cost, the entity should use a shorter period when the fees, basis points paid or received, transaction costs, premiums or discounts relate to it, as is the case when the variable to which the fees, basis points paid or received, transaction costs, discounts or premiums relate is repriced to market rates before the expected maturity of the financial instrument. In this case, the appropriate amortisation period is the period until the next adjustment date.

The heading "Interest and similar income – Interest on liabilities" in the condensed consolidated income statement for the period from June 2020 to June 2022 will show the interest for the period from June 2020 to June 2022 (i.e. -1%), assuming that the threshold of eligible loans giving rise to the extra rate is met. This approach is subject to the assumption of there being a high probability of meeting the funding target set by the ECB, i.e. that there will be growth in the eligible portfolio of more than 0%. For this purpose, the Group has relied on the growth and development estimates used in the Business Plan and on the performance of the portfolio's actual origination after several months of monitoring. As of 25 June 2022, in accordance with the accounting standard, the interest accrued on this financing has been calculated on the basis of the effective interest rate over the expected life of the transaction.

The amount of this positive remuneration amounted to 28,715 thousand euros and 28,383 thousand euros at 30 June 2022 and 2021, respectively (Note 15.1).

The Group monitored formalisations on a monthly basis through to the end of the discounted interest rate period, so as to ensure compliance with the assumptions and to be able to recognise the interest accruing on these liquidity auctions. It maintained, at all times, a comfortable margin above and beyond the limits prescribed by the ECB, as confirmed at the end of the discounted interest rate period.

In addition, "Financial liabilities at amortised cost – Other financial liabilities" includes lease liabilities totalling 98,997 thousand euros (31 December 2021: 86,308 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 six-month periods ended 30 June 2022 and 2021 are as follows:

	Thousands of euros				
	Balance at 01/01/2022	(+) Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Balance at 30/06/2022
Debt securities issued in an EU member state that required registration of an information prospectus	1,316,321	500,000	(17,885)	(34,789)	1,763,647
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	**1,316,321**	**500,000**	**(17,885)**	**(34,789)**	**1,763,647**

	Thousands of euros				
	Balance at 01/01/2021	(+) Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Balance at 30/06/2021
Debt securities issued in an EU member state that required registration of an information prospectus	1,340,670	-	(40,058)	8,059	1,308,671
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**	**-**	**(40,058)**	**8,059**	**1,308,671**

At 30 June 2022 and 2021 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Standard & Poor's	Unchanged at 30 June	June	Unchanged at 30 June	B	Unchanged at 30 June	BB+	Unchanged at 30 June	Stable
Moody's	Unchanged at 30 June	October	Unchanged at 30 June	NP	Unchanged at 30 June	Ba1	Unchanged at 30 June	Stable
Fitch Ratings	Unchanged at 30 June	September	Unchanged at 30 June	B	Unchanged at 30 June	BB+	Unchanged at 30 June	Positive

Issues of debt securities between the beginning of the financial year and 30 June 2022 are as follows:

Issue	ISIN	Date	Amount issued	Interest rate	Market	Guarantees
Preferred ordinary bonds	ES0344251006	June 2022	500,000	3.75%	AIAF Market	(a)
			500,000			

Regarding guarantees granted: (a) Equity of Ibercaja Banco.

On 9 June 2022, Ibercaja Banco, S.A. issued preferred ordinary bonds worth 500 million euros and maturing on 15 June 2025. The issue price was 99.862% and the issue will pay a fixed annual coupon of 3.75% until 15 June 2024. From that date, they will pay fixed interest at the swap rate of 1 year plus a spread of 2.5%.

No issues of debt securities were made in the period between the beginning of the previous financial year and 30 June 2021.

The list of repurchases or redemptions of debt securities made between the beginning of the financial year and 30 June 2022 is as follows:

Issue	ISIN	Date	Repurchase or redemption amount	Interest rate	Market	Guarantees
Ibercaja Banco TDA Securitisation Bonds	(*)	Jan-Jun 2022	17,885	(**)	AIAF Market	(b)
			17,885			

(*) 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 June 2021 is as follows:

Issue	ISIN	Date	Repurchase or redemption amount	Interest rate	Market	Guarantees
Ibercaja Banco TDA Securitisation Bonds	(*)	Jan-Jun 2021	40,058	(**)	AIAF Market	(b)
			40,058			

(*) 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.

7. <u>Tangible assets</u>

Movements in this consolidated balance sheet heading for the six-month period ended 30 June 2022 are as follows:

	Thousands of euros			
	For own use	**Real estate investments**	**Assigned under operating lease**	**Total**
Cost				
Balances at 1 January 2022	**1,363,320**	**378,931**	**107,485**	**1,849,736**
Additions	46,372	3,492	15,878	65,742
Disposals due to sales or through other means	(54,734)	(15,819)	(13,072)	(83,625)
Other transfers and other movements	-	-	-	-
Balances at 30 June 2022	**1,354,958**	**366,604**	**110,291**	**1,831,853**
Accumulated depreciation				
Balances at 1 January 2022	**(691,843)**	(91,649)	**(16,028)**	**(799,520)**
Disposals due to sales or through other means	43,565	2,483	3,268	49,316
Allowances recognised in profit or loss	(21,785)	(3,043)	(4,888)	(29,716)
Other transfers and other movements	-	-	-	-
Balances at 30 June 2022	**(670,063)**	**(92,209)**	**(17,648)**	**(779,920)**
Impairment losses				
Balances at 1 January 2022	**(14,796)**	**(31,329)**	**-**	**(46,125)**
Transfer charged to profit for the year	(39)	(5,389)	-	(5,428)
Recovered amount credited to profits	-	-	-	-
Other transfers and other movements	40	4,386	-	4,426
Balances at 30 June 2022	**(14,795)**	**(32,332)**	**-**	**(47,127)**
Net tangible assets				
Balances at 1 January 2022	**656,681**	**255,953**	**91,457**	**1,004,091**
Balances at 30 June 2022	**670,100**	**242,063**	**92,643**	**1,004,806**

Movements in this consolidated balance sheet heading for the six-month period ended 30 June 2021 were as follows:

	Thousands of euros			
	For own use	Real estate investments	Assigned under operating lease	Total
Cost				
Balances at 1 January 2021	**1,331,111**	**387,388**	**89,553**	**1,808,052**
Additions	19,364	2,680	22,238	44,282
Disposals due to sales or through other means	(32,362)	(8,532)	(14,865)	(55,759)
Other transfers and other movements	-	52	-	52
Balances at 30 June 2021	**1,318,113**	**381,588**	**96,926**	**1,796,627**
Accumulated depreciation				
Balances at 1 January 2021	**(692,566)**	**(92,295)**	**(13,928)**	**(798,789)**
Disposals due to sales or through other means	19,365	1,982	3,716	25,063
Allowances recognised in profit or loss	(20,091)	(3,271)	(4,521)	(27,883)
Other transfers and other movements	(497)	743	-	246
Balances at 30 June 2021	**(693,789)**	**(92,841)**	**(14,733)**	**(801,363)**
Impairment losses				
Balances at 1 January 2021	**(102)**	**(48,194)**	**-**	**(48,296)**
Transfer charged to profit for the year	(563)	(984)	-	(1,547)
Recovered amount credited to profits	-	-	-	-
Other transfers and other movements	563	1,252	-	1,815
Balances at 30 June 2021	**(102)**	**(47,926)**	**-**	**(48,028)**
Net tangible assets				
Balances at 1 January 2021	**638,443**	**246,899**	**75,625**	**960,967**
Balances at 30 June 2021	**624,222**	**240,821**	**82,193**	**947,236**

At 30 June 2022, the cost of property, plant and equipment for own use included the right-of use assets corresponding to the leased tangible assets in which the Group acts as lessee, amounting to 148,382 thousand euros, of which 52,567 thousand euros had been depreciated at that date (30 June 2021: 97,206 thousand euros, of which 39,855 had been depreciated at that date).

8. <u>Intangible assets</u>

8.1 Goodwill

The breakdown of the items comprising the balance of this heading of the consolidated balance as at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros	
Company	**30/06/2022**	**31/12/2021**
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 2021 consolidated financial statements 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 2021, 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 2021, 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 2021 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.

Despite the worsening economic outlook amid the macroeconomic uncertainty caused by the war between Russia and Ukraine, the energy crisis and growing inflationary pressures, there have also been various positive effects, such as the rise in the interest rate curve by the central banks and the fact that the Group's performance during the first half of 2022 exceeded expectations under the Group’s Business Plan. As a result, when drawing up these condensed interim consolidated financial statements and reviewing the assumptions used at December 2021, the Group concluded that the carrying amount of the cash-generating unit associated with the goodwill does not exceed its recoverable amount. In carrying out this exercise, the Group relied heavily on the sensitivity analyses performed at year-end 2021 and relied on the best information available at the date of preparation of these condensed interim consolidated financial statements.

8.2 Other intangible assets

In the first six months of 2022 and throughout 2021, there were no impairment losses on intangible assets. (Note 15.10).

9. Provisions

Provisions recognised in the consolidated balance sheet at 30 June 2022 and 31 December 2021 were as follows:

	Thousands of euros	
	30/06/2022	**31/12/2021**
Pensions and other post-employment defined benefit obligations	73,633	89,239
Other long term employee remuneration	1,544	1,544
Lawsuits and litigation for outstanding taxes	7,475	7,163
Commitments and guarantees given	17,167	16,707
Other provisions	119,591	154,290
	219,410	**268,943**

Note 21 to the consolidated financial statements for 2021 describes the provisions posted.

Post-employment benefits and other long-term commitments

When reviewing estimates sensitive to the impacts of the current macroeconomic situation, the Group has paid particular attention to the estimates of liabilities and commitments for post-employment benefits and other long-term commitments to employees. Based on the sensitivity analysis presented in Note 38 of the 2021 consolidated financial statements, the Group has considered it necessary, for the purpose of preparing these condensed interim consolidated financial statements, to update the valuation of post-employment benefit obligations to reflect the upward trend in the interest rate curve during the first half of the year.

Other provisions

The detail and movement during the first half of 2022 of the heading "Provisions – Other provisions" in the consolidated balance sheet is as follows:

	Thousands of euros				
	Balance at 31/12/2021	**Net transfers**	**Amounts used**	**Other movements**	**Balance at 30/06/2022**
Interest rate floor clauses	10,169	7,534	(5,856)	-	11,847
Provisions ERE (temporary redundancy plan)	133,818	(16,933)	(26,317)	-	90,568
Mortgage expenses	2,466	6,902	(1,847)	-	7,521
Delivery demands on account of home purchases (purchasers with or without guarantee)	5,431	(118)	(1,096)	-	4,217
Other provisions	2,406	4,369	(1,337)	-	5,438
Total	**154,290**	**1,754**	**(36,453)**	**-**	**119,591**

Costs of the workforce downsizing plan

At 30 June 2022, "Provisions – Other provisions" included the labour cost of redundancy and furlough schemes from previous years pending disbursement, amounting to 90,568 thousand euros (31 December 2021: 133,818 thousand euros). During the first half of 2022, the funds associated with this item were released for a total of 16,933 thousand euros, following the expiry of a contingency linked to these labour costs.

Interest rate floor clauses

As regards the possible impact of having to refund the amounts received under the so-called interest rate floor clauses, whether as a result of the hypothetical voiding by the courts of the floor clauses, or by virtue of Royal Decree Law 1/2018 of 20 January, on measures to protect consumers regarding floor clauses, the Company has allocated reserves to cover a hypothetical legal risk deriving from the potential elimination of the floor clauses in mortgages. These provisions would be sufficient to cover a maximum estimated amount of 11,847 million euros at 30 June 2022.

IRPH clause in mortgage loans

On 14 December 2017, the Spanish Supreme Court, in a bid to unify the various approaches followed by the provincial courts, ruled that the Mortgage Loan Reference Index (known as the IRPH) was valid and not abusive, given that it is an official index and as such should not undergo a transparency analysis.

On 3 March 2020, the CJEU delivered a ruling under Case C-125/18, in which it clarified that a clause that fixes the interest rate on the basis of an official reference rate is subject to Consumer Directive 93/13, and therefore, a national judge may examine whether the reference rate has been informed to the consumer in a transparent manner, unless this official rate is applied to the loan contract by application of a mandatory rule, as is the case, for example, in Spain, with the subsidised mortgage loans.

Following this ruling, the various Spanish provincial courts continued to apply different criteria.

Through the order of 17 November 2021, the CJEU confirmed what it had previously expressed in its ruling of 3 March 2020, clarifying that, for transparency to exist, it is not necessary to deliver a prospectus to the consumer before signing the contract that included the previous change in the index, or that the contract should include a specific definition thereof, since the information related to the IRPH "is subject to official communication", and hence, an attentive shrewd consumer would easily have knowledge of this information when taking out their loan.

In the case of the Group, the largest loan book referenced to IRPH comes from agreed or VPO loans, in which the interest rate is mandatorily imposed by the government and, therefore, the clause of these loans is outside the scope of application of the Consumer Directive, as has been affirmed by the CJEU ruling.

The rest of the IRPH-linked loan book is scant and many of these loans have already been repaid. As a result, the number of claims received for this legal contingency has been very low.

As all the final decisions delivered as at the date of authorisation for issue of these consolidated condensed interim statements have been favourable for the Group and given also that current case law on this matter generally treats the IRPH as a non-abusive clause, the Group has decided not to provision any amount for this legal risk, as it considers that the probability of the Group having to disburse funds that include economic benefits to settle this obligation to be remote.

Mortgage expenses

In its ruling of 23 December 2015, the Spanish Supreme Court declared the nullity of the expense clause of the mortgage clauses due to its abusive nature, since it attributed the payment of all expenses to the consumer. According to its criteria, there was a serious imbalance in the contract's features in favour of the lending banks and against the consumers. The nullity led to the expulsion of the loan contract clause, which means, in line with the Supreme Court doctrine set in its ruling of 23 January 2019 that the Spanish laws must apply to determine how pays each of the loan expenses.

The CJEU Ruling of 16 July 2020 recognises that, once the costs clause has been declared unfair, national law can be applied to regulate the distribution of the costs of mortgage creation and cancellation in the absence of an agreement between the parties. In these paragraphs, in particular, the Court expressly mentions the possibility of not refunding to the consumer amounts imposed on him by national law (such as Stamp Duty).

In short, the CJEU confirms the validity of the interpretation made by the Supreme Court in such a way that it will be up to the national judge to determine, in the absence of an agreement as the expense clause has been eliminated, which of the costs borne by the consumer were imposed on him by the provisions of national law. And these national provisions are the ones that have been applied by the Supreme Court in its case law.

Based on the foregoing and in view of how these contingencies are panning out, the Bank has estimated that the risk to be covered in relation to this contingency amounted to 7,521 thousand euros at 30 June 2022.

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. At 30 June 2022, the Bank had recognised a provision in the amount of 4,217 thousand euros to cover amounts received on account for home purchases, whether or not they have been subject to judicial recovery proceedings.

Other provisions

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

10. Equity

During the first half of 2022, there were no further quantitative or qualitative changes in the Group's equity beyond those disclosed in the consolidated statement of recognised income and expense and the consolidated statement of changes in equity.

11. Fair value of financial assets and liabilities

Set out below is the breakdown of the fair value of financial assets and liabilities at 30 June 2022 and 31 December 2021 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				
	30/06/2022				
	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	6,842,100	6,842,100	-	6,842,100	-
Financial assets held for trading	5,497	5,497	-	5,497	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,597,300	1,597,300	1,595,804	-	1,496
Financial assets at fair value through profit or loss	6,376	6,376	6,376	-	-
Financial assets at fair value through other comprehensive income	5,548,640	5,548,640	5,334,801	185,440	28,399
Financial assets at amortised cost	43,213,848	43,807,098	8,494,819	3,544,926	31,767,353
Derivatives - Hedge accounting	158,332	158,332	-	158,332	-
Total financial assets	**57,372,093**	**57,965,343**	**15,431,800**	**10,736,295**	**31,797,248**
Financial liabilities held for trading	8,788	8,788	-	8,411	377
Financial liabilities at amortised cost	49,866,947	47,050,665	-	47,050,665	-
Derivatives - Hedge accounting	459,505	459,505	-	459,505	-
Total financial liabilities	**50,335,240**	**47,518,958**	**-**	**47,518,581**	**377**

	Thousands of euros				
	31/12/2021				
	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	6,388,624	6,388,624	-	6,388,624	-
Financial assets held for trading	2,864	2,864	-	2,864	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,668,437	1,668,437	1,666,941	-	1,496
Financial assets at fair value through profit or loss	7,451	7,451	7,451	-	-
Financial assets at fair value through other comprehensive income	6,464,034	6,464,034	6,180,874	254,744	28,416
Financial assets at amortised cost	40,989,400	43,759,820	8,027,646	3,640,451	32,091,723
Derivatives - Hedge accounting	71,866	71,866	-	71,866	-
Total financial assets	**55,592,676**	**58,363,096**	**15,882,912**	**10,358,549**	**32,121,635**
Financial liabilities held for trading	8,775	8,775	-	8,398	377
Financial liabilities at amortised cost	47,285,113	47,365,053	-	47,365,053	-
Derivatives - Hedge accounting	275,690	275,690	-	275,690	-
Total financial liabilities	**47,569,578**	**47,649,518**	**-**	**47,649,141**	**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 1.36% 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 June 2022, the impact of a 100 basis-point rise in the interbank interest rate curve would bring about a 1.88% 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 six-month period ended 30 June 2022 and as at 31 December 2021, 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 financial assets not held for trading 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	
	30/06/2022	**30/06/2021**
Level 1	(3,236)	3,529
Level 2	(41,509)	(15,571)
Level 3	66	227
	(44,679)	**(11,815)**

A reconciliation of the opening balances to the balances for the six-month periods ended 30 June 2022 and 2021 is provided below within the fair value hierarchy for Level 3 valuations, disclosing separately the 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 2022	**-**	**1,496**	**28,416**	**377**
Profit/(loss) recognised in the income statement and/or statement of recognised income and expense	-	-	(13)	-
Purchases	-	-	-	-
Sales	-	-	(4)	-
Issues	-	-	-	-
Settlements and maturities	-	-	-	-
Transfers from or to Level 3 in or outside the portfolios described	-	-	-	-
Balance at 30 June 2022	**-**	**1,496**	**28,399**	**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 2021	**-**	**29,550**	**29,250**	**377**
Profit/(loss) recognised in the income statement and/or statement of recognised income and expense	-	227	(479)	-
Purchases	-	-	159	-
Sales	-	-	(60)	-
Issues	-	-	-	-
Settlements and maturities	-	(28,083)	-	-
Transfers from or to Level 3 in or outside the portfolios described	-	-	-	-
Balance at 30 June 2021	**-**	**1,694**	**28,870**	**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 and 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.

12. Information on average workforce and number of branches/offices

The average workforce of the Parent and the Group for the six-month periods ended 30 June 2022 and 2021 is as follows:

	Ibercaja Banco		Ibercaja Banco Group	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Men	2,308	2,660	2,405	2,744
Women	2,211	2,411	2,408	2,580
	4,519	**5,071**	**4,813**	**5,324**

As at 30 June 2022, the number of branches/offices was 897 (965 as at 30 June 2021), 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 either directors or 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 six-month periods ending on 30 June 2022 and 2021:

	Thousands of euros	
	30/06/2022	30/06/2021
Compensation		
Remuneration for membership on the Board and/or Board committees	506	495
Salaries	208	196
Variable remuneration in cash	62	41
Instrument-based remuneration systems	70	46
Severance payments	-	-
Long-term savings systems	33	31
Other items	68	69
	947	**878**

On 30 March 2022, José Luis Aguirre Loaso stepped down as Chairman of the Board of Directors and as a member of the governing body. On the same day, Francisco Serrano Gill de Albornoz was appointed as a member of the Board of Directors, following approval of his appointment by the competent supervisory authorities, and elected as the new Chairman of the Bank.

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 2021. 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 June 2022, the Management Committee (including the Chief Executive Officer) is made up of 12 people, jointly identified as Senior Management (12 people at 30 June 2021).

The remuneration accrued by Senior Management, as previously defined, in the six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Total remuneration received by executives	1,746	1,558

In relation to the Long-Term Incentive Plan, the Group has maintained the associated provision at 1,544 thousand euros (Note 9).

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 six-month period ended 30 June 2022, 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	37	2	-	39	78
2) Management or collaboration arrangements	523	-	-	-	523
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	**560**	**2**	**-**	**39**	**601**
10) Interest income	-	32	13	-	45
11) Management or collaboration arrangements	123	-	-	-	123
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	**123**	**33**	**13**	**-**	**169**

	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)	-	202	-	-	202
Finance lease arrangements (lessor)	-	141	-	-	141
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	88,821	-	-	-	88,821
Other transactions	-	-	-	-	-

Transactions with related parties during the six-month period ended 30 June 2021 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	23	2	-	25	50
2) Management or collaboration arrangements	503	-	-	-	503
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	**526**	**2**	**-**	**25**	**553**
10) Interest income	-	29	47	-	76
11) Management or collaboration arrangements	121	-	-		121
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	**121**	**30**	**47**	**-**	**198**

	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)	-	1,037	-	-	1,037
Finance lease arrangements (lessor)	-	100	-	-	100
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	3,849	-	-	-	3,849
Other transactions	-	-	-	-	-

The balances with related parties recorded in the balance sheets as at 30 June 2022 and 31 December 2021 are presented below:

	Thousands of euros				
	30/06/2022				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
1. Clients and trade receivables	-	-	-	-	-
2. Credits and loans granted	166,005	9,600	1,952	10,341	187,898
3. Other receivables	-	-	-	-	-
TOTAL RECEIVABLES (1+2+3)	166,005	9,600	1,952	10,341	187,898
4. Suppliers and trade receivables	-	-	-	-	-
5. Credits and loans received	265,556	19,353	10,117	236,825	531,851
6. Other payment obligations	-	-	-	-	-
TOTAL PAYABLES (4+5+6)	**265,556**	**19,353**	**10,117**	**236,825**	**531,851**

	Thousands of euros				
	31/12/2021				
	Significant shareholders	Directors and executives	Individuals, companies or entities of the Group	Other related parties	Total
1. Clients and trade receivables	-	-	-	-	-
2. Credits and loans granted	155,773	9,160	2,008	9,960	176,901
3. Other receivables	-	-	-	-	-
TOTAL RECEIVABLES (1+2+3)	**155,773**	**9,160**	**2,008**	**9,960**	**176,901**
4. Suppliers and trade receivables	-	-	-	-	-
5. Credits and loans received	175,317	20,393	12,019	123,096	330,825
6. Other payment obligations	-	-	-	-	-
TOTAL PAYABLES (4+5+6)	**175,317**	**20,393**	**12,019**	**123,096**	**330,825**

15. Income statement

15.1. Interest income and similar

The breakdown of interest and similar income on the consolidated income statement in the six-month periods ended 30 June 2022 and 2021, based on the financial instrument portfolios from which the income originates, is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Financial assets held for trading	-	-
Financial assets not held for trading mandatorily valued at fair value through profit or loss	40	41
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	42,853	49,448
Financial assets at amortised cost	246,831	216,075
Interest rate hedging derivatives	(51,659)	(18,646)
Other assets	116	212
Interest income from liabilities	34,616	31,833
	272,797	**278,963**

"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 28,715 and 28,383 thousand euros at 30 June 2022 and 2021, respectively.

15.2. Interest expense

The breakdown of interest expense on the consolidated income statement in the six-month periods ended 30 June 2022 and 2021, based on the portfolio from which the expense originates, is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Financial liabilities at amortised cost	36,236	42,300
Interest rate hedging derivatives	(22,079)	(26,448)
Insurance contracts	1,685	3,086
Other liabilities	313	3,230
Interest expense from assets	10,174	10,672
	26,329	**32,840**

15.3. Dividend income

The amount recorded under this heading relates in full to dividends from equity instruments in the portfolio of financial assets at fair value through other comprehensive income amounting to 7,440 thousand euros at 30 June 2022 (7,429 thousand at 30 June 2021).

15.4. Fee and commission income

Fee and commission income accrued in the six-month periods ended 30 June 2022 and 2021, classified in accordance with the item generating the fees, is reflected in the following table:

	Thousands of euros	
	30/06/2022	30/06/2021
Contingent risk fees	4,373	4,308
Contingent commitment fees	1,347	1,345
Foreign currency exchange fees	76	40
Collection and payment services fees	68,106	54,005
Securities services fees	18,058	23,258
Non-bank financial product marketing fees	131,560	120,379
Other fees	8,986	8,852
	232,506	**212,187**

15.5. Fee and commission expense

Fee and commission expense accrued in the six-month periods ended 30 June 2022 and 2021, classified in accordance with the item generating the expense, is reflected in the following table:

	Thousands of euros	
	30/06/2022	30/06/2021
Fees and commissions assigned to other entities	3,831	2,943
Fees and commissions paid for securities transactions	952	1,055
Other fees	4,345	5,397
	9,128	**9,395**

15.6. Net gains/(losses) on financial transactions

The breakdown of income from financial transactions in the consolidated income statements for the six-month periods ended 30 June 2022 and 2021, based on the financial instrument portfolios from which the income originates, is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Net gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	**3,666**	**34,714**
Financial assets at fair value through other comprehensive income	2,790	3,252
Financial assets at amortised cost	876	33,641
Financial liabilities at amortised cost	-	(2,179)
Other		
Net gains/(losses) on financial assets and liabilities held for trading	**(544)**	**361**
Gains/losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net	**66**	**227**
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	**-**	**-**
Net gain/(loss) from hedge accounting	**693**	**300**
Adjustments to hedged instruments (fair value hedge)	44,893	12,703
Hedge derivative (fair value hedge)	(44,200)	(12,403)
	3,881	**35,602**

At 30 June 2021, the heading "Net gains or losses on disposal of financial asset and liability accounts not measured at fair value through profit or loss – Financial assets at amortised cost" included 33,102 thousand euros in proceeds on the execution of the forward sale on the disposal of the Spanish public debt securities portfolio carried out in 2020 (Note 5.4.1).

15.7. Other operating income

The breakdown of other operating income in the consolidated income statements for the six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Income from investment property	2,068	1,944
Income from other operating leases	8,833	7,957
Sales and income from provision of services	2,115	2,097
Other items	2,531	6,692
	15,547	**18,690**

15.8. Other operating expenses

The breakdown of other operating expenses in the consolidated income statements for the six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Operating expenses on investment property	174	529
Contribution to National Resolution Fund	16,095	13,794
Contribution to Deposit Guarantee Fund	3,510	3,528
Other items	11,716	5,697
	31,495	**23,548**

15.9. Administrative expenses

15.9.1 Personnel expenses

The breakdown of personnel expenses in the six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Wages and salaries	126,463	139,140
Social security contributions	31,297	34,885
Contributions to pension funds and insurance policies	7,452	9,404
Severance payments	-	-
Other staff costs	543	765
	165,755	**184,194**

15.9.2 Other administrative expenses

The breakdown of other administrative expenses in the six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Buildings, installations and office equipment	15,436	13,768
Equipment maintenance, licences, works and computer software	11,654	12,169
Communications	5,910	6,929
Advertising and publicity	2,519	1,965
Charges and taxes	6,603	6,559
Other management and administrative expenses	38,118	36,232
	80,240	**77,622**

15.10. Impairment and reversal of impairment on non-financial assets

The breakdown of impairment losses and reversals of impairment losses on non-financial assets during the six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Tangible assets	**5,428**	**1,547**
Property, plant and equipment	39	563
Investment property	5,389	984
Intangible assets	-	**-**
Goodwill	-	-
Other intangible assets	-	-
Other	**1,100**	**1,493**
	6,528	**3,040**

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 six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Gains (losses) on disposal of assets not classified as non-current assets held for sale	(1,582)	(2,139)
Gains/(losses) on disposal of shareholdings	10,167	333
Other gains/(losses)	-	-
	8,585	**(1,806)**

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 six-month periods ended 30 June 2022 and 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Impairment gains/(losses) on other non-current assets for sale	(7,070)	(10,834)
Gains/(losses) on disposal of other non-current assets for sale	7	366
	(7,063)	**(10,468)**

15.13. Expense or income from taxes on income from continuing operations

As indicated in Note 2.14 to the 2021 consolidated financial statements, the income tax expense is recognised in the consolidated income statement, except when it results from a transaction whose outcome is recognised directly in equity, in which case the income tax is recognised with a balancing entry in consolidated equity.

The income tax expense is calculated as the tax payable on the taxable profit for the year, adjusted for the changes arising during the financial year in the assets and liabilities recognised as a result of temporary differences, tax credits and relief and possible tax loss carryforwards.

In July 2020, tax audits were initiated in relation to tax years 2013 to 2017, both inclusive, for the corporate income tax of the Ibercaja Tax Group and several of its companies, as well as for the periods between July 2016 and December 2017, both inclusive, for value added tax and withholdings and payments on account on income from employment, professional activities and income from movable capital. These audits were completed in June 2022 and became final and non-appealable following the signing of the settlement acceptance certificates.

Furthermore, in relation to the corporate income tax of the tax consolidation group of Banco Grupo Cajatrés (a company absorbed by Ibercaja Banco in 2013) and several of its companies, in July 2020 notification was received that inspection proceedings were commencing regarding supplementary tax returns and requests for rectification filed for 2011 to 2013. These proceedings also ended in June 2022 following the signing of the settlement acceptance certificates.

The adjustment made to value added tax and corporate income tax resulted in net tax income of 10,841 thousand euros on consolidated profit for the period.

With the exception of corporate income tax and value added tax, no amounts payable or refundable have arisen in respect of the other items verified. Therefore, the remaining amount of tax expense recognised in the condensed interim consolidated income statement relates to the ordinary tax effect of transactions carried out and accrued in the six months ended 30 June 2022.

16. Events after the reporting period

On 13 July 2022, Fitch Ratings upgraded Ibercaja Banco's long-term rating to BBB- from BB+ and Ibercaja Banco's short-term rating to F3 from B, changing the outlook from positive to stable, thus placing Ibercaja in investment grade territory.

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

The condensed balance sheets of Ibercaja Banco, S.A. at 30 June 2022 and 31 December 2021, as well as the condensed income statements, the condensed statements of recognised income and expense, the condensed statements of total changes in equity and the condensed cash flow statements of the parent entity for the six-month periods ended 30 June 2022 and 2021, prepared in accordance with Bank of Spain Circular 4/2017, are presented below:

IBERCAJA BANCO, S.A.

CONDENSED BALANCE SHEETS
AT 30 JUNE 2022 AND 31 DECEMBER 2021

ASSETS	30/06/2022	31/12/2021 (*)
Cash and cash balances at central banks and other demand deposits	**6,685,950**	**6,218,527**
Financial assets held for trading	**1,892**	**2,589**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets not held for trading mandatorily valued at fair value through profit or loss	**1,496**	**1,496**
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	**808,242**	**932,907**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	*200,064*	*190,604*
Financial assets at amortised cost	**43,306,812**	**41,087,817**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	*4,618,151*	*3,623,061*
Derivatives - Hedge accounting	**158,332**	**71,866**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	-	-
Investments in subsidiaries, joint ventures and associates	**833,980**	**835,206**
Subsidiaries	742,894	744,120
Joint ventures	38,226	38,226
Associates	52,860	52,860
Tangible assets	**787,055**	**790,782**
Property, plant and equipment	590,617	581,067
For own use	*590,617*	*581,067*
Assigned under operating lease	-	-
Investment property	196,438	209,715
of which: assigned under operating lease	*66,446*	*39,065*
Memorandum items: acquired under finance lease	-	-
Intangible assets	**142,484**	**146,988**
Goodwill	19,210	25,613
Other intangible assets	123,274	121,375
Tax assets	**1,271,241**	**1,284,460**
Current tax assets	7,304	6,481
Deferred tax assets	1,263,937	1,277,979
Other assets	**149,976**	**195,323**
Insurance contracts linked to pensions	68,473	82,720
Inventories	244	247
Other assets	81,259	112,356
Non-current assets and disposal groups classified as held for sale	**32,232**	**37,001**
TOTAL ASSETS	**54,179,692**	**51,604,962**

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

IBERCAJA BANCO, S.A.

CONDENSED BALANCE SHEETS
AT 30 JUNE 2022 AND 31 DECEMBER 2021

LIABILITIES	30/06/2022	31/12/2021 (*)
Financial liabilities held for trading	**4,257**	**2,210**
Financial liabilities at fair value through profit or loss	**-**	**-**
Memorandum items: subordinated liabilities	**-**	-
Financial liabilities at amortised cost	**50,166,469**	**47,542,061**
Memorandum items: subordinated liabilities	*481,049*	*502,752*
Derivatives - Hedge accounting	**459,505**	**275,690**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	**(69,487)**	**17,758**
Provisions	**217,392**	**265,573**
Pensions and other post-employment defined benefit obligations	73,659	89,239
Other long-term employee remuneration	1,544	1,544
Lawsuits and litigation for outstanding taxes	5,930	5,617
Commitments and guarantees given	17,247	16,789
Other provisions	119,012	152,384
Tax liabilities	**126,161**	**142,266**
Current tax liabilities	**-**	-
Deferred tax liabilities	126,161	142,266
Other liabilities	**120,285**	**173,200**
Liabilities within disposal groups classified as held for sale	**-**	**-**
TOTAL LIABILITIES	**51,024,582**	**48,418,758**

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

IBERCAJA BANCO, S.A.

CONDENSED BALANCE SHEETS
AT 30 JUNE 2021 AND 31 DECEMBER 2020

EQUITY	30/06/2022	31/12/2021 (*)
Shareholders' equity	**3,229,080**	**3,187,507**
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	592,815	566,640
Revaluation reserves	2,327	2,327
Other reserves	1,968,466	1,976,797
(Treasury shares)	-	-
Profit/(loss) for the year	138,725	124,315
(Interim dividends)	*(37,681)*	*(47,000)*
Accumulated other comprehensive income	**(73,970)**	**(1,303)**
Items that will not be reclassified to profit or loss	12,151	25,970
Actuarial gains/(losses) on defined benefit pension plans	*(13,123)*	*(7,558)*
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	*25,274*	*33,528*
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	(86,121)	(27,273)
Hedges of net investment in foreign operations (effective portion)	-	-
Foreign currency translation	-	-
Hedging derivatives. Cash flow hedge reserve (effective portion)	*(22,915)*	*(24,973)*
Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income	*(63,206)*	*(2,300)*
Hedging instruments (undesignated items)	-	-
Non-current assets and disposal groups classified as held for sale	-	-
TOTAL EQUITY	**3,155,110**	**3,186,204**
TOTAL EQUITY AND LIABILITIES	**54,179,692**	**51,604,962**
Memorandum items: off-balance sheet exposures		
Loan commitments given	**3,478,887**	**3,443,229**
Financial guarantees granted	**98,649**	**98,283**
Other commitments given	**837,248**	**822,121**

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

IBERCAJA BANCO, S.A.

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022 AND 2021

	Thousands of euros	
	30/06/2022	**30/06/2021 (*)**
(+) Interest income and similar	226,782	226,654
a) Financial assets at fair value through other comprehensive income	1,609	1,330
b) Financial assets at amortised cost	239,211	207,856
c) Other assets	(14,038)	17,468
(-) Interest expense	33,207	36,275
(-) Expenses on share capital repayable on demand	-	-
(=) A) NET INTEREST INCOME	**193,575**	**190,379**
(+) Dividend income	85,691	20,449
(+) Fee and commission income	154,309	141,346
(-) Fee and commission expenses	5,135	4,487
(+/-) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	3,600	33,522
a) Financial assets at amortised cost	876	33,640
b) Other financial assets and liabilities	2,724	(118)
(+/-) Net gains/(losses) on financial assets and liabilities held for trading	(544)	361
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	(544)	361
(+/-) Gains/losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net	66	227
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	66	227
(+/-) Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net	-	-
(+/-) Net gains/(losses) from hedge accounting	693	300
(+/-) Net exchange differences	500	125
(+) Other operating income	20,683	24,383
(-) Other operating expenses	28,857	20,566
(=) B) GROSS INCOME	**424,581**	**386,039**
(-) Administration expenses	232,092	248,154
(-) a) Personnel expenses	158,472	177,701
(-) b) Other administration expenses	73,620	70,453
(-) Amortisation and depreciation	39,122	35,503
(+/-) Provisions or reversal of provisions	3,614	3,841
(+/-) (Impairment or reversal of impairment on financial assets not measured fair value through profit or loss or net gain on change	33,510	37,830
(+/-) a) Financial assets at fair value through other comprehensive income	32	17
(+/-) b) Financial assets at amortised cost	33,478	37,813
(=) C) PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	**116,243**	**60,711**
(+/-) Impairment or (-) reversal of impairment on investments in subsidiaries, joint ventures or associates	(8,334)	972
(+/-) Impairment or reversal of impairment of non-financial assets	5,146	558
(+/-) a) Tangible assets	5,040	563
(+/-) b) Intangible assets	-	-
(+/-) c) Other	106	(5)
(+/-) Net gains/(losses) on derecognition of non-financial assets	(3,823)	(1,705)
(+) 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	(1,822)	(638)
(=) D) PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**113,786**	**56,838**
(+/-) Expense or income from taxes on income from continuing operations	(24,939)	26,834
(=) E) PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**138,725**	**30,004**
(+/-) Profit/(loss) after tax from discontinued activities	-	-
= PROFIT/(LOSS) FOR THE PERIOD	**138,725**	**30,004**

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

IBERCAJA BANCO, S.A.

CONDENSED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022 AND 2021

	Thousands of euros	
	30/06/2022	30/06/2021 (*)
A) PROFIT/(LOSS) FOR THE PERIOD	**138,725**	**30,004**
B) OTHER COMPREHENSIVE INCOME	**(72,426)**	**(13,900)**
Items that will not be reclassified to profit or loss	**(13,578)**	**6,437**
a) Actuarial gains/(losses) on defined benefit pension plans	(7,950)	(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	(11,447)	18,614
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) Corporate income tax relating to items not to be reclassified	5,819	(4,212)
Items that may be reclassified to profit or loss	**(58,848)**	**(20,337)**
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)	2,940	(22,216)
Valuation gains/(losses) taken to equity	*2,940*	*(22,216)*
Transferred to the income statement	-	-
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	(87,009)	(6,837)
Valuation gains/(losses) taken to equity	*(89,733)*	*(4,777)*
Transferred to the income statement	*2,724*	*(2,060)*
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) Corporate income tax relating to items that may be reclassified to profit or loss	25,221	8,716
C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**66,299**	**16,104**

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

IBERCAJA BANCO, S.A.

CONDENSED STATEMENT OF TOTAL CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2022

	Thousands of euros											
	Capital	**Share premium**	**Equity instruments issued other than capital**	**Other equity items**	**Retained earnings**	**Revaluation reserves**	**Other reserves**	**(Treasury shares)**	**Profit/(loss) for the period**	**(Interim dividends)**	**Accumulated other comprehensive income**	**Total**
I. Closing balance at 31/12/2021	**214,428**	**-**	**350,000**	**-**	**566,640**	**2,327**	**1,976,797**	**-**	**124,315**	**(47,000)**	**(1,303)**	**3,186,204**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**566,640**	**2,327**	**1,976,797**	**-**	**124,315**	**(47,000)**	**(1,303)**	**3,186,204**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	138,725	-	(72,426)	66,299
Other changes in equity	**-**	**-**	**-**	**-**	**26,175**	**-**	**(8,331)**	**-**	**(124,315)**	**9,319**	**(241)**	**(97,393)**
Issuance of ordinary 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)	-	-	-	-	(51,140)	-	-	-	-	(37,681)	-	(88,821)
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	-	-	-	-	77,315	-	241	-	(124,315)	47,000	(241)	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(8,572)	-	-	-	-	(8,572)
III. Closing balance at 30/06/2022	**214,428**	**-**	**350,000**	**-**	**592,815**	**2,327**	**1,968,466**	**-**	**138,725**	**(37,681)**	**(73,970)**	**3,155,110**

IBERCAJA BANCO, S.A.

CONDENSED STATEMENT OF TOTAL CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 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/(loss) 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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30,004**	**-**	**(13,900)**	**16,104**
Other changes in equity	**-**	**-**	**-**	**-**	**4,122**	-	**(2,098)**	**-**	**(7,971)**	**-**	**(6,473)**	**(12,420)**
Issuance of ordinary 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	-	6,473	-	(7,971)	-	(6,473)	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	`-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(8,571)	-	-	-	-	(8,571)
III. Closing balance at 30/06/2021	**214,428**	**-**	**350,000**	**-**	**566,640**	**2,327**	**1,986,824**	**-**	**30,004**	**-**	**14,385**	**3,164,608**

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

IBERCAJA BANCO, S.A.

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS
ENDED 30 JUNE 2022 AND 2021

		Thousands of euros	
		30/06/2022	**30/06/2021 (*)**
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)**	**80,556**	**(1,788,688)**
1.	Profit/(loss) for the period	138,725	30,004
2.	Adjustments to obtain cash flows from operating activities:	147,798	158,586
(+)	Amortisation and depreciation	39,122	35,502
(+/-)	Other adjustments	108,676	123,084
3.	Net increase/decrease in operating assets:	2,364,333	1,837,159
(+/-)	Financial assets held for trading	(697)	(1,769)
(+/-)	Financial assets not held for trading mandatorily measured at fair fair value through profit or loss	-	152
(+/-)	Financial assets at fair value through profit or loss	-	-
(+/-)	Financial assets at fair value through other comprehensive income	(28,811)	372,368
(+/-)	Financial assets at amortised cost	2,334,672	1,499,153
(+/-)	Other operating assets	59,169	(32,745)
4.	Net increase/(decrease) in operating liabilities:	2,144,982	(122,625)
(+/-)	Financial liabilities held for trading	2,047	(321)
(+/-)	Financial liabilities at fair value through profit or loss	-	-
(+/-)	Financial liabilities at amortised cost	2,106,945	33,799
(+/-)	Other operating liabilities	35,990	(156,103)
5.	Company tax credit/(payments)	13,384	(17,494)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)**	**(12,033)**	**(11,099)**
1.	Payments:	25,797	21,863
(-)	Tangible assets	16,549	19,131
(-)	Intangible assets	8,573	1,888
(-)	Investments in joint ventures and associates	-	597
(-)	Subsidiaries and other business units	-	-
(-)	Non-current assets and liabilities classified as held for sale	675	247
(-)	Other payments related to investing activities	-	-
2.	Receipts:	13,764	10,764
(+)	Tangible assets	9,891	9,793
(+)	Intangible assets	-	-
(+)	Investments in joint ventures and associates	-	773
(+)	Subsidiaries and other business units	-	-
(+)	Non-current assets and liabilities classified as held for sale	3,873	198
(+)	Other receipts related to investing activities	-	-
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)**	**398,899**	**(16,099)**
1.	Payments:	101,101	16,099
(-)	Dividends	88,821	3,849
(-)	Subordinated liabilities	30	-
(-)	Redemption of own equity instruments	-	-
(-)	Acquisition of own equity instruments	-	-
(-)	Other payments related to financing activities	12,250	12,250
2.	Receipts:	500,000	-
(+)	Subordinated liabilities	-	-
(+)	Issuance of own equity instruments	-	-
(+)	Disposal of own equity instruments	-	-
(+)	Other receipts related to financing activities	500,000	-
D)	**EFFECT OF EXCHANGE RATE FLUCTUATIONS**	-	-
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)**	**467,422**	**(1,815,886)**
F)	**CASH AND CASH EQUIVALENTS AT START OF PERIOD**	**6,218,527**	**7,377,476**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)**	**6,685,949**	**5,561,590**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD			
(+)	Cash	209,471	184,242
(+)	Cash equivalents at central banks	6,286,447	5,204,644
(+)	Other financial assets	190,031	172,704
(-)	Less: bank overdrafts repayable on demand		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,685,949**	**5,561,590**

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

ibercaja

Directors' report for the first half of 2022

Ibercaja Banco, S.A. and Subsidiaries

EL BANCO DEL vamos

Imagen: Sede Central Ibercaja Banco, S.A.

INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Contents

1 Presentation of the Group and its context

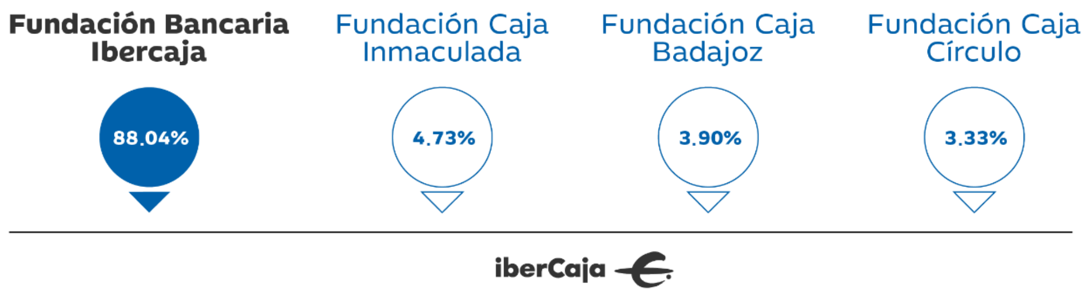
1.1. Description, shareholding and organisational structure

> Ibercaja is a national bank specialised in the business of individuals and companies, whose objective is to generate value for its customers, shareholders, suppliers and society at large.

The **Group primarily engages in retail banking, and carries out practically all of its business in Spain**. Its corporate purpose extends to all manner of general retail banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

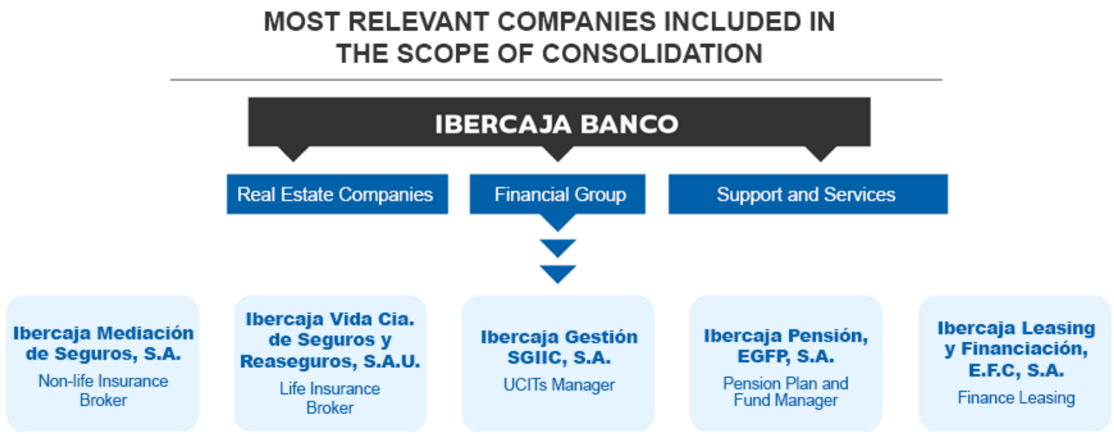
The Bank was created in 2011 following the spin-off and transfer to Ibercaja Banco of the financial business of the former Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, now transformed into the Ibercaja Banking Foundation, in accordance with the provisions of the Banking Foundations Act. **In 2013, the Bank absorbed Banco Caja3**, an entity formed as a result of the spin-off and subsequent merger of the financial business of three former savings banks: Caja de Ahorros de la Inmaculada (currently Fundación Caja Inmaculada), Caja Badajoz (currently Fundación Caja Badajoz) and Caja de Ahorros Círculo de Burgos (currently Fundación Caja Círculo), which have since been transformed into foundations and are the Bank's current minority shareholders, together with Fundación Bancaria Ibercaja, which is its majority shareholder.

Shareholder structure



From an organisational standpoint, **the Bank is the parent of a group of subsidiaries**. Of these, the most notable (due to their wide range of banking products and high levels of profitability) belong to the **Financial Group**, which comprises companies specialising in investment funds, savings and pensions, bancassurance and leasing/renting.

Organisational structure



1.2. Economic environment

High price growth poses a threat to the global cycle.

World economic landscape

Inflationary pressures are currently very high and are a key feature of the international economic situation. Raw materials – mainly energy, but also industrial products and food – have skyrocketed in price, affecting production and consumption chains and putting global economic growth at risk. The ongoing war in Ukraine and the difficulties in finding alternative sources of supply in the short term have made it difficult to predict how events will pan out over the coming months. **International organisations** such as the International Monetary Fund, the World Bank, the OECD and the European Commission **upgraded their inflation forecasts and downgraded their growth forecasts in the first half of 2022.**

As for figures on economic activity, US growth continued to impress in the early months of the year, beyond the dip in GDP recorded in the first quarter (-1.6% quarter-on-quarter annualised) stemming from the negative contribution of external demand (-3.9%), as private consumption continued to grow at a reasonable pace (1.8%) and investment accelerated to 7.4%. This is a reminder that, despite the positive inertia and record highs in industrial production and retail sales, there are still imbalances that carry significant medium-term risks: the negative current account balance and the misalignment of public accounts.

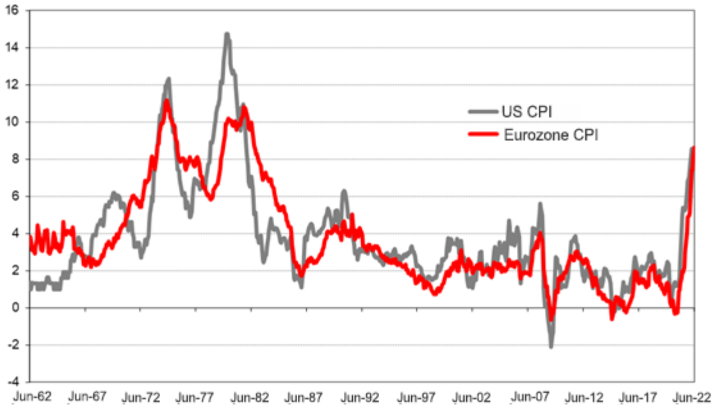
In the **Eurozone, the economy is less buoyant and uncertainty is on the rise, as the impact of the war in Ukraine becomes more direct**. GDP grew by 0.6% in the first quarter, although we have seen some weakness in the largest countries, especially in Germany, **which is particularly exposed to the war due to its reliance on Russian gas.** Meanwhile, **China's** economy was hurt by the restrictions imposed in response to new cases of coronavirus and **reported declines in consumption and production in April and May,** although these dips are expected to be temporary.

Tensions heightened within the oil markets following the European Union's decision to restrict Russian crude imports and despite OPEC's agreement to raise its production rate. The price of a barrel of Brent crude averaged 112 dollars in the second quarter, following 98 dollars in the first quarter and 71 dollars in 2021. **Gas prices**, while not reaching the highs of 250 euros per MWh in Europe seen at the start of the Ukraine war, climbed to 145 dollars per MWh in June due to the partial supply cuts from Russia to the EU, and remain subject to **high volatility and uncertainty**. Prices of other commodities, such as industrial commodities, have fallen somewhat from the highs seen in March in response to a weaker demand outlook. While this could be the first indicator of a turnaround in inflation, energy commodity prices would need to moderate for price containment to become more widespread.

The **Eurozone CPI** rose again more than expected to set a **new high in June**, reaching 8.6% year-on-year (from 8.1%) according to preliminary data. Energy prices picked up again (41.9% from 39.1%, although without reaching the March high of 44.3%), as did food prices (8.9% from 7.5%). The core rate moderated by one tenth of a percentage point to 3.7%, thanks to the containment of the same amount in the prices of services (3.4%), while the CPIs for non-energy goods added one tenth of a percentage point to 4.3%.

In the United States, the CPI rose by **8.6% year-on-year** in May, up from 8.3% in April and from the previous high of 8.5% in March. The core rate shed 0.2 percentage points to reach 6.0% (0.4 percentage points below the March high). The acceleration of the CPI in May was due to energy prices (34.4%), food (10.1%) and services (5.7%), while the prices of non-energy goods slowed (8.5%, having peaked at 12.3% in February), suggesting a certain easing of the supply-demand tensions to have arisen as the economy emerges from the pandemic. The rental price component accelerated to 5.5% year on year and is unlikely to slow until we see house prices stabilise.

Year-on-year CPI growth



Monetary policy and financial markets

After treating inflation as transitory due to supply-demand mismatches as the economy recovered after the pandemic, the **Federal Reserve** reacted resolutely through rapid and intense **monetary tightening** measures. Following hikes of 25 basis points in March and 50 basis points in May, in June it raised the key interest rate by 75 basis points (you have to go back to 1994 to see a hike of this scale) to bring it to the 1.5%–1.75% range. The hike was accompanied by a downgrade in growth prospects and an increase in the inflation outlook, as well as the expected path for interest rates (the Fed raised its expectations for the key rate by 150 basis points in just three months, bringing it to the 3.25%–3.5% range at year-end 2022; in 2023 it would increase by a further half a percentage point only).

Meanwhile, the **European Central Bank** announced at its June Governing Council meeting that it would be **ending net purchases of financial assets** as of 1 July. Moreover, at its July meeting **it hiked the benchmark rate by 50 basis points.** Subsequent interest rate movements will depend on economic conditions. The deteriorating situation led to a downgrading of growth prospects. Subsequently, following an increase in risk premia, it was announced at an extraordinary meeting that an anti-fragmentation tool was being drawn up to avoid any inefficient transmission of monetary policy as spreads widened. It was also stated that the ECB may reinvest maturing principal payments of public debt purchased under the pandemic emergency purchase programme (PEPP) for the same purposes. The **12-month Euribor**, which is closely linked to the ECB's benchmark rates, moved past 1.10% in June after starting the year at -0.5%.

Long-term interest rates climbed sharply in the first half of the year. The yield on the 10 year US Treasury Note, which had ended 2021 at 1.5%, was close to 3.5% in mid-June. In the case of the German bund, the 10-year rate moved out of negative territory to reach a high of 1.75%, while the Spanish bond for the same term climbed from 0.6% to 3.1%, amid rising risk premia (climbing from around 70 basis points to close to 140 basis points, while the spread on Italian debt rose from 130 basis points to a maximum of 240 basis points).

Risk aversion also increased in the **corporate bond markets**, with the iTraxx benchmark for European 5-year bonds rising from 50 basis points to 110 basis points, and for high-risk bonds (iTraxx crossover) climbing from 240 basis points to 570 basis points.

The **stock markets** suffered amid all the uncertainty and rising interest rates. In the first half of 2022, the US S&P 500 fell 20.6%, while the tech-heavy Nasdaq shed 29.5%. The equities markets also retreated in Europe: the Stoxx 600 shedding 16.5% and the Spanish Ibex losing 7.1%.

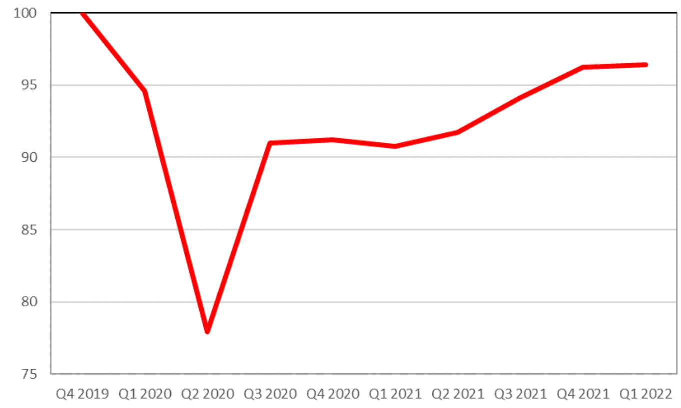
The Spanish economy

Inflation showed no signs of letting up in Spain in the first half of 2022 and remains the **main threat to economic growth**. The CPI picked up in June to 10.2% year on year, according to preliminary data, thus exceeding the 8.7% reported in May and the high of 9.8% reached in March. This is the highest rate since April 1985 and the core CPI also accelerated, rising to 5.5% from 4.9% in May, the highest increase since August 1993. Until such time as the index can be broken down into components and definitive figures become available, the increase appears to come, according to the Spanish Statistics Institute (INE), from food and non-alcoholic beverages and, to a lesser extent, from hotels, cafés and restaurants. So the expected slowdown has once again been put back, even though electricity price pressures now seem to be easing. It remains to be seen where food prices will end up when agricultural and livestock commodity prices begin to ease. Food and non-alcoholic beverages is the item carrying the greatest weight in the CPI consumption basket, at 23%, and is somewhat over-represented due to the changes resulting from the pandemic (the weight of food and beverage consumption up from around 19% previously). It is also worth noting that, unlike the Eurostat data, the core CPI to which the INE refers does include processed food.

GDP grew by only 0.2% in the first quarter in Spain, revealing a **sharp deceleration of the economy** following the healthy figures released for the two previous quarters (2.2% and 2.6%).

GDP in Spain

(BASE 100= 4Q19)



The volume of GDP was thus -3.6% below that achieved in the fourth quarter of 2019. The main problem in the quarter came from the **slump in private consumption** (-1.9%), which was offset by the growth of investment (3.4%) and the contribution made by external demand as exports expanded (1.1%) and imports fell (-0.8%). **Public consumption grew** by just 0.1% in the quarter. Looking at the situation with respect to the 2019 average, the decline in GDP stood at -3.0%. Of particular note is the positive performance of investment in machinery and equipment (15.0%), intellectual property (8.7%), public consumption (5.8%) and the recovery of exports of services (3.8%), when a year earlier they had stood at -45.4%. On the negative side is the low level of private consumption (-7.4%), as well as investment in non-residential (-10.2%) and residential (-13.3%) construction, which remains at odds with other sector indicators, which show more promising signs.

The **labour market** in Spain presented **positive data**, despite considerable uncertainty surrounding the inflation outlook and the war in Ukraine, the restrictions stemming from the Omicron variant in early 2022, the transport strikes in March, and also natural exhaustion as strong job creation figures inevitably wane. Looking at the seasonally adjusted working population survey, employment growth remained very high in the first quarter of 2022: 1.1%, similar to the two previous quarters (1.2% in both).

Meanwhile, the seasonally adjusted decline in the number of unemployed slowed (-0.9% quarter-on-quarter from -6.3%), as the labour force fell less than usual in the first quarter. The unemployment rate was up three tenths of a percentage point from the previous quarter, but down -2.3 basis points from the first quarter of 2021 to 13.65%.

Future growth

Inflation and high uncertainty are threatening to derail economic growth that was all but guaranteed following the reopening of the sectors most affected by the pandemic, the good performance of the labour market, the savings amassed by households and strong investment linked to European funds.

Social Security registrations were also positive in the second quarter. In June, the number of Social Security affiliates increased by 77,000, thus picking up the pace from the previous two months (33,000) and making it the best figure since November. A total of 143,550 jobs were created in the second quarter, revealing a slight increase (+0.7%) on the first quarter (119,400). Compared to February 2020, the increase is 616,200 jobs, or 3.2%. Since February, the largest increases in employment have been seen in sectors heavily affected by the pandemic, such as hospitality, restaurants and entertainment, as well as in IT, logistics, education, administrative activities and social services.

1.3. Corporate governance

> Ibercaja's governance structure carries out its functions efficiently guided by the rules and codes of good corporate governance.

The **internal governance model** consists of the **General Meeting of Shareholders and the Board of Directors,** which has an Executive Committee and five advisory committees.

The Ibercaja Group's governing bodies, along with their composition and internal rules, are governed by the **Articles of Association and the Regulations of the Board of Directors**, the contents of which are compliant, among other regulations, with the law on the organisation, supervision and solvency of credit institutions, the Corporate Enterprises Act, the Audit Act, the guidelines issued by international bodies such as the EBA or the ESMA, and the Code of Good Governance of Listed Companies, which is taken as a benchmark of best practices in this field.

In this respect, it should be noted that:

- Separation of functions between the non-executive Chairman and the executive CEO.
- The independent status of 55% of the members of the Board of Directors.
- All advisory committees chaired by an independent director.

The **composition, independence** and manner of action of the governing bodies, the **codes of conduct and internal rules** of mandatory compliance, the established **monitoring systems**, the **communication policy and transparency**, the **fight against fraud and corruption** and **confidentiality in the handling of information** all form the **basis of Ibercaja's corporate governance**.

General Meeting of Shareholders

The General Meeting of Shareholders is the **most senior decision-making body at the Bank** and its resolutions are binding on the Board of Directors. The General Meeting has the broadest of authorities to govern the Bank and may validly adopt resolutions regarding any matters submitted for deliberation, in accordance with applicable law and the Bank's own Bylaws.

The functioning of the General Meeting of Shareholders is regulated in section 5 of the Bylaws, which are accessible through the corporate website www.ibercaja.com under the Shareholders and Investors menu (https://www.ibercaja.com/shareholders-and-investors/corporate-governance-and-remuneration-policy/corporate-documents). Articles 13 to 23 regulate the general meeting, including matters such as the venue and time of the meetings, the right to attend and grant proxies, the quorum, the drawing up of attendance lists, deliberations during the meeting, the casting of remote votes ahead of the meeting and the adoption of resolutions.

Board of Directors

The Board of Directors has the **broadest of authorities to manage, administer and represent the Bank** and, except for those matters reserved for the General Meeting, it is the highest decision-making body at the Bank. The Board has six committees: Delegate Committee and the internal advisory committees on Nominations, Remuneration, Audit and Compliance, Large Exposures and Capital Adequacy, and Strategy.

On 30 March 2022, the Board of Directors accepted the resignation, for reasons of age, of Mr José Luis Aguirre as director and Chairman of the Board of Directors. On the same date, the extraordinary General Shareholders' Meeting unanimously resolved to appoint Mr Francisco Serrano Gill de Albornoz, under the category of external proprietary director, to replace Mr José Luis Aguirre, after having obtained clearance for this appointment from the competent supervisory authorities.

The composition of the Board of Directors at 30 June 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Francisco Serrano Gill de Albornoz	Proprietary
First Deputy Chairman	Jesús Máximo Bueno Arrese	Proprietary
Chief Executive Officer	Víctor Manuel Iglesias Ruiz	Executive
Director	Gabriela González-Bueno Lillo	Independent
Director	José Miguel Echarri Porta	Proprietary
Director	Vicente Cóndor López	Independent
Director	Jesús Solchaga Loitegui	Independent
Director	Jesús Tejel Giménez	Independent
Director	Félix Santiago Longás Lafuente	Independent
Director	Luis Enrique Arrufat Guerra	Proprietary
Director	Maria Pilar Segura Bas	Independent

9.09	**36.36**	**54.55**	**16**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

According to GRI and Article 529 duodecies of the Spanish Capital Companies Act:

- *EXECUTIVE: **executive directors** are those who discharge management functions at the company or its group, irrespective of their legal relationship with it. **Non-executive directors** are all other directors of the company, who may be proprietary, independent or other external directors.*
- *PROPRIETARY: proprietary directors are non-executive directors who sit on the board of directors by virtue of their status as shareholders of the company. **Proprietary directors** shall be those who hold a shareholding interest equal to or greater than that legally considered significant, or who have been appointed on account of their status as shareholders, even if their shareholding interest does not reach that amount, as well as those persons who represent shareholders who qualify as such.*
- *INDEPENDENT: whereby conditions as such that the members of the highest governing body may exercise independent judgement free from any external influence or conflicts of interest. **Independent directors** shall be those who, appointed on the basis of their personal and professional qualifications, are able to perform their duties without being influenced or affected by relationships with the company or its group, its significant shareholders or its management.*

All appointments of the members of the Board of Directors have been endorsed by the Nomination Committee, prior to their formal appointment, and have been subject to the mandatory individual and collective evaluation, in accordance with the terms established in the Policy for the evaluation of suitability and diversity of directors and senior officers of the Bank, as required by current legislation.

The academic background, experience and professional career of the directors is available on the Company's corporate website: https://www.ibercaja.com/shareholders-and-investors/corporate-governance-and-remuneration-policy/board-of-directors.

According to article 28 of the current Bylaws, directors shall hold office for a term of four years and may be re-elected one or more times for terms of the same duration. The appointment of the directors shall lapse when, upon expiry of the term, the next general meeting has been held or the legal term for convening the meeting that is to decide on the approval of the accounts of the previous financial year has elapsed.

The Board of Directors of Ibercaja, at its meeting held on 30 June, resolved to propose the appointment of three new female directors to the General Shareholders' Meeting: María López Valdés, Natividad Blasco de las Heras and María Luisa García Blanco. The new directors will take over from the current Board members, Jesús Bueno Arrese (Vice Chairman), Gabriela González Bueno and Jesús Solchaga Loitegui, who, for age and personal reasons, have expressed their desire to stand down. The appointment of the new directors by the General Meeting of Shareholders is conditional upon the European Central Bank's positive assessment as to their suitability.

María Luisa García Blanco and Natividad Blasco de las Heras will join the board as proprietary directors, at the proposal of Fundación Bancaria Ibercaja, while María López Valdés will have the status of independent director. Thus, once the corresponding resolutions have been adopted by the General Meeting, the Bank's Board of Directors will continue to be composed of 11 directors: five external proprietary directors (four of them proposed by the Ibercaja Banking Foundation and one proposed by the other three minority shareholder foundations), five external proprietary directors and one executive director, thus complying with best practices in corporate governance. Furthermore, when the changes materialise, Ibercaja will reach the 40% ratio of female representation in non-executive director positions, a yardstick recently set as a target by the European Council and the European Parliament for listed companies by 2026.

Executive Committee

The **powers vested** by the Board of Directors in the Executive Committee are expressly set out in the **Board of Directors' Regulations** and are as follows:

- Hear and adopt resolutions regarding proposals to grant, modify, novate or cancel risk transactions which, under the Policies and Procedures Manual to manage lending risk approved by the Board of Directors, fall within its competencies. It will also hear and adopt resolutions regarding proposals to acquire assets by the Entity in lieu of receivables that must be submitted to the Committee in accordance with the Asset Management Policies and Manuals.
- Hear and adopt resolutions regarding personnel matters (disciplinary cases, granting of leaves of absences, etc.), except in those cases in which the decision falls to the CEO or to the plenary Board of Directors' Meeting, since it involves employees that report directly to the CEO.
- Hear and adopt resolutions regarding matters relating to the Bank's assets (properties, expenses, purchases, etc.) and investments and divestments in investee companies that must be submitted for its scrutiny in accordance with internal policies and manuals, except for those that must be decided by shareholders at a General Meeting in accordance with the law.
- Grant, where appropriate, any powers or authority that may be necessary or advisable to execute the resolutions adopted.

The composition of the Executive Committee was as follows at 30 June 2022:

POSITION	DIRECTOR	CATEGORY
Chairman	Francisco Serrano Gill de Albornoz	Proprietary
Member	Víctor Manuel Iglesias Ruiz	Executive
Member	Vicente Cóndor López	Independent
Member	Jesús Máximo Bueno Arrese	Proprietary
Member	Jesús Tejel Giménez	Independent

20.00	**40.00**	**40.00**	**13**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

Nomination Committee

The Nominations Committee is responsible for **proposing nominations** to the Board of Directors. It is specifically responsible for: evaluating the suitability of directors and senior managers of the Entity and the basic terms and conditions of their contracts, establishing a target for the gender less represented on the Board, making, together with shareholders at a general meeting, proposals for the nomination, re-election or removal of independent directors, reporting on motions to nominate or remove senior executives and key office holders, and examining and organising the succession of the Chairman and the CEO.

The composition of the Nomination Committee as at 30 June 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Jesús Solchaga Loitegui	Independent
Member	Félix Santiago Longás Lafuente	Independent
Member	Maria Pilar Segura Bas	Independent
Member	Gabriela González-Bueno Lillo	Independent

0.00	**0.00**	**100.00**	**3**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

Compensation Committee

The Compensation Committee has the duty of **reporting, advising and proposing matters regarding compensation** for directors, general managers and similar personnel, and the remaining members of the so-called Identified Staff i.e. persons whose professional activity has a significant impact on the Bank's risk profile.

The composition of the Compensation Committee as at 30 June 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Jesús Solchaga Loitegui	Independent
Member	Félix Santiago Longás Lafuente	Independent
Member	Maria Pilar Segura Bas	Independent
Member	Gabriela González-Bueno Lillo	Independent

0.00	**0.00**	**100.00**	**4**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

Audit and Compliance Committee

The committee's duties are expressly stipulated in the Regulations of the Board of Directors. In particular: to inform the general meeting regarding any matters raised by shareholders with respect to areas under its authority; to **supervise the effectiveness of the Bank's internal control, internal audit and risk management systems, including tax risks**; to supervise the process of preparing and presenting regulated financial information; to propose the designation or re-election of the financial auditor; to establish appropriate relations with the external auditor and to receive information regarding its independence; to receive annual information from the external auditor confirming its independence with respect to the Bank or its Group; and to issue the relevant report.

The composition of the Audit and Compliance Committee at 30 June 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Jesús Tejel Giménez	Independent
Member	Jesús Máximo Bueno Arrese	Proprietary
Member	Félix Santiago Longás Lafuente	Independent
Member	José Miguel Echarri Porta	Proprietary
Member	Vicente Cóndor López	Independent

0.00	**40.00**	**60.00**	**6**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

EL BANCO DEL Vamos

Large Exposures and Capital Adequacy Committee

The Committee has the primary duty of **advising the Board as to the overall current and future risk appetite** of the Bank and its Group, and the strategy in this respect. It also assists the Board with supervising the application of that strategy by the senior management by monitoring the Bank's capital adequacy levels and proposing any action deemed appropriate for improvement.

The composition of the Large Exposures and Capital Adequacy Committee at 30 June 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Vicente Cóndor López	Independent
Member	Jesús Tejel Giménez	Independent
Member	Jesús Máximo Bueno Arrese	Proprietary
Member	Maria Pilar Segura Bas	Independent
Member	Jesús Solchaga Loitegui	Independent

0.00	**20.00**	**80.00**	**8**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

Strategy Committee

The Strategy Committee has the core function of informing the Board of Directors of the Company's strategic policy, ensuring that there is precise organisation for its implementation. The committee regularly **evaluated the Strategic Plan** approved by the Board of Directors, which is of great importance for the proper management of the Bank in the medium and long-term. It also implemented **quarterly follow-up measures** regarding the development of the budget and the specific implementation of the mandates set out in the Strategic Plan, reporting the conclusions obtained to the Board of Directors. It also monitors and reports to the Board of Directors on the sustainability policy.

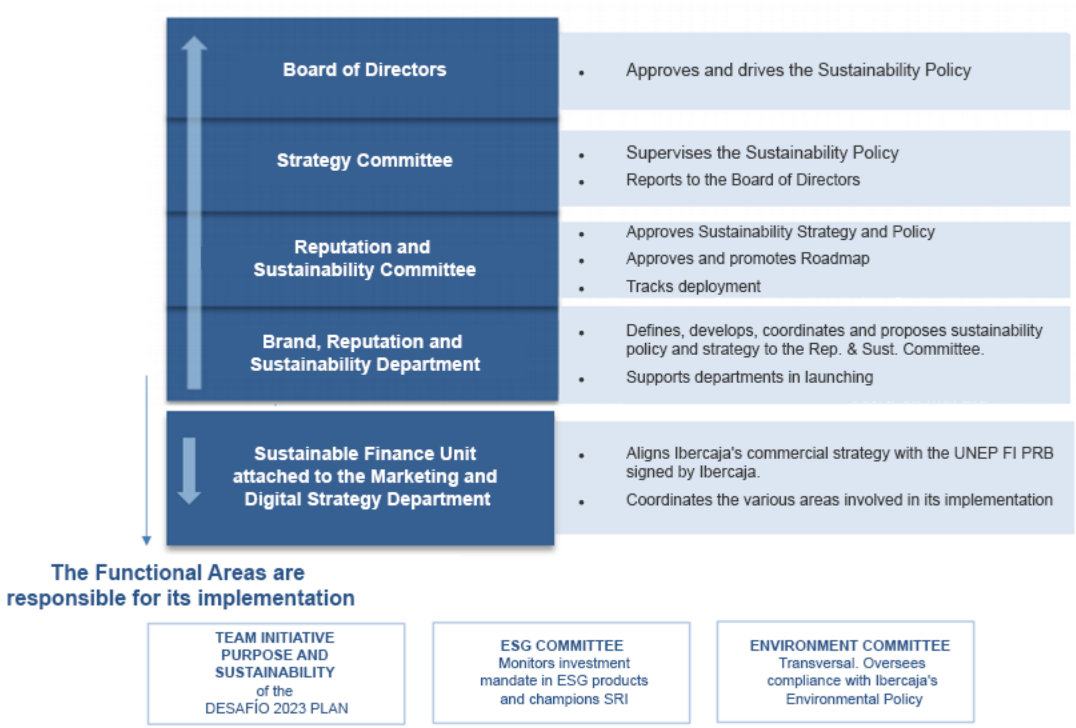
The composition of the Strategy Committee as at 30 June 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Francisco Serrano Gill de Albornoz	Proprietary
Member	Jesús Solchaga Loitegui	Independent
Member	Félix Santiago Longás Lafuente	Independent
Member	Luis Enrique Arrufat Guerra	Proprietary
Member	José Miguel Echarri Porta	Proprietary

0.00	**60.00**	**40.00**	**3**
% of executive directors	% of proprietary directors	% of independent directors	Number of meetings

*Information on the **composition of the different governing bodies** and the **remuneration policy** is disclosed in the **Annual Corporate Governance Report** and is also available on the Bank's corporate website, (www.ibercaja.com) under "Shareholders and investors – Corporate governance and Remuneration policy".*

In addition, Ibercaja has a governance structure that allows it to adequately manage sustainability.



At its meeting on 1 April 2022, the Board of Directors approved a new senior management structure at the proposal of the Chief Executive Officer. The reorganisation follows the resignation of the current non-executive Chairman and former General Secretary and Head of Control, Francisco Serrano Gill de Albornoz. **The main changes are as follows:**

- The functions previously ascribed to the area headed by Francisco Serrano are divided into two main blocks:
    - The General Secretary's Office, which brings together Legal Services and Tax Advisory and is now headed by Jesús Sierra, formerly Head of Legal Services. The new General Secretary sits on the Management Committee with the rank of Deputy General Manager.

- The Control Department, which brings together the Risk Control and Regulatory Compliance Departments, as well as the Customer Service Unit; Ana Sangrós, until now Head of Human Resources, is the new Head of Control (CRO), becoming Deputy General Manager.

- Rodrigo Galán, former Head of the Financial Group and Deputy Director to the Chief Executive Officer since January 2021, takes over the Human Resources Area, replacing Ana Sangrós.

CEO Victor Iglesias Ruiz

AREA DEPARTMENTS

General Secretary	Jesús Sierra Rámirez
Control Department	Ana Jesús Sangrós Orden
Branch Network Area Division	José Ignacio Oto Ribate
Finance Area Division	Antonio Martínez Martínez
Credit Risk Area Division	María Raquel Martínez Cabañero
Resources Area Division	José Palma Serrano
People Area Division	Rodrigo Galán Gallardo
Marketing and Digital Strategy Area Division	Ignacio Torre Solá
Finance Group Area Division	Luis Miguel Carrasco Miguel
Corporate Banking Area Division	María Teresa Fernández Fortún

STAFF DEPARTMENTS

Communication and Institutional Relations Department	Enrique Barbero Lahoz
Brand, Reputation and Sustainability Department	María Campo Bernal

1.4. Business model and Strategic Plan

Ibercaja's business model, with a strong retail profile, combines universal banking with specialisation by segments.

1.4.1 Business positioning and markets in which it operates

The Ibercaja Group, with a balance of **60,363 million euros**, is the **ninth largest in terms of asset volume in the Spanish banking system**. The Bank is developing a "universal banking" model to meet all the financial needs of its customers. It has a wide range of banking and financial products and services, with a particular focus on first home mortgages, SME financing, asset management and life-savings and risk insurance products.

Universal banking

Ibercaja's universal banking model seeks to satisfy all the financial needs of its customers with a wide range of products and services.

The **retail nature of the business** is reflected in the balance sheet structure and the low risk profile. Loans to individuals and small and medium-size enterprises account for almost 85% of loans and advances to customers, and retail deposits 78.5% of borrowings. At the national level, it has a market share of **2.4% in lending to households and non-financial corporations**, **3.6% in the individual house purchase segment**, and **2.7% in household and corporate deposits**, according to statistics published by the Bank of Spain.

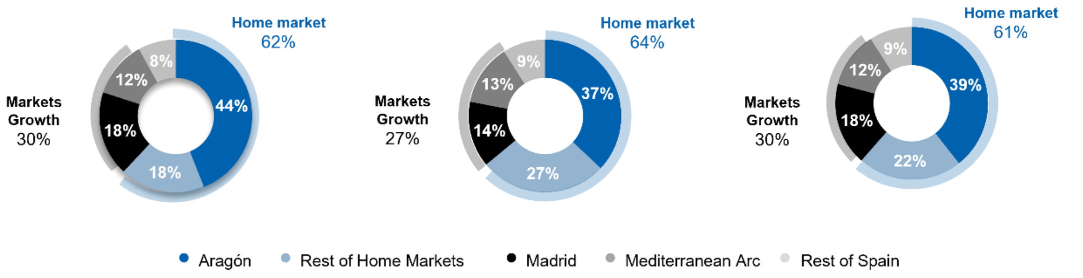
Ibercaja owns all the companies that make up its Financial Group, which is made up of subsidiaries specialising in the management of investment funds and pension plans, bancassurance, and leasing and renting, through which it offers a wide variety of products especially aimed at retail customers and which complement more traditional banking services. Ibercaja's Financial Group makes the Bank the **fourth largest financial institution in Spain in terms of asset management and life insurance** with 30,408 million euros in assets under management and technical provisions, reaching an aggregate market share in this range of products of **5.0% as at 30 June 2022.**

The entity operates exclusively in Spain and has a **leading position in its traditional area of operation** (the autonomous communities of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz), where **61% of customers** are concentrated and where **62% of the total retail business volume is obtained**. It also has a **significant presence in other areas of major economic significance such as Madrid and the Mediterranean coast** (includes the Autonomous Communities of Catalonia and Valencia), which account for 18% and 12% of the Bank's customers and 18% and 12% of its turnover.

Retail business volume[1]
JUNE 2022

Branch network
JUNE 2022

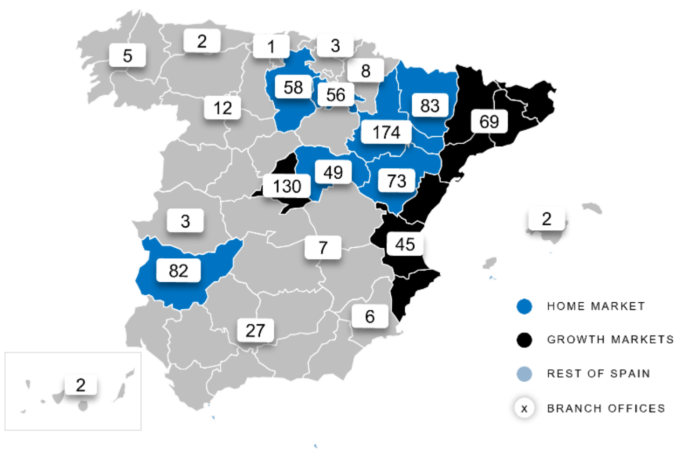
Customers
JUNE 2022



[1] Retail business volume in normal course of business: loans and advances to customers ex reverse repos of assets and doubtful assets + retail deposits + asset management and insurance

As at June 2022, the **branch network** totalled **897 branches.** A total of 17 centres were closed during the six-month period. Their closure, in line with a policy of economic streamlining, was compatible in every case with the commitment to guarantee business continuity, conserve customer proximity and maintain the Bank's presence in small towns and villages.

Distribution of Ibercaja Banco's branch network



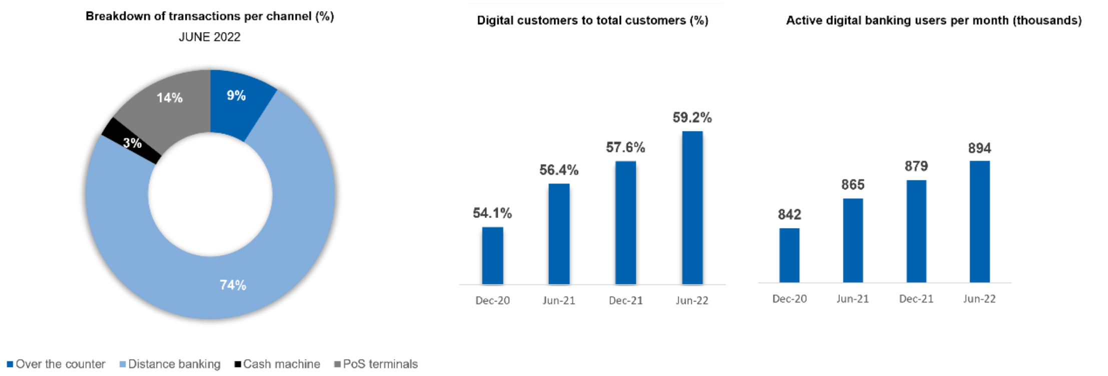
The **distribution of offices by Autonomous Community** is: 330 customer service points in Aragon, 130 in the Community of Madrid, 85 in Extremadura, 70 in Castile and León, 69 in Catalonia, 56 in La Rioja, 56 in Castile-La Mancha, 45 in the Valencian Community, 27 in Andalusia and 29 in the other autonomous regions of Spain.

The **number of employees** in the Group totals **4,722 (4,428 at the parent)**. In December 2020, the management of Ibercaja Banco and employee representatives agreed on a redundancy scheme to run until 30 June 2022, which envisaged paid terminations affecting a total of 750 employees. A total of 525 employees left the group during 2021, while the remaining 225 employees saw their contract terminated during the first half of 2022.

Commercial efficiency is being increased by **specialising more employees** to serve different types of customers and their specific needs. Supporting the branch network, providing a high value-added service, are **209 managers specialised in corporate banking, 441 in personal banking and 73 in private banking.** Additionally, there are **126 digital managers** (68 digital personal banking managers and 58 digital customer managers) advising digital customers who need to engage with financial experts. This model of non-face-to-face personal support has been well received and is therefore being heavily promoted. In the first half of the year, the number of managers increased by more than 50% and almost 94,000 customers are already using the service.

The **digitalisation strategy** being deployed by Ibercaja in recent years has enabled it to respond to the increased demand for online services, while at the same time maintaining quality of service. Digital customers reached 59.2%, compared to 57.6% in December 2021, and the number of digital transactions carried out during the first half of the year remained at around **74%** of the total. The number of **digital banking customers** who used any of the various channels in the last month reached **894,155**, marking a year-on-year increase of 3.3%, with notable advances in users of mobile payments (+28.2%) and mobile banking services (+11.4%). Customer satisfaction with the recently redesigned mobile banking app has continued to increase, making it one of the most highly rated in the Spanish financial system.

Distribution of the number of transactions by channel and trend in remote banking

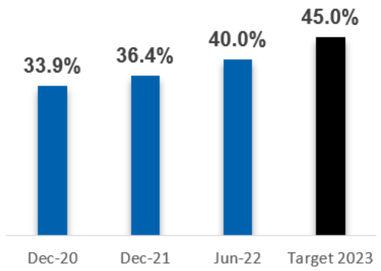


> One of the objectives of the Strategic Plan is for digital sales of the Bank's main products to reach 45% by 2023.

Improvements in **non-face-to-face sales** processes have led to the following figures in relation to digital channels:

- **40.0%** of **total sales**.
- **18.9%** of **non-subrogated mortgage loans**.
- **90.0%** of **pre-qualified loans**.
- **27.3% and 23.9%** of **pension plans** **and** **investment funds**, **respectively.**
- **8.4%** of **non-life risk insurance**.

Digital sales to total sales (%)



The Bank has implemented a relationship model with the primary aim of ensuring quality human support via these new channels, both for day-to-day services and for managing the most complex financial needs. To further improve this support, an important step has been taken by offering the **Ibercaja Connect service every day of the year from 08:00 to 22:00.**

The purpose of this measure is to ensure proper levels of support for resolving all queries or helping customers carry out their transactions. Ibercaja Connect is an Ibercaja Group company with more than 20 years of experience and the first contact centre platform to be launched by a Spanish financial institution. This company has earned AENOR certification in the form of UNE-EN-ISO 18295, which recognises customer contact centres that meet certain quality requirements and constantly seek to improve the customer experience. It also recently received awards at the Platinum Contact Centre Awards and the Excellence Awards held by the Spanish Association of Customer Relationship Experts. The Ibercaja Connect service, which has handled more than one million contacts in the year to date, is among the most highly rated by both companies and individuals, with positive ratings given in 99.8% of the interactions received.

With the aim of offering the very best services to all of society, Ibercaja has launched a **decalogue of measures for the financial care of the elderly** through various channels.

» **Individual support**

Customers over 65 years of age have a specialised personal manager on hand to help them with anything they need.

» **Face-to-face service**

Priority support for the over 65s by appointment.

» **In-branch cash service**

Senior customers have a guaranteed cash service during all opening hours.

» **Support at ATMs**

Customers may ask to have an employee on hand to help them carry out cash transactions at the ATM.

» **Telephone banking**

An exclusive free telephone line for the over 65s has been set up.

» **Digital banking**

The Ibercaja mobile app now features a simplified “beginner's mode” specially intended for older users.

» **Cash at the post office**

The “post office cash” service allows Ibercaja customers to carry out banking transactions at some 2,400 post offices as if they were in their own bank branch.

» **Cashback**

Customers can withdraw cash in towns and villages where there is no bank branch at stores that provide this service.

» **Pension advance**

On the 25th of each month, Ibercaja makes early payment of pensions to customers who have their pension paid directly into their account at the Bank.

» **Training**

Ibercaja Banco and Fundación Bancaria Ibercaja have signed a collaboration agreement to deliver training in digitalisation to senior citizens through the "*Conecta con tu banco*" (Connect with your bank) programme, which is taught by retired employees of the Bank.

1.4.2. Objectives and strategy

> The Strategic Plan 2021–2023, under the motto "Challenge 2023", is the Bank's roadmap for the three-year period.

The **Strategic Plan 2021–2023**, under the motto **"Challenge 2023", is the Bank's roadmap for the three-year period.** The **main objectives** of this plan are to **improve the Bank's recurrent profitability, reinforce Ibercaja's leadership in customer experience** as a differential value and **accelerate its transformation to ensure that it remains competitive** moving forwards while maintaining its own independent and sustainable project.

The plan is divided into two main programmes:	
1. Customers and profitable growth	**2. Productivity and efficiency**

Two blocks of initiatives common to both programmes:
High-value initiatives
Enabling initiatives

1. Customers and profitable growth

This programme is based on the **premise** that the entire organisation must **focus on the customer and on fully satisfying their needs** by anticipating their concerns, with a personalised value proposition, and giving them a truly global service that makes a genuine difference.

Knowledge of the customer and business intelligence

During the first half of 2022, work continued on customer knowledge to further personalise the value proposition through optimal business intelligence.

Customer experience is a basic pillar of the management process. In 2021, Ibercaja ranked among the Top 3 in the Financial Sector Customer Satisfaction Benchmark (BMKS), which measures the quality perceived by the customer, while the Iquos study carried out by the consultancy firm Stiga ranked Ibercaja as the fourth best performing institution in Spain. In addition, the Ibercaja app is one of the best rated apps on platforms such as Apple Store or Google Play. **Digital sales** continued to rise in the first half of 2022 to reach 40.0% of the total (compared to 36.4% in 2021), with a notable increase in the mortgage segment to 18.9% (13.4% in 2021).

Model for charging products and services

This initiative seeks to redefine the way products and services are created and made available to customers while maximising revenues. Highlights in 2022 include a new approach to account and card plans, together with the development and testing of new products that will be launched soon. Thanks to all this hard work, bank fees increased from 68 million euros in the first half of 2021 to 82 million euros in the same period of 2022.

Business banking

The positive performance of the business in loan origination, loan portfolio and market share has been supported by the implementation of a series of **relevant actions**:

» **Eureka Plan**

Seeks to make specialised company and business managers more efficient in their work by reducing their administrative workload to allow them to focus more on the customer.

» **Launch of the Risk-Adjusted Business Intelligence (RABI) model for existing and potential customers**

Aims to drive growth by identifying loyalty opportunities based on customer type and timing.

» **Advice and management of Next Generation EU Funds for customers**

An action plan has been drawn up to make it easier for companies to access the opportunities offered by Next Generation EU Funds. To succeed in this task, the **Ibercaja NEXT Assistant** has now been launched. The assistant offers a series of standard features and functionalities available to all users (general information, profiling to find calls for applications tailored to the customer's profile, news, videos and a list of calls) and premium access exclusively for Ibercaja customers, allowing them to view and keep track of each call, see the probability of success indicator, hear the analyst's key advice and receive alerts and updates. The assistant is a further initiative under the collaboration agreement with consultancy firms Mazars and Silo to offer a specialised advisory service to companies interested in applying for EU funding. Meanwhile, events and seminars were held in different parts of Spain during the period to inform customers about the availability of the funds, and a collaboration agreement was signed with Hiberus, Integra and Inycom (companies specialising in digitalisation), with Microsoft also joining in as a technology provider, to help micro, small and medium-sized enterprises and the self-employed access and take advantage of the **Digital Kit** grants.

Personal Banking

Ibercaja was the first institution in Europe to design, implement and certify a management model for Personal Banking customers. This initial model, deployed a few years ago, has evolved over time to adapt to changing operational and commercial needs.

As part of the Challenge 2023 Strategic Plan, the Bank is carrying out a **profound transformation of the model** to achieve the following benefits:

- Ensure a greater **focus** on the integrated management of **customer needs** according to their life cycle.
- **Global vision** when it comes to managing the **customer's wealth** by integrating the families of products available (under both the advisory and portfolio management models), as well as the different simulators.
- Tailor management to consumer habits by incorporating the figure of **Personal Digital Banking Manager** and the **functionalities implemented at the Bank in recent years** (Digital Banking, App, Commercial Portal, My Manager or video call).
- Monitor the model focused on a **new** Network Systematics **KPI environment.**

Risk insurance

The marketing and sale of risk insurance is one of **Ibercaja's priorities** as it seeks to cover its customers' insurance needs by offering a wide range of insurance products in collaboration with Caser.

The **"Peace of mind for what matters to you"** campaign was one of the key actions undertaken during the six-month period. With the aim of optimising household costs, Ibercaja has also launched the **"Vamos Insurance Account"**, a credit account with no interest or fees, where customers can make single fixed monthly payment for all the products they have arranged.

The **risk insurance portfolio** grew **8.1% year-on-year** to 158 million euros. In the **digital realm**, the percentage of non-life risk insurance sales to total sales is now **8.4%.**

2. Productivity and efficiency

The aim here is to enable the organisation to **redirect resources** and focus them on **value creation**, while reducing less productive operating costs, so that these savings are used to accelerate the Bank's digital and operational transformation.

Development of the operating model

The Bank has continued to develop its **operating model**, which pursues **excellence in internal processes and in customer transactions and better use of resources**. As well as strengthening mechanisation and robotisation, Ibercaja has implemented a line of artificial intelligence utilities linked to document and information analysis. The creation of artificial intelligence solutions in processes such as credit investments and risk has already delivered significant results by reducing the hours worked by the human team and leveraging the data obtained by these utilities.

Base budget 0

Progress has been made in drawing up a **cost matrix** as a preliminary step for the future implementation of the first annual cost budget 2.0.

In addition, two blocks of cross-cutting initiatives have been established for the two programmes:

1. High-value initiatives

Pricing and efficient allocation of capital

The **capital policy** has been defined and **capital scorecards** have been developed to enable value-oriented decision-making (efficiency, profitability and capital adequacy).

IRB model

The ECB's **approval** process for **IRB models** in both mortgages and corporates continued throughout the period.

Data governance

The data dictionary now contains **4,717 catalogued terms**, compared to 3,896 in 2021, thus showing the progress made towards this initiative. Another important milestone was the **governance of relevant credit risk data** given its strategic and regulatory significance.

2. Enabling initiatives

Strategic people planning

Training, internal functional **mobility**, **career plans**, external **search** for **profiles** not available in the workforce, and reducing the pay gap are just some of the courses of action being pursued under this section.

Purpose and sustainability

Under this initiative, the **sustainability business strategy** and an **action plan** have been devised on the basis of the ECB's guide on climate-related and environmental risks. On the purpose side, work is in progress to integrate it into the value proposition offered to customers.

Development of the technology model

The **continuous improvement of the technological model aligned with business requirements** (efficiency, agility, risk management and control) is a permanent challenge. The Windows 365 business platform was installed for the entire workforce in the first half of the year.

Actions in relation to Article 44 of Spanish Law 26/2013 of 27 December, on savings banks and banking foundations

Ibercaja postponed its **IPO** in early February amid increased volatility in the capital markets caused by rising geopolitical tensions and the ensuing war between Russia and Ukraine. **Fundación Bancaria Ibercaja decided to set up, before the end of 2025, a reserve fund of 316 million euros** (counting risk-weighted assets at 31 December 2021) so as to enable it to comply with the Law on Savings Banks and Banking Foundations. This decision has received the requisite clearance from the Bank of Spain, meaning that the Bank is no longer subject to the 31 December 2022 deadline for reducing the Foundation's stake in the Bank to below 50% of capital. The amounts posted to the reserve fund will come entirely from the dividend that the Bank will distribute to the Foundation out of ordinary profits from its activities in the coming years. **The Foundation has so far posted 108 million euros**. This alternative, which is provided for under applicable law and regulations, will enable Ibercaja Banco's IPO to proceed once the market is more propitious and without having to worry about the time limit.

1.4.3 Lines of the Group's Business Model

> *Ibercaja is committed to a universal banking model, focused on the retail business and based on a solid relationship with the customer, expert advice, quality of service and innovation.*

It serves a **stable base of 1.8 million customers (management units)**, comprising households, companies and public and private institutions. The segmentation of customers, according to their financial needs, allows us to offer them a **diversified portfolio of products and tailor-made solutions through specialised managers**. The Bank offers basic banking services and additional or complementary products such as insurance, investment funds and pension plans, all marketed through its highly specialised financial group, whose companies it owns in full.

Ibercaja's commercial strategy is based on:

» Specialisation

The aim here is to meet the customer's financial needs and expectations through specifically qualified managers specialised in personal banking, private banking and corporate banking.

» Advice

Advisory services have become a differentiating factor for which Ibercaja is widely known. In 2012, the Bank was the first Spanish bank to earn AENOR certification for excellence in personal banking advice, and since 2007 it has held the European Seal of Excellence 500+, awarded by the European Foundation for Quality Management (EFQM), which was renewed this year under the updated EFQM Model.

EFQM Recognised for Excellence 5 Star - 2017

AENOR conform Asesoramiento Patrimonio Personal

AENOR EXCELENCIA EN EL SERVICIO 3 SERVICIO PERSONALIZADO

» Omni-channel relationship model

The customer decides how he or she would like to interact with the Bank according to their preferences, needs, characteristics, context and life cycle. The omni-channel system provides the customer with a unique and recognisable experience so that they can rely on personal interaction for their advisory needs while using digital channels for carrying out their daily transactions. Omni-channel customers generate the highest revenues, with an average number of products and services purchased far higher than those operating only in branches.

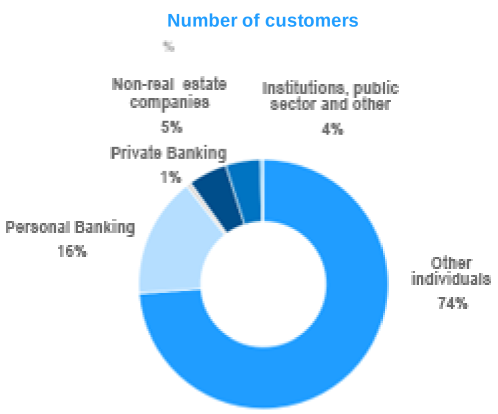
» Personalised product offering

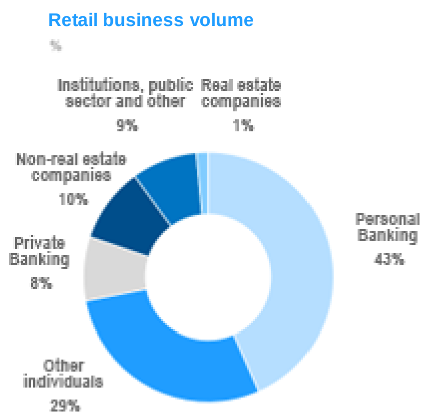
The production of the Group's subsidiaries enjoys a solid reputation and enables a customised offer tailored to each type of customer, their personal and financial circumstances and the level of risk they are willing to take.

Ibercaja's business model distinguishes the following **segments** depending on the **commercial strategy** defined for each type of customer:

1. Personal Banking	*2. Private Banking*	*3. Other individuals*
4. Non-real estate productive assets	*5. Real estate productive assets*	*6. Institutions, public sector and others*

The distribution by **segment of the number of customers** and **retail business volume** at 30 June 2022 is shown below:





A detailed description of the segments is included in the directors' report for the year ended 31 December 2021.

1.4.4 Financial Group

The Financial Group's activity enables it to provide customers with investment solutions of recognised prestige and expert support to enhance their relationship with the Bank. It also allows the Bank to diversify the business and generate recurrent revenues.

Created in 1988 and wholly owned by Ibercaja, the division is made up of **companies specialising in investment funds, savings and pension plans, bancassurance and leasing**. Its products, which are aimed at both individuals and companies, are distributed mainly through the branch network and digital channels, complementing the Bank's range of banking products and services.

Differentiating values

Innovation *and* **specialisation of products and services** *are differential values of the Ibercaja Financial Group.*

EL BANCO DEL Vamos

The companies that form part of the Financial Group are:

IBERCAJA BANCO

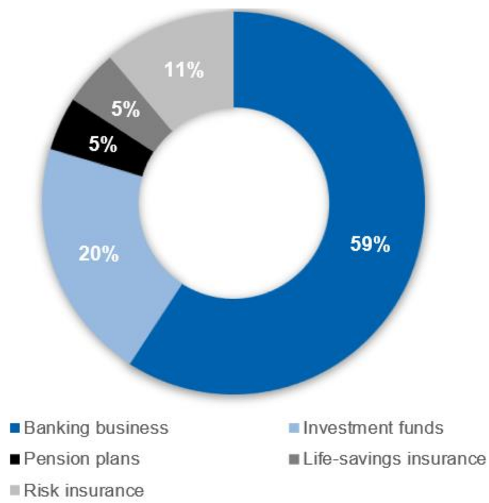
100% OWNED BY IBERCAJA

Company	Activity	Figure	Market position	Ranking
IBERCAJA MANAGEMENT	IIC manager	Equity 17.0	Market share 5.72%	#6
IBERCAJA PENSIÓN	Plan manager pensions	Equity 7.0	Market share 5.94%	#4
IBERCAJA VIDA	Life insurer	Technical provisions 6.5	Market share 3.38%	#8
IBERCAJA LEASING	Leasing & Renting	Outstanding investment 0.5	Market share 2.39% (May)	#9
IBERCAJA MEDIACIÓN	Non-life insurance broker	Premiums 0.2	Alliance with Caser	caser seguros

Figures expressed in billions of euros.

Contribution to recurrent revenues:

Assets under management and insurance account for **41% of the Group's recurrent revenues and 44% of the retail customer funds** managed by the Bank, giving rise to one of the most diversified mix of savings and income generation in the Spanish banking system.



2 Business performance and results

2.1. Highlights for the period at the Ibercaja Group

The diversification of revenue sources, the strategy of specialisation and the quality of the balance sheet are evident, even in a context of economic downturn and uncertain prospects for future business growth.

Ibercaja's commercial activity has been vigorous, with **notable improvements** in **credit origination, business financing and insurance distribution**.

» **Credit and loan origination** amounted to 3,120 million euros and was **driven** by an increase of 85.6% and 12.3% in financing of housing and non-real estate productive assets, respectively. A further highlight was the volume of working capital financing, which was 33.4% higher than in 2021.

» **Performing loans** **grew 3.4%** on the back of strong origination activity that boosted the corporate loan portfolio and allowed financing for house purchases to stabilise.

» **Normal lending to companies** **was up 2.3%,** pushing up the **market share by 7 basis points** in the first half of the year.

- **Retail customer funds** amounted to **68,480 million euros**. On-balance sheet assets grew by 2.4%, while asset management and insurance felt the effects of the losses recorded in the main financial markets.

- Despite the market volatility, **net contributions to mutual funds** showed remarkable resilience, totalling **531 million euros in the first half of the year**, accounting for 9% of the total contributions of the Spanish mutual fund industry.

- In the first half of 2022, the **volume of risk insurance premiums managed** by Ibercaja **grew by 8.1% compared to the previous year** to reach 158.2 million euros, corresponding to almost one million risk insurance policies, including life risk, non-life, agricultural and other companies.

- **New life insurance premium production was** up 32% year on year.

The Group reported a **net profit** of **115 million euros, up 22.2% on the first half of 2021**. Regular banking revenues grew 4.7%, while provisions for credit and real estate risk normalised, with a cost of risk of 25 basis points.

» **Recurrent revenues**, meaning interest income plus net fee and commission income, **rose 4.7%** to 470 million euros, driven by the good performance of fees and commissions (both banking and non-banking) and the stabilisation of the interest margin. The upturn in interest rates is starting to affect the performance of the loan portfolio, which will provide a significant boost to the interest margin throughout latter half of the year.

» **Operating expenses were down 4.1%,** due to the cost savings achieved under the redundancy programme. The **recurring cost-to-income ratio** improved by nearly six percentage points to reach **60.1%.**

» **Recurrent revenues before write-downs** totalled 188 million euros, **up 21.7% on the previous year**, thanks to higher recurrent revenues and lower operating expenses.

» The **cost of risk** fell by **25 basis points**; down on the previous year (30 basis points) and falling short of the mid-term target (30 basis points).

Non-performing assets on the balance sheet continued to decline during the period, without the weakness of the macroeconomy generating any impairment in the credit quality of the Group's investments, with high levels of hedging. The Bank maintains the **strength of its capital ratios,** with a **CET1 ratio of 12.4% fully-loaded.**

- **Non-performing assets** were down **13.6%** in the first half of the year, with the NPL ratio shedding 37 basis points to 1.9%. The positive gap with respect to credit institutions as a whole widened to 225 basis points. The **coverage ratio of non-performing exposure** rose by over 6.3 percentage points to **81.6%.**

- The **portfolio of foreclosed properties** declined by 14.3% thanks to sales of land during the period. The **net value of foreclosed properties** stood at 194 million euros, representing **0.3% of the balance sheet**.

- The **aggregate of non-performing and doubtful exposures and foreclosed assets** was down by 175 million euros. The **non-performing asset ratio (3.3%)** has fallen by 64 basis points since December 2021, while the **coverage ratio** of these assets **(71.6%)** has risen by almost 3 percentage points.

- The Group has a **sound funding structure** based on the deposits of retail customers, who account for **78.5%** of external funding, thus bringing the loan-to-deposit ratio (LTD) ratio to below 100%. **Available liquidity** accounts for **23.5% of the balance sheet** and comfortably covers all maturities of wholesale debt.

» The fully-loaded **CET1 ratio stood at 12.4%,** in line with the Group's medium-term target. The **total capital ratio** was **17.0%**, one of the highest in the Spanish banking system. The **MDA ratio**, which measures excess capital beyond SREP requirements, was **459 basis points**.

» In early June, Ibercaja successfully completed the placement of a euro senior preferred debt issue worth 500 million euros, bringing the **MREL ratio to 20.5%, compared to the 21.1% requirement applicable as of January 2024**, thus making considerable progress towards achieving this regulatory target.

» **Fitch Ratings has upgraded Ibercaja Banco's long-term credit rating** to BBB- with a stable outlook, **thus placing it in investment grade territory.**

Key indicators

FIGURES ROUNDED TO MILLION EUROS AND %

BALANCE SHEET	30/06/2022	31/12/2021	CHG. %
Total assets	60,363	58,631	3.0
Gross loans and advances to customers	32,090	31,195	2.9
Performing loan portfolio exc. reverse repurchase agreements	29,845	28,862	3.4
Total retail funds	68,480	70,163	(2.4)
Equity	3,188	3,270	(2.5)
Retail business volume	98,326	99,025	(0.7)

RESULTS (thousands of euros)	30/06/2022	30/06/2021	CHG. %
Interest margin	246,468	246,123	0.1
Gross income	469,245	486,610	(3.6)
Profit before write-downs	186,763	191,979	(2.7)
Profit/(loss) attributed to the parent	114,921	94,060	22.2

EFFICIENCY AND PROFITABILITY	3/06/2022	30/06/2021	CHANGE
Recurrent cost-to-income ratio (ordinary expenses/recurrent revenues)	60.1%	65.6%	(5.5) p.p.
ROA (profit attributable to the parent company/total average assets)	0.39%	0.33%	0.06 p.p.
RORWA (profit attributable to the parent company/APR)	1.3%	1.0%	0.3 p.p.
ROE (profit attributable to the parent company/average own funds)	7.9%	6.6%	1.3 p.p.
ROTE (profit attributable to the parent company/average tangible own funds)	8.7%	7.2%	1.5 p.p.

RISK MANAGEMENT	30/06/2022	31/12/2021	CHANGE
Non-performing balances (loans and advances to customers)	620	718	(13.6)%
Non-performance rate of loans and advances to customers (%)	1.9%	2.3%	(0.4) p.p.
Ratio of problem assets (%)	3.3%	4.0%	(0.7) p.p.
Coverage of non-performing exposures	506	540	(6.3)%
Coverage of non-performing exposures (%)	81.6%	75.3%	6.3 p.p.
Coverage of exposure to problem assets (%)	71.6%	68.8%	2.8 p.p.

LIQUIDITY	30/06/2022	31/12/2021	CHANGE
Available liquidity/total assets (%)	23.5%	26.0%	(2.5) p.p.
Loan-to-deposit ratio (LtD)	78.8%	78.2%	0.6 p.p.
LCR ratio (%)	423.1%	452.0%	(28.9) p.p.
NSFR ratio (%)	153.6%	152.2%	1.4 p.p.

CAPITAL ADEQUACY	30/06/2022	31/12/2021	CHANGE
CET1, phase-in (%)	12.8%	13.4%	(0.6) p.p.
Capital adequacy ratio, phase-in (%)	17.5%	18.1%	(0.6) p.p.
Leverage ratio, phase-in (%)	4.9%	6.0%	(1.1) p.p.
CET1, fully loaded (%)	12.4%	12.7%	(0.3) p.p.
Total capital, fully loaded (%)	17.0%	17.4%	(0.4) p.p.
Leverage ratio, fully loaded (%)	4.8%	5.8%	(1.0) p.p.

ADDITIONAL INFORMATION	30/06/2022	31/12/2021	CHG. %
No. of Group employees	4,722	4,880	(3.2)
No. of branches	897	914	(1.9)

2.2. Analysis of the main balance sheet figures

Strong momentum in new financing for house purchases and companies, while asset quality indicators strengthened, with the NPL ratio falling to 15-year lows.

Key figures on the consolidated balance sheet:

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	31/12/2021	CHANGE	CHANGE (%)
Cash and credit institutions	7,308,895	6,749,981	558,914	8.3
Loans and advances to customers	31,583,733	30,655,026	928,707	3.0
Securities portfolio	18,410,982	18,214,267	196,715	1.1
Tangible assets	1,004,806	1,004,091	715	0.1
Intangible assets	271,863	269,167	2,696	1.0
Other assets	1,782,308	1,738,877	43,431	2.5
Total assets	**60,362,587**	**58,631,409**	**1,731,178**	**3.0**
Deposits from credit institutions and central banks	7,149,059	6,616,302	532,757	8.1
Customer deposits	39,176,001	38,268,280	907,721	2.4
Debt securities issued	1,763,647	1,316,321	447,326	34.0
Liabilities under insurance contracts	6,383,170	7,121,494	(738,324)	(10.4)
Provisions	219,410	268,943	(49,533)	(18.4)
Other liabilities	2,483,741	1,769,668	714,073	40.4
Total liabilities	**57,175,028**	**55,361,008**	**1,814,020**	**3.3**
Equity	**3,187,559**	**3,270,401**	**(82,842)**	**(2.5)**
Total equity and liabilities	**60,362,587**	**58,631,409**	**1,731,178**	**3.0**

EL BANCO DEL vamos

Assets

Total assets on the consolidated balance sheet amounted to **60,363 million euros**, compared to 58,631 million euros in December 2021; the 3.0% increase was mainly due to growth in loans and advances to customers, cash balances and deposits with credit institutions and securities portfolio.

Loans and advances to customers, recognised as financial assets at amortised cost and financial assets not held for trading which must be measured at fair value through profit or loss came to **31,584 million euros**, up 3.0% on year-end 2021. In gross terms, i.e. without value adjustments for asset impairment, the loan portfolio amounted to 32,090 million euros. Performing loans totalled 29,845 million euros, excluding non-performing assets and reverse repos, revealing an increase of 3.4% since December. The seasonal effect of advances to pensioners contributed 369 million euros to the growth of the balance.

The profile of the Group's portfolio is low risk, with home loans accounting for 61% of the total. Without losing this specialisation, the Bank is progressively increasing its share of corporate loans, which now represents 27% of the total performing lending balance.

Distribution of loans and advances to customers by purpose:

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	31/12/2021	CHANGE	CHANGE (%)
Loans to households	20,120,676	19,818,759	301,917	1.5
Housing	18,095,416	18,100,029	(4,613)	0.0
Consumer loans and other	2,025,260	1,718,730	306,530	17.8
Loans to companies	8,198,856	8,015,693	183,163	2.3
Real estate development	952,149	973,401	(21,252)	(2.2)
Non-real estate productive activities	7,246,707	7,042,292	204,415	2.9
Public sector and other	1,525,715	1,027,984	497,731	48.4
Gross loans, ex impairment and reverse repos	29,845,247	28,862,436	982,811	3.4
Reverse repurchase agreements	1,624,565	1,615,394	9,171	0.6
Impaired assets	620,141	717,621	(97,480)	(13.6)
Gross loans and advances to customers	32,089,953	31,195,451	894,502	2.9
Impairment losses and others	(506,220)	(540,425)	34,205	(6.3)
Loans and advances to customers	31,583,733	30,655,026	928,707	3.0

Normal loans to companies amounted to 8,199 million, an increase of 2.3%. The market share of credit to non-financial corporations climbed 7 basis points in the year to 1.56% (last figures available at May). **Financing of non-real estate productive activities** rose by 2.9% in the period, due to increased origination during the six months under the strategy to diversify Ibercaja's credit mix. Exposure to **real estate development is of relatively little concern and fell 2.2% during the period.** **Home loans** were up by 1.5%. Its main component, namely **loans for house purchase**, remained stable compared to the end of 2021. The sharp increase in new production was successful in offsetting the natural maturities of the portfolio and the increase in prepayments, due to the savings amassed by households during the two years of the pandemic and expectations of rising interest rates. Meanwhile, **consumer credit and other financing to households,** with a limited weight to total lending activity, increased by 307 million euros, as a result of the advance pension payments mentioned earlier, partly offset by the decline in consumer credit.

Loan and credit origination totalled **3,120 million euros**, 15.5% more than in June 2021, mainly on the back of loans for home purchases, which amounted to 1,012 million euros, 85.6% higher than in the previous year. The commercial campaign to simplify access to mortgage loans and improve conditions for first-time home buyers were largely behind the solid performance of this type of financing. New lending to non-real estate companies amounted to 1,432 million euros, up 12.3% year on year, well above the target set for the first half of the year. Meanwhile, working capital credit origination for companies reached 4,910 million euros, up 33.4% on the same period of 2021. More than 965 million euros was arranged in the month of June, making it an all-time high for the Bank. By geographical markets, Madrid and the Mediterranean Basin accounted for 52% of total lending in the year, while the Traditional Zone accounted for 35%.

Asset quality indicators (NPL ratio, foreclosed assets and coverage)

	THOUSANDS OF EUROS AND %	
	30/06/2022	31/12/2021
Non-performing loans and advances to customers	620,141	717,621
Loans and advances to customers (gross)	32,089,953	31,195,451
Non-performance rate of loans and advances to customers (%)	1.9%	2.3%
Problem assets (non-performing loans and advances to customers + foreclosed assets)	1,084,831	1,259,862
Exposure (loans and advances to customers + repossessed assets)	32,554,643	31,737,692
Problem asset ratio (%)	3.3%	4.0%
Non-performing loans and advances to customers	620,141	717,621
Coverage of non-performing exposures	506,220	540,425
Coverage of non-performing exposures (%)	81.6%	75.3%
Foreclosed assets (gross carrying amount)	464,690	542,241
Coverage of foreclosed assets	270,621	326,197
Foreclosed asset coverage ratio (%)	58.2%	60.2%
Problem assets (non-performing loans and advances to customers + foreclosed assets)	1,084,831	1,259,862
Coverage of problem assets	776,841	866,622
Problem asset coverage ratio (%)	71.6%	68.8%

Asset quality indicators continued to perform positively during the period, without being affected by the economic uncertainty or the gradual end of the interest-only period for ICO loans. **Impaired** loans and advances to customers came to 620 million euros, **down 13.6% in the year to date**. Non-performing loans totalled 103 million euros, below pre-COVID levels, although they were up 11% year-on-year in the first half of the year due to the reclassification of certain transactions, in accordance with applicable law and regulations, due to the risk of the borrowers' country of residence. Meanwhile, the volume of recoveries, at 116 million euros, was up 7% compared to June 2021. On like-for-like terms, and based on the latest statistical information released by the Bank of Spain at the end of May, the decline in impaired assets at Ibercaja (-11.1%) was significantly greater than that of the sector (-2.9%).

The **NPL ratio**, for the first time since 2007, **dropped below 2%** to end the period at 1.9%; one of the lowest in the Spanish banking system. This ratio fell by 37 basis points compared to December 2021, widening the favourable spread vis-à-vis all banks to 225 basis points (199 basis points at the end of 2021). The **coverage ratio of non-performing loans** rose 6.3 percentage points to **81.6%**, one of the highest among peer institutions.

The **foreclosed real estate portfolio**, as recognised under investment property, inventories and non-current assets held for sale on the balance sheet, totalled **465 million euros, gross**, 14.3% less than in December 2021. The decline in foreclosed assets in the first half of the year, at 78 million euros, was entirely due to the sale of land. Total sales, at 107 million euros, returned to the levels reported in the first half of 2019 and was 23% higher than a year ago. New assets acquiring foreclosed status also showed an improvement, falling 39% year-on-year. The coverage of all real estate was 58.2%, with coverage of land assets reaching 66.5%. The **net value of foreclosed assets**, at 194 million euros, was down 10.2%, representing only **0.3% of the total balance sheet**. Exposure to land assets fell below 100 million euros to 45% of the total, down from 55% a year ago.

Problem assets, **at 1,085 million euros** – the sum of non-performing loans and advances to customers and foreclosed real estate assets – were down 175 million euros, or 13.9% in relative terms. Excluding hedges, net problem assets, at 308 million euros, declined 21.7% to 0.5% of total assets. The **ratio of problem assets, 3.3%, fell by 64 basis points during the year** and the coverage ratio amounted to 71.6%, up almost 3 percentage points on December 2021.

The main aim of the Group's refinancing and debt restructuring policy is to help borrowers experiencing temporary financial difficulties meet their obligations and also, where possible, to improve risk quality by securing additional collateral. **Refinanced loans** amounted to **510 million euros, down 5.4% on year-end 2021** and accounting for only 1.6% of gross loans and advances to customers. Of total refinanced loans, 53.7% are classified as non-performing and their coverage is ratio 43.4%. On 20 May 2021, Ibercaja adhered to the Code of Best Practices (CBP) for the renegotiation of guaranteed financing provided for in Royal Decree-Law 5/2021, of 12 March, on extraordinary measures to support business solvency in response to the COVID-19 pandemic. The CBP sets out the conditions under which financial institutions will provide debtors with the measures available to companies and the self-employed to renegotiate the conditions of ICO-COVID financing operations. To mitigate the impact that the ongoing war in Ukraine may have on some companies, the Council of Ministers, at its meeting on 29 March 2022, passed a resolution amending the Code of Good Practice in relation to the framework for the renegotiation of state-backed financing provided for in Royal Decree-Law 5/2021 of 12 March. At June 2022, debt repayment deferrals amounting to 55.3 million euros had been granted and there were no requests from customers in relation to the other measures envisaged in the CBP.

The **debt moratoria** provided for under Royal Decree-Laws 8/2020 of 17 March and 11/2020 of 31 March, as well as the private moratoria provided for under the sectoral agreement, have almost all expired, **leaving a balance of only 2 million euros**. It should be noted that the amount of overdue arrears classified in stage 3 and stage 2 represent 3.6% and 25.1% of the exposure, respectively.

Up to June 2022, **ICO facilities** had been formalised for a total of **2,206 million euros**, 80.0% of which is earmarked for SMEs and the self-employed. The drawn balance, at

1,619 million euros, accounts for 19% of total financing to companies and only 2.6% is within Stage 3. The amount guaranteed by the Spanish State through the ICO amounts to 77% of the outstanding balance. Most of the state-backed credit facilities mature between 2023 and 2028. At the end of the first half of the year, 80% of ICO loans were no longer in the interest-only period, meaning that principal repayments had resumed.

As for the **distribution of the loan portfolio by stage**, the **financing included in stage 2**, following the increase in 2020 due to the effects of the pandemic, has now stabilised, **representing 4.8% of the total exposure** (7.0% for all significant Spanish institutions at the end of March) and its degree of coverage is 7.5%. This low level responds to the mortgage bias of Ibercaja's portfolio and a prudent risk underwriting policy.

The **outbreak of war between Russia and Ukraine** has disrupted the macroeconomic environment right when the Spanish economy was beginning to recover from the pandemic. **Ibercaja's direct exposure to customers or counterparties originating in the warring countries is very limited**. However, high uncertainty, inflationary pressures and the tighter borrowing conditions within the wider economy could make it harder for households and businesses to honour their payment obligations.

The **Group's portfolio of fixed-income securities, shares and equity interests in companies** amounts to **18,411 million euros**, of which 6,449 million euros corresponds to the insurance business.

> The **portfolio of securities affecting banking activity totalled** 11,962 million euros, up 1,062 million euros in the year.

- The **ALCO portfolio** managed by the parent company increased by 1,083 million euros to 11,545 million euros, due to the acquisitions carried out, mainly sovereign debt. This portfolio is made up of low-risk bonds, mainly Spanish government debt (67%) and Sareb bonds (14%), with an average duration, including coverage, of 4.8 years. The objective here is to soundly manage balance sheet interest rate risk, generate recurring earnings to strengthen the interest margin and help maintain comfortable levels of liquidity. According to the accounting classification, 95% of these financial assets are classified at amortised cost.
- **Equity**, at 386 million euros, comprised investments in unlisted companies in strategic sectors for the Bank or intended for the territorial development of the regions in which the Bank operates, together with listed shares of domestic and foreign companies. The decrease of 17 million euros in the year to date relates mainly to the sale of the holding in Solavanti, S.L., which generated a gain of 10.2 million euros, as recognised under "Gains/(losses) on derecognition of non-financial assets, net".

The **portfolio assigned to insurance activity** amounted to 6,449 million euros, down 865 million in the period.

- **Fixed income**, at 4,824 million euros and mainly comprising Spanish sovereign debt and the debt issued by credit institutions, was down 779 million euros, following the decline in the valuation of the investments due to the market effect, the reduction of provisions and the transfer from systematic savings insurance to unit-linked products.
- **Equity** amounted to 1,625 million euros, down 86 million euros owing to the capital losses incurred on the interests held by Ibercaja Vida in investment funds that are managed jointly with liabilities under insurance contracts (unit-linked) measured at fair value.

Breakdown of the securities portfolio

BY ACCOUNTING CLASSIFICATION	30/06/2022	31/12/2021	CHANGE	CHANGE (%)
	FIGURES IN THOUSANDS OF EUROS			
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,595,804	1,666,941	(71,137)	(4.3)
Equity instruments	1,595,804	1,666,941	(71,137)	(4.3)
Financial assets at fair value through profit or loss	6,376	7,451	(1,075)	(14.4)
Debt securities	6,376	7,451	(1,075)	(14.4)
Financial assets at fair value through other comprehensive income	5,548,640	6,464,034	(915,394)	(14.2)
Debt securities	5,228,623	6,118,358	(889,735)	(14.5)
Equity instruments	320,017	345,676	(25,659)	(7.4)
Financial assets at amortised cost	11,164,816	9,974,513	1,190,303	11.9
Debt securities	11,164,816	9,974,513	1,190,303	11.9
Investments in joint ventures and associates	95,346	101,328	(5,982)	(5.9)
Total securities portfolio	18,410,982	18,214,267	196,715	1.1

BY ACTIVITY AREA	30/06/2022	31/12/2021	CHANGE	CHANGE (%)
	FIGURES IN THOUSANDS OF EUROS			
Banking business	11,962,084	10,900,580	1,061,504	9.7
Of which: fixed income - ALCO portfolio	11,545,191	10,462,235	1,082,956	10.4
Of which: fixed income - subsidiary portfolio	30,457	34,932	(4,475)	(12.8)
Of which: equities	386,436	403,413	(16,977)	(4.2)
Insurance business	6,448,898	7,313,687	(864,789)	(11.8)
Of which: fixed income	4,824,167	5,603,155	(778,988)	(13.9)
Of which: equity (Unit Linked)	1,624,731	1,710,532	(85,801)	(5.0)
Total securities portfolio	18,410,982	18,214,267	196,715	1.1

The **asset balance with central banks, credit institutions and cash** is **7,309 million euros**. The increase of 559 million in the year is concentrated under the heading “Cash balances at central banks”.

Borrowing from central banks and credit institutions amounted to **7,149 million euros**, up 533 million euros on year-end 2021. **Meanwhile, deposits from credit institutions, at 1,307 million euros, were up 561 million euros, mainly as a result of the higher volume of repurchase agreements arranged with other institutions.** Recourse to the ECB stood at 5,959 million euros, of which 5,400 million euros related to TLTRO III.4 maturing in June 2023 and 559 million euros to TLTRO III.7 maturing in June 2024.

Breakdown of cash and assets at credit institutions and deposits from credit institutions and central banks

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	31/12/2021	CHANGE	CHANGE (%)
Cash and cash balances at central banks and other demand deposits	6,842,100	6,388,624	453,476	7.1
Credit institutions (financial assets at amortised cost)	466,795	361,357	105,438	29.2
Cash and credit institutions	7,308,895	6,749,981	558,914	8.3
Central bank deposits	5,842,413	5,871,128	(28,715)	(0.5)
Deposits from credit entities	1,306,646	745,174	561,472	75.3
Deposits from central banks and credit institutions	7,149,059	6,616,302	532,757	8.1

Tangible assets amounted to **1,005 million euros**, virtually unchanged on 31 December 2021. The increase of 13 million euros in property, plant and equipment for own use was offset by the reduction in investment property. **Intangible assets**, at **272 million euros**, comprise goodwill, other items generated from the acquisition of Caja3 and computer software. The development of strategic and regulatory projects was behind the increase of 3 million in this heading.

Tax assets, **at 1,283 million euros**, were down by 1.6%, following a 1.8% decrease in deferred tax assets as a result of consumption from the Group's positive pre-tax earnings.

Equity and liabilities

Customer deposits ended June at **39,176 million euros**, up 2.4% compared to the end of 2021. This change was due to the increase of 2.4% in retail deposits, driven by the propensity of households to save as confidence in the economy dwindles, caused by the rise in inflation and the ongoing war in Ukraine.

Debt securities issued, **at 1,764 million euros**, were up 447 million euros due to the combined effect of the maturity of securitisation liabilities and the issuance of senior preferred debt, eligible for MREL requirements, totalling 500 million euros.

Liabilities under insurance or reinsurance contracts totalled **6,383 million euros, down 738 million euros during the period as a result of lower obligations with customers, the losses reported by the markets and the Bank's strategy of encouraging the switch to** unit-linked products.

Retail funds under management, both on and off the balance sheet, amounted to **68,480 million euros**, down 2.4%. The increase in retail deposits, as noted above, was offset by a 7.8% decline in asset management and insurance to 30,469 million euros, due to the impact of financial market volatility on the valuation of mutual funds and pension plans. However, Ibercaja Gestión attracted **531 million in net contributions** in the first half of the year, representing 9% of the inflows into investment funds in Spain. Asset management and insurance accounted for 44.5% of the Bank's total customer funds.

Details of total retail customer funds

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	31/12/2021	CHANGE	CHANGE (%)
Retail deposits	38,011,869	37,131,170	880,699	2.4
Demand deposits	35,823,093	34,673,081	1,150,012	3.3
Term deposits (exc. covered bonds)	2,188,776	2,458,089	(269,313)	(11.0)
Asset management and insurance	30,468,605	33,031,334	(2,562,729)	(7.8)
Total retail funds	**68,480,474**	**70,162,504**	**(1,682,030)**	**(2.4)**

Provisions on the liability side of the balance sheet, at **219 million euros**, comprise funds for pensions and similar commitments, outstanding labour costs and other provisions. The net change of 50 million euros was mainly due to the use and release of balances from previous years associated with redundancy plans, and the Group's pension commitments to its employees.

Equity totalled **3,188 million euros**, 83 million euros less than at the end of 2021. The growth in shareholders' equity of 23 million euros, following the payment of dividends of 89 million euros, was insufficient to offset the decrease of 106 million euros in "Accumulated other comprehensive income" as a result of the losses on debt instruments measured at fair value.

2.3. Income statement

Improvement in the half-year results, supported by the rise in recurrent revenues, the reduction in expenses and the normalisation of the cost of risk.

Main headings of the income statement:

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	30/06/2021	CHANGE	CHANGE (%)
Interest margin	246,468	246,123	345	0.1
Net fees and commissions and translation differences	223,878	202,917	20,961	10.3
Recurrent revenues	**470,346**	**449,040**	**21,306**	**4.7**
Gains/(losses) on financial assets and liabilities	3,881	35,602	(31,721)	(89.1)
Other operating profit/(loss)	(4,982)	1,968	(6,950)	(353.2)
Other operating income and expense	(16,083)	(5,025)	(11,058)	220.1
Dividends	7,440	7,429	11	0.1
Earnings at equity-accounted entities	3,661	(436)	4,097	(939.7)
Gross income	**469,245**	**486,610**	**(17,365)**	**(3.6)**
Operating expenses	(282,482)	(294,631)	12,149	(4.1)
Profit before write-downs	**186,763**	**191,979**	**(5,216)**	**(2.7)**
Provisions, impairment and other write-downs	(50,786)	(55,764)	4,978	(8.9)
Other gains/(losses)	8,592	(1,440)	10,032	(696.7)
Profit/(loss) before tax	**144,569**	**134,775**	**9,794**	**7.3**
Taxes	(29,648)	(40,715)	11067	(27.2)
Consolidated profit/(loss) for the year	**114,921**	**94,060**	**20,861**	**22.2**
Profit/(loss) attributable to the Parent	**114,921**	**94,060**	**20,861**	**22.2**

The **interest margin** totalled **246 million euros**, up **0.1% year on year**. The higher contribution made by the fixed income portfolio and net cash, together with the lower cost of retail savings, offset the decline in revenues from lending and the Group's insurance business.

Revenues from lending fell 3.5%, due to lower unit yields. The average rate, 1.17%, shrunk by 4 basis points on the first half of 2021, in response to the repricing of the mortgage loan portfolio following the decline, until last December, of the 12-month Euribor. However, it should be noted that the upward trend in the benchmark index is starting to feed through significantly to loans. The unit yield of the portfolio in the second quarter was 1.21%, 7 basis points more than in the first quarter and 2 basis points higher than in the same period of the previous year. The positive effects of this increase will be felt more strongly in the coming months.

The **retail saving cost** fell during the period, due to the charging of negative interest, in certain circumstances, on credit balances held in demand accounts.

The **customer spread** of 1.20% was 3 basis points lower than the 1.23% recorded in the first half of 2021, due to the revision of floating rate loans mentioned earlier.

The **yield on the fixed income portfolio** came to 22 million euros. The year-on-year increase of 5 million euros was due to volume growth from purchases made and the higher average yield (0.38% vs. 0.35% in June 2021).

The **cost of wholesale issues** was 20 million euros, 10.5% more than in 2021. During the first half of 2022, a total of 500 million euros of senior debt was issued at an initial rate of 3.75%.

The **Group's balance sheet spread** of 0.84% at the end of the first half of 2021 was 2 basis points lower than in the same period of the previous year.

Breakdown of interest margin:

(FIGURES ROUNDED TO MILLIONS OF EUROS)	1H2022			1H2021			CHANGE 1H2022/1H2021		
	Average balance	Yield Cost	Yield Cost (%)	Average balance	Yield Cost	Yield Cost (%)	Volume effect	Rate effect	Net change
Financial intermediaries	7,712	35	0.90	7,608	32	0.84	1	2	3
Loans and advances to customers (a)	28,806	169	1.17	28,959	175	1.21	(1)	(5)	(6)
Fixed income portfolio	11,491	22	0.38	9,967	17	0.35	3	2	5
Income from insurance activity	6,955	47	1.35	7,555	54	1.43	(4)	(3)	(7)
Other assets	3,570	---	---	3,644	0	---	---	---	---
ASSETS (c)	**58,534**	**273**	**0.93**	**57,733**	**279**	**0.97**	**4**	**(10)**	**(6)**
Financial intermediaries	6,857	11	0.31	6,650	12	0.35	0	(1)	(1)
Retail deposits (b)	37,174	(6)	(0.03)	35,784	(3)	(0.02)	0	(3)	(3)
Wholesale issues	2,465	20	1.60	2,753	18	1.29	(2)	4	2
Costs of insurance activity	6,767	2	0.05	7,345	3	0.08	0	(1)	(1)
Other liabilities	5,271	1	---	5,201	3	---	1	(3)	(2)
LIABILITIES (d)	**58,534**	**26**	**0.09**	**57,733**	**33**	**0.11**	**0**	**(7)**	**(7)**
Customer spread (a-b)			**1.20**			**1.23**			
Balance sheet spread (c-d)			**0.84**			**0.86**			

Note: in accordance with accounting regulations, income derived from the application of negative rates is recognised according to its nature. "Financial intermediaries" on the assets side includes the negative interest on the financial intermediaries' balances on the liabilities side, the most significant of which is the income from TLTRO III. Symmetrically, "Financial intermediaries" on the liabilities side includes negative interest on the balances of financial intermediaries on the assets side.

Net fees and translation differences totalled **224 million euros, up 10.3% on June 2021**. Fees from banking activity increased by 21.4%, following the 26.1% rise in fees from collection and payment services. Fees generated from asset marketing and management were up 4.8%, as a result of the higher volume of assets under management in mutual funds and pension plans in 2021, as well as fees from risk insurance brokerage.

Net fees and commissions:

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	30/06/2021	CHANGE	CHANGE (%)
Fees for contingent liabilities and commitments	5,720	5,653	67	1.2
Collection and payment services fees	68,106	54,005	14,101	26.1
Securities services fees	18,058	23,258	(5,200)	(22.4)
. Administration, custody and trading of securities	4,308	4,080	228	5.6
. Asset management	13,750	19,178	(5,428)	(28.3)
Non-bank financial product marketing fees	131,560	120,379	11,181	9.3
Other fees	9,062	8,892	170	1.9
Fees received	**232,506**	**212,187**	**20,319**	**9.6**
Fees paid	**(9,128)**	**(9,395)**	**267**	**(2.8)**
Translation differences	**500**	**125**	**375**	**300.0**
Net fees and commissions and translation differences	**223,878**	**202,917**	**20,961**	**10.3**
Fees for marketing and asset management	141,864	135,368	6,496	4.8
Banking fees and commissions	82,014	67,549	14,465	21.4

Recurrent revenues, meaning interest income plus net fee and commission income, **rose 4.7%** to 470 million euros, driven by the good performance of fees and commissions (both banking and non-banking) and the stabilisation of the interest margin.

Dividend income amounted to **7.4 million euros**, in line with the previous year.

Gains from lending transactions stood at **4 million euros, compared to 36 million euros in 2021**. The reduction was due to the recognition of 33 million euros of capital gains in the first half of 2021 on the portion of the forward sale of the debt portfolio at amortised cost in 2020.

The **net amount of other operating income and expense** showed an expense of 16 million euros, compared with 5 million euros in the previous year. The change was largely down to the higher contribution paid to the National Resolution Fund and, to a lesser extent, by the recognition in 2021 of certain non-recurrent revenue items.

Results of entities accounted for using the equity method amounted to **4 million euros**. The improvement compared to a year earlier is down to Aramón's earnings, which were negative in 2021.

Gross income was **469 million euros**, down 3.6% on June 2021 following a reduction in net trading income (NTI), as recurrent revenues increased 4.7% year on year and now account for almost all of gross income, thus illustrating the strength of regular revenues from banking activity.

Operating expenses, at **282 million euros**, were down 4.1%. Staff expenses were down 10.0%, following the steady materialisation of savings from the release of employees under the Redundancy Plan, which ended in June 2022. Other administrative expenses, depreciation and amortisation increased 5.7%, due to those related to buildings and facilities, energy consumption and external services associated with the development of the Strategic Plan, as well as other regulatory projects.

Breakdown of operating expenses:

	FIGURES IN THOUSANDS OF EUROS			
	30/06/2022	30/06/2021	CHANGE	CHANGE (%)
Wages and salaries	(126,463)	(139,140)	12,677	(9.1)
Social security contributions	(31,297)	(34,885)	3,588	(10.3)
Contribution to pension funds and insurance policies	(7,452)	(9,404)	1,952	(20.8)
Severance payments	-	-	-	-
Other staff costs	(543)	(765)	222	(29.0)
Staff expenses	**(165,755)**	**(184,194)**	**18,439**	**(10.0)**
Buildings, installations and office equipment	(15,436)	(13,768)	(1,668)	12.1
Systems maintenance, licences, IT development and software	(11,654)	(12,169)	515	(4.2)
Communications	(5,910)	(6,929)	1,019	(14.7)
Advertising and publicity	(2,519)	(1,965)	(554)	28.2
Charges and taxes	(6,603)	(6,559)	(44)	0.7
Other management and administration expenses	(38,118)	(36,232)	(1,886)	5.2
Other general administrative expenses	**(80,240)**	**(77,622)**	**(2,618)**	**3.4**
Depreciation and amortisation	**(36,487)**	**(32,815)**	**(3,672)**	**11.2**
Operating expenses	**(282,482)**	**(294,631)**	**12,149**	**(4.1)**
Recurring operating expenses	**(282,482)**	**(294,631)**	**12,149**	**(4.1)**
Staff expenses ex WAP costs	(165,755)	(184,194)	18,439	(10.0)
Other general admin. expenses + depreciation and amortisation	(116,727)	(110,437)	(6,290)	5.7

The **recurrent cost-to-income ratio**, measured as recurrent expenses to recurring revenues, was **60.1%,** an improvement of almost 6 percentage points compared to June 2021.

Recurrent revenues before write-downs totalled 188 million euros, **up 21.7% on the previous year**, thanks to higher recurrent revenues and lower operating expenses.

Provisions and write-downs reported as losses on impairment of financial assets, non- financial assets, non-current assets held for sale and allowances for provisions, at 51 million euros, were down 8.9% on the first half of 2021.

Write-downs of loans and foreclosed real estate assets totalled 40 million euros, down 8.5 million euros compared to June 2021, due to higher recoveries of NPLs and a reduction in the stock of foreclosed real estate assets. The **Group's cost of risk**, calculated as the ratio of credit and real estate impairment to average exposure, was **25 basis points**, lower than the figure reported in the previous year, when it came to 30 basis points.

The Bank set up a fund worth 9 million euros to reflect the new macroeconomic scenarios amid the war in Ukraine and the energy crisis. In addition, the fund to cover the effects of the COVID-19 pandemic, for a total of 52 million euros at year-end 2021, was adjusted to 49 million euros during the period, in response to changes in the customer portfolio affected by this situation.

The heading **Provisions** includes provisions for pensions, lawsuits, pending tax litigation, commitments and guarantees given and other provisions. It lowered earnings by 3.6 million euros, a similar amount to 2021.

Other gains and losses includes gains/(losses) on the sale of property, plant and equipment and business interests, as well as the payment of fees for the marketing of foreclosed properties. This heading showed **income of 8.6 million euros**, compared with a loss of 1.4 million in 2021. The improvement is due to the capital gain obtained on the disposal of the Bank's stake in the capital of the company Solavanti S.L.

The Group's **pre-tax profit** amounted to **145 million euros**. After deducting the corporate income tax expense, **profit attributable to the parent** was **115 million euros.**

ROTE (ratio of net income to average tangible equity) was **8.7%,** compared to 7.2% in June 2021.

3

Funding and liquidity structure

3. Funding and liquidity structure

Retail deposits are the basis of the Group's external funding.

Ibercaja has traditionally employed a **conservative liquidity policy**, as it seeks to finance the growth of its lending activity with retail customer funds. The Bank prudently manages its liquidity and ensures that its sources of financing are balanced and well-diversified, anticipating fund needs so as to honour its obligations as these fall due without conditioning its investment activity to the climate of wholesale financing markets.

The basic principles governing this **strategy** are: active management through an **ongoing monitoring system**, based on internal limits and indicators documented in the Liquidity Manual; establishing **measures and actions to respond to crisis scenarios (contingency plan)**, harnessing the various alternatives offered by the market to diversify investments in relation to their duration and ensure a suitable mix of highly-liquid instruments; and maintaining a significant **guarantee asset buffer at the ECB** to cover possible tensions.

Liquidity risk is measured by taking into account the **estimated cash flows from assets and liabilities**, as well as any **additional collateral or instruments** that may be needed so as to ensure alternative sources of liquidity. **Short, medium and long-term outlooks** are prepared in order to gauge financing needs and limit compliance. These forecasts take into account the latest macroeconomic trends because of their impact on the performance of the assets and liabilities shown on the balance sheet, as well as contingent liabilities and derivative products. Liquidity risk is also controlled by setting **exposure limits**, within ranges that are compatible with the policies to have been approved.

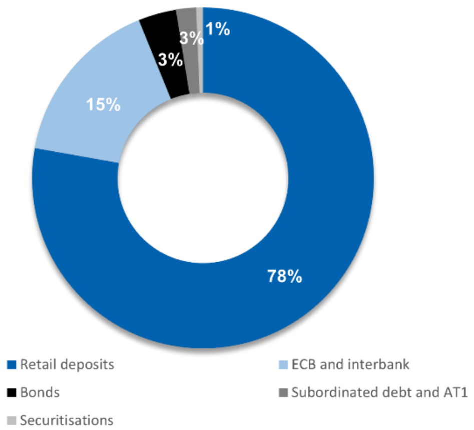
Note 3.8. to the 2021 financial statements *provides a more detailed explanation of the* ***Bank's strategy and policies for managing liquidity risk, as well as the associated measurement and control procedures.***

Retail customer deposits are the **main source of external funding, accounting for 78.5% of the total**. The loan to deposit ratio (LTD) stands at 78.8%. In the first six months of the year it increased by 61 basis points, due to higher growth in lending (+3.2%), compared to retail deposits (+2.4%).

Wholesale funding supplements the funding obtained from individuals and companies. It is centred on the medium and long term and includes repos and balances held by the Group at the ECB, mortgage bonds, securitisations, subordinated liabilities and other issues.

Central bank deposits, at **5,842 million euros**, came entirely from TLTRO III tenders. Its weight to total external funding has fallen from 12.6% at 31 December 2021 to 12.1% at present.

Breakdown of funding structure



Deposits from credit institutions, **at 1,307 million euros**, accounted for 2.7% of borrowed funds, compared with 1.6% in 2021, with the growth (561 million euros) being largely due to the higher volume of repurchase agreements with other institutions.

Customer deposits accounted for 80.9% of total funding (82.2% in December 2021), up 2.4% to reach **39,176 million euros**. The change in the year is due to the increase in retail deposits (demand savings and traditional time deposits without mortgage-covered bonds or repos).

Debt securities issued, **totalled 1,764 million euros**, up 34.0% to represent 3.6% of total external borrowings, compared to 2.8% at 31 December 2021. The increase of 447 million euros was largely due to the combined effect of the maturity of securitisation liabilities and the issuance of senior preferred debt, eligible for compliance with MREL requirements, worth 500 million euros.

Composition of external funding:

FIGURES IN THOUSANDS OF EUROS AND %	30/06/2022		31/12/2021		CHANGE	
	BALANCE	%	BALANCE	%	BALANCE	%
Central bank deposits	5,842,413	12.1	5,871,128	12.6	(28,715)	(0.5)
Deposits from credit entities	1,306,646	2.7	745,174	1.6	561,472	75.3
Customer deposits	39,176,001	80.9	38,268,280	82.2	907,721	2.4
Of which: retail deposits	38,011,869	78.5	37,131,170	79.8	880,699	2.4
Debt securities issued	1,763,647	3.6	1,316,321	2.8	447,326	34.0
AT1 issue	350,000	0.7	350,000	0.8	---	---
EXTERNAL FUNDING	**48,438,707**	**100.0**	**46,550,903**	**100.0**	**1,887,804**	**4.1**
Retail financing	38,011,869	78.5	37,131,170	79.8	880,699	2.4
Wholesale financing	10,426,838	21.5	9,419,733	20.2	1,007,105	10.7

Available liquidity totalled **14,213 million euros**, representing 23.5% of total assets. Counting the issuance capacity for mortgage-covered bonds and regional covered bonds, of 8,966 million euros, **total available liquidity** came to **23,179 million euros**.

Liquidity metrics remain at very comfortable levels. The liquidity coverage ratio (LCR), which measures the level of high-quality liquid assets free of charges needed to overcome a liquidity stress scenario at 30 days, stands at **423.1%**, well clear of the 100% regulatory requirement. The **NSFR** ratio is **153.6%**. This indicator shows the proportion of funding for one year covered by stable liabilities, the aim being to ensure an even balance sheet structure that limits excessive reliance on short-term wholesale funding.

Liquidity indicators:

FIGURES IN THOUSANDS OF EUROS AND %	30/06/2022	31/12/2021
Cash and central banks	6,496,809	6,183,416
Available under facilities	1,049,412	1,050,679
Eligible assets not included under facilities	6,266,283	7,590,280
Other assets not eligible for ECB	400,009	425,796
AVAILABLE LIQUIDITY	**14,212,513**	**15,250,171**
Issuance capacity for mortgage covered and public sector covered bonds	8,966,464	8,776,402
TOTAL AVAILABLE LIQUIDITY	**23,178,977**	**24,026,573**
Available liquidity/total assets (%)	23.5%	26.0%
Loan-to-deposit ratio (%)	78.8%	78.2%
LCR (%)	423.1%	452.0%
NSFR (%)	153.6%	152.2%

The **maturities of wholesale market issuances** present a staggered redemption schedule through to 2027. Total available liquidity, at 23,179 million euros, covers 2.6 times the debt maturities and the amount taken at the TLTRO III auction.

Expected liquidity trends and fluctuations:

Business development projections suggest that the Group will have adequate levels of liquidity in the short and medium term, in line with both internal management and regulatory limits. The Bank has a high weight of retail funding, which is highly stable, and wholesale issues are of little relevance and staggered maturity. However, in the event of a hypothetical increase in liquidity tensions in the economy or a contraction in the credit market affecting liquidity and the deposit base, the Group, in addition to its current comfortable liquidity position, has various sources of funding (issuance of senior debt and covered bonds, as well as recourse to ECB funding through pledging of fixed-income securities, own issues and securitisation of assets), as well as recourse to ECB financing through the pledging of fixed income, own issues and asset securitisation) and, if necessary, would implement the specific Contingency Plan it has established for crisis situations.

4 Capital management

4. Capital management

Solid capital adequacy ratios well above minimum regulatory requirements and in line with the Bank's medium-term targets.

The **Group's capital management** is there to ensure **that regulatory requirements are fulfilled at all times and to maintain an adequate relationship between the risk profile and own funds**. Capital adequacy is self-assessed by the Bank on a regular basis through processes to identify, measure and aggregate risks in order to determine the capital needed to cover them. Above and beyond minimum regulatory capital requirements, the Group sets itself a capital target that exceeds actual needs and it forecasts capital sources and consumption on the basis of business performance and expected results in the mid term.

Based on the expected changes in Ibercaja Banco's capital and solvency ratios, Ibercaja Banco will be able to cope with potential stress scenarios. However, in the event that an extraordinarily adverse change in the macroeconomic climate, in applicable regulations or in the banking business requires the Group to resort to alternative capital sources in order to cover a possible shortfall, the Group, following European Banking Association (EBA) guidelines and recommendations, as well as the provisions of Law 11 of 18 June 2015, on the recovery and resolution of credit institutions and investment firms, has defined a recovery plan aimed at prevention and at guaranteeing its capacity to respond accordingly to any possible deterioration in its capital adequacy or funding capacity.

In February 2022, Ibercaja received from the European Central Bank the decision regarding the new minimum prudential capital requirements, once the results of the Supervisory Review and Evaluation Process (SREP) became known. This decision means that Ibercaja Banco must maintain, **as of 1 March 2022, a phased-in Common Equity Tier 1 (CET1) ratio of 8.21% and a phased-in Total Capital ratio of 12.65%**. This total capital requirement includes the minimum Pillar 1 requirement (8%, of which CET1 4.5%), the Pillar 2 requirement (2.15%, of which at least 1.21% must be met with CET1) and the capital conservation buffer (2.5%).

The Ibercaja Group's total capital at 30 June 2022 amounted to 3,183 million euros, giving a **total capital ratio** of **17.46%**. The **phased-in CET1 ratio**, which measures the relationship between Tier 1 capital and risk-weighted assets, was **12.80%,** These capital levels imply, based on SREP requirements, an excess of total capital and CET1 of 4.81 and 4.59 percentage points, respectively.

Capital adequacy performance and key indicators

(FIGURES ROUNDED TO MILLIONS OF EUROS AND %)	PHASED-IN		FULLY-LOADED	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Tier 1 capital	2,683	2,770	2,601	2,640
Common Equity Tier 1	2,333	2,420	2,251	2,290
Additional Tier 1 capital	350	350	350	350
Tier 2 capital	500	500	500	500
Total Capital	3,183	3,270	3,101	3,140
Risk-weighted assets	18,227	18,052	18,205	18,014
RWA density (RWAs/total assets)	30.20%	30.79%	---	---
Tier I (%)	14.72%	15.35%	14.29%	14.65%
CET1 (%)	12.80%	13.41%	12.37%	12.71%
AT1 (%)	1.92%	1.94%	1.92%	1.94%
Tier 2 (%)	2.74%	2.77%	2.75%	2.78%
Total capital ratio (%)	17.46%	18.12%	17.04%	17.43%
Leverage ratio (%)	4.92%	6.01%	4.77%	5.75%
MREL ratio based on RWA (%)	20.48%	18.39%		
MREL ratio based on LRE (%)	6.84%	7.21%		

In fully loaded terms, the **total capital ratio** was **17.04%**, while **CET1** was **12.37%.** Both ratios are aligned with the mid-term target set by the Bank. The decrease of 34 basis points in CET1 in the year to date is due to the impact of the valuation of the portfolios, which detracted 69 basis points from the ratio.

The **leverage ratio** shows the ratio of a credit institution's capital to assets, irrespective of the degree of riskiness of those assets. The 3% leverage ratio requirement has been mandatory since 28 June 2021. In September 2020, the ECB, amid the ongoing COVID- 19 crisis, allowed credit institutions to temporarily exclude certain exposures to central banks from the denominators of their leverage ratios; an option taken up by Ibercaja. In June 2021, the ECB extended this measure until the end of March 2022. Therefore, as of 1 April 2022, exposures to central banks are once again counted when calculating the leverage ratio. At 30 June 2022, the **fully-loaded leverage ratio of the Ibercaja Group** was **4.77%**, which is above the minimum requirement.

The new Bank Recovery and Resolution Directive (BRRD2) sets 1 January 2024 as the date for compliance with the **MREL requirements** and sets an intermediate requirement to be met by 1 January 2022. Both are to be expressed as a percentage of risk-weighted assets and leverage ratio exposure.

According to the Bank of Spain's notification of the latest decision of the Single Resolution Board, the Group must have **as at 1 January 2024** a percentage of own funds and eligible liabilities of **18.59% of risk-weighted assets (21.09% including the combined requirement of capital buffers)**. The requirement **in terms of leverage ratio was 5.21%**. In early June, Ibercaja successfully completed the placement of a euro senior preferred debt issue worth 500 million euros, bringing the **MREL ratio** to **20.48%** of risk-weighted assets, compared to the 21.09% requirement applicable as of January 2024, thus making considerable progress towards achieving this regulatory target.

According to the definition of 'Distributable items' under the CRR, the balance of Distributable items, at the individual level of Ibercaja Banco as at 30 June 2022, amounted to **422 million euros.**

5 Risk management

5. Risk management

Risk management, both financial and sustainability-related, is key to Ibercaja's business development strategy.

Global risk management is one of **Ibercaja's strategic priorities** in order to preserve its financial strength and grow the business in accordance with the risk appetite and tolerance levels determined by the governing bodies.

Risk management is structured through the **Risk Appetite Framework**, the key aim of which is to establish a set of **principles, procedures, controls and systems through which the Group's risk appetite is specified, communicated and monitored**. Risk appetite is the level or profile of risk that the Bank is willing to accept and maintain, in terms of type and amount. Risk appetite must be geared towards achieving the targets of the Strategic Plan, in accordance with the established lines of action.

The Group's risk management principles are as follows:

- Maintain a **medium-low risk** profile.
- Comply with **regulatory requirements** and with the capital and liquidity targets set in the self-assessment processes.
- Maintain **proper risk governance** with the effective involvement of senior management and the Board of Directors.
- Foster a **risk-aware culture** and ensure that the organisation understands the level and nature of risks to which it is exposed.
- Maintain the **trust** of customers, investors, employees, suppliers and other stakeholders.
- Preserve **levels of credit, market and interest rate risk** that ensure a moderate-low risk profile and the objectives of profitability and capital adequacy.
- Prevent **risk** concentration.
- Avoid the **materialisation** of operational, regulatory, legal or reputation risks through active and continuing risk management.
- Maintain a **liquidity position** to ensure that all payment obligations can be comfortably met.
- Achieve **suitable levels of risk-adjusted** returns to ensure achievement of profit targets.

While **credit risk** is the most significant threat to the Bank's business, other risks are managed and controlled, including business and profitability risk, concentration risk, operational risk, interest rate risk, market risk and liquidity risk.

In addition, the Bank has numerous measures and procedures in place to minimise **non- financial risks**, such as reputation risk, compliance risk and risks related to social, human rights and environmental issues.

Among the general principles of sustainability enshrined in the **Sustainability Policy** approved by the Board of Directors in December 2020, Ibercaja observes the prudent and global management of all financial and non-financial risks when carrying on its activities, including ESG risks (environmental, social and good governance).. In addition, the Bank undertakes to analyse the risks arising from climate change and environmental deterioration, their impact on customers and on its financial activity, for gradual integration into risk management procedures, in compliance with supervisory expectations. In this regard, Ibercaja has drawn up an **Action Plan**, as approved by the Board of Directors on 11 May 2021, to respond to the **expectations of the European Central Bank's guide on climate-related and environmental risks**. This Plan is developed within the framework of the Strategic Initiative "Purpose and Sustainability", which is part of the Strategic Plan, Desafío 2023.

It should be noted that Ibercaja is working to include ESG factors in its credit risk underwriting and monitoring processes, in line with the EBA Guidelines on loan origination and monitoring, having already included in its risk underwriting policies an analysis of the potential impact of ESG factors. The Bank is likewise looking to develop an Exclusions Policy that limits the impact of the ESG factors on the Bank's credit risk. ESG aspects were included in the policies and manuals for credit, operational, liquidity and market risk, which clearly state that all such risks must be managed and controlled accordingly. The Bank is also working on integrating climate and environmental risks into the Risk Appetite Framework and Capital and Liquidity Self-Assessment processes, taking into account the supervisory expectations of both the ECB and the European Banking Authority (EBA).

Meanwhile, the asset managers of the Financial Group (Ibercaja Gestión and Ibercaja Pensión) —both firmly committed to the development of society and environmental protection through socially responsible investment— have the following policies in place: Sustainability Policy, Sustainability Risk Integration Policy, Exclusions Policy, Adverse Event Policy and Engagement Policy.

Note 3 to the Ibercaja Banco Group's 2021 consolidated annual accounts *provides more extensive and detailed information on the management of each type of risk.*

6

Research, development and technology

6. Research, development and technology

The new Strategic Plan reinforces the Bank's commitment to digital transformation and the continuous improvement of operational processes.

Technology is a **decisive factor underpinning the competitive advantages of the Bank's business and operating model.** In the 2021-2023 Strategic Plan, the development and growth of the operational model is an initiative that deepens the transformation undertaken in the previous three-year period. The new Plan continues to focus on the **four main courses of action**: efficiency, self-service, outsourcing and robotisation. In developing these aspects, a process map of the Bank has been drawn up as a guide for optimisation and ongoing evaluation, thus completing the process re-engineering carried out over the last few years.

Lines of work

The new Plan continues to focus on the four main courses of action: **efficiency**, **self-service**, **outsourcing** *and* **robotisation**.

HIGHLIGHTS IN THIS REALM IN THE FIRST HALF OF 2022 ARE AS FOLLOWS:

Renewal and deployment of the new digital workplace

A new digital workplace model based on Microsoft 365 technology and including portable devices has been developed and deployed among all employees, with the aim of facilitating new mobility, collaborative work and productivity capabilities, while also providing improved workplace security.

Implementation of a new corporate process automation platform

In a bid to significantly improve process automation and management capabilities, a new corporate technology platform has been developed and put in place that integrates the development and management capabilities of processes and robots, in which all the robots that enable the smart automation of the Bank's processes are being developed.

Deployment of the new employee portal, known as SOMOS

A new employee portal has been deployed, featuring new relationship capabilities and a more modern integrated experience showing all of the capabilities and information relating to the employee's relationship with the Bank, together with new communication and relationship channels for all employees.

Ibercaja and Pensumo's Consumer Pension System

Ibercaja and Pensumo, after signing a protocol with the Spanish Directorate General of Insurance and Pension Funds, are now carrying out pilot testing on the Consumer Pension System, the app they are developing in the financial sandbox. The tests will be carried out in two phases, with the participation of 500 users who will be able to use the app at a number of stores or merchants adhered to Triple, a retail aggregator platform.

7 Commitment to sustainability

7. Commitment to sustainability

> Ibercaja promotes sustainable growth, integrating social, environmental and governance aspects into its strategy, designing specific products and services to accompany its customers and integrating ESG risks into the Bank's management model.

Ibercaja has forever displayed a clear social commitment when carrying on its activity and is committed to supporting territorial cohesion, the business world and households. The Ibercaja Group is aware that financial institutions play a key role in sustainable development, mobilising the necessary capital flows and integrating environmental, social and corporate governance risks and opportunities into management. Little wonder then that in December 2020, the Board of Directors approved the **Group's Sustainability Policy,** which embodies its commitment to sustainable growth and sets out the global sustainability procedural framework.

In carrying out its financial activity, Ibercaja is very mindful of its **Corporate Purpose**: *"Helping people build their life story"* and is aware that its actions must strike a balance between economic growth, social cohesion and the preservation of the environment. The Bank is therefore a signatory to the 10 principles of the Global Compact, is firmly committed to the Sustainable Development Goals of the 2030 Agenda and is a signatory to the **United Nations Principles for Responsible Banking** to build a sustainable banking system.

The Purpose is completed by the **mission** and **vision**, based on the Bank's corporate values, which have marked the Bank's path since its foundation.

Mission of Ibercaja

Ibercaja's mission describes how the Bank should act in order to achieve its Purpose: ***to improve the lives of families and businesses****, helping them their finances with the objective of providing the customer with an efficient service and personalised and quality advice, which will ultimately help them achieve their own objectives.*

Vision of Ibercaja

The vision sets the path for the Bank to follow, towards what we want to be and towards **our goal***:* ***to be an excellent bank****. Our commitment to our stakeholders and to caring for the environment focuses on promoting sustainable development, preserving natural resources and promoting a fairer and more inclusive society.*

Corporate values of Ibercaja

Ibercaja's corporate values define its business culture and have guided its path since its inception. They are the basis of the Bank's ethical commitments, which are reflected in its ***Code of Ethics****.*

To make further progress towards sustainability and for the development of specific actions, **Ibercaja takes the United Nations Sustainable Development Goals** as a guide, focusing on those in which it can make the most telling contribution. In order to achieve maximum effectiveness, the Bank's efforts are aligned with those goals most directly linked to financial activity and the activities of the shareholder foundations.

Ibercaja prioritises the following goals

Ibercaja's **sustainability strategy** is based on five cornerstones:

ESG RISKS

Identification and management for their gradual integration into the Bank’s global risk analysis.

SUSTAINABLE BUSINESS

Analysing needs and identifying opportunities for business development that accompanies customers in the transition towards a sustainable economy, including climate change.

PEOPLE

Comprehensive development of employees, providing them with the necessary training for the new context, and promoting a balance between work, personal and family life.

TRANSPARENCY

With all stakeholders, promoting two-way communication of both financial and non-financial aspects of the business.

PROTECTION OF THE ENVIRONMENT AND ITS RESOURCES

Mitigating climate change and favouring the development of a more inclusive and egalitarian society.

Given the relevance that sustainability has for the Bank, within the **Strategic Plan defined for 2021–23**, the **Purpose and Sustainability Initiative** has been established, an enabling transversal line of work, with the Management Committee as sponsor, to make the Corporate Purpose part of our culture and sustainability part of the organisation's strategy.

> To achieve the latter objective, cross-cutting and multidisciplinary teams are working on the following **lines of action**:

1. **Activation of the purpose** as a lever of differentiation, so that it is visible through our behaviour and defines our way of banking.
2. **ESG risk management**: incorporating climate-related and environmental risks into cross-cutting risk processes as well as into existing risk policies and procedures.
3. **Sustainable business strategy**: aligning the Group's commercial strategy with the principles of responsible banking and accompanying customers in the transition to a sustainable future and a low-carbon economy.
4. **Sustainability at the financial group**: making further progress towards the sustainability project at all Group companies, in parallel and in harmony with the ongoing process at the Bank, taking into account the individual circumstances of each company.
5. **Communication and reporting**: creating an ongoing and transparent communication framework that reinforces the organisation's commitment to sustainability.
6. **Synergies with shareholder foundations**: developing lines of collaboration with shareholder foundations to respond to the main social and environmental needs of the Bank's territories of operation.

The **main milestones for 2022** in relation to this strategic initiative are:

RELATIONSHIP MODEL

Internal activation of the corporate purpose: definition of the Ibercaja **Relationship Model** that makes up the Purpose.

ENVIRONMENTAL ASPECTS

Incorporation of **climate-related and environmental aspects** into the **risk appetite framework**.

CARBON FOOTPRINT

Strategy to **reduce the carbon footprint** of the **loan portfolio**.

ESG ASPECTS

Integrating **ESG aspects into financial advisory services**. Green MiFID.

HIGHLIGHTS IN THIS REALM IN THE FIRST HALF OF 2022 ARE AS FOLLOWS:

Climate change stress test

In 2022, the European Central Bank conducted the **first significant European bank climate risk stress test**, with the aim of assessing the level of preparedness of banks to cope with potential financial and economic shocks arising from climate change.

The exercise, which comes in response to the supervisor's efforts to strengthen the assessment of these risks, is not about capital adequacy, but has been carried out for **learning purposes**, both for institutions and supervisors.

The **overall results obtained by Ibercaja** show that the ECB has rated the Bank's climate stress test framework with a **"medium-advanced" degree of progress**, higher than the average score of the banks analysed.

The ECB holds a positive view of how the Bank runs the exercise, highlighting the methodological alignment, the quality of the Explanatory Note and the traceability of the answers provided throughout the process. It also considers the **quality of the data** to be adequate for all modules, underlining the thoroughness and clarity of the explanation of the methodologies applied.

Therefore, following the positive results of the stress test, **Ibercaja has continued to implement its action plan to respond to the supervisory expectations of climate and environmental risk management and has made significant progress in integrating these risks into its management processes and business strategy.**

Commitment to becoming carbon neutral: carbon footprint of the portfolio

The Bank is one of the founding members of the **Net Zero Banking Alliance (NZBA)** comprising 114 banks from 41 countries. The **aim** is **to lead the transition towards a global low-carbon economy**. Signatories must make their loan and investment portfolios carbon neutral by 2050, with interim goals to be set every five years.

Within the framework of COP25, in 2019 Ibercaja signed the "**Collective Commitment to Climate Action"** of the Spanish financial sector, promoted by the United Nations Environment Programme Finance Initiative, and joined the commitment to measure and reduce the carbon footprint.

Ibercaja is working on a **Carbon Footprint Strategy** to measure the emissions financed so that, based on the data obtained, it can plot out a **decarbonisation plan** in line with its **commitment to achieving zero emissions by 2050**. To this end, it has identified, within its portfolio exposures, the three most carbon-intensive sectors, as classified by the NZBA alliance. This will allow for **intermediate targets and** decarbonisation pathways **to be set on the path to achieving the final goal.**

Carbon footprint offsetting in relation to direct emissions

In 2021, Scope 1 CO2eq emissions totalled 848.14 tonnes, down 33.8% on the previous year.

Scope 2 emissions (associated with electricity consumption) were neutralised through the **purchase of 100% green energy** from renewable sources.

In March 2022, direct emissions were offset through the Zero CO2 initiative of ECODES (Spanish Ecology and Development Foundation) under the **forestry project at the Chinchiná river basin in Colombia.** This project aims to regulate and improve the quantity and quality of freshwater for the communities of the Chinchiná river by restoring the watersheds that supply their water systems.

The Project is validated by one of the most prestigious standards of the Voluntary Carbon Market, the VCS-Verified Carbon Standard, in terms of the number of CO2 removals generated by the project (carbon credits).

Through this model of offsetting its emissions, Ibercaja not only helps to mitigate and adapt to climate change, but also contributes to the generation of social benefits for local communities and to the protection, conservation and improvement of biodiversity.

Principles for Responsible Banking:

In November 2019, Ibercaja signed up to the **United Nations Principles for Responsible Banking**, thus becoming part of a global coalition of banks to align our actions with the achievement of the Sustainable Development Goals and the Paris Agreement on climate change. By doing so, Ibercaja has **pledged to foster sustainability through its activities** by aligning its business objectives with the Sustainable Development Goals, thus responding to pressing social and environmental challenges.

In March of this year, the Ibercaja Group published its **2021 consolidated Directors' Report**, which included, for the second year, detailed information on the progress being made towards implementation of the Principles. The report explains the significant progress made and describes Ibercaja's firm commitment to achieving its goal of **aligning its strategy with the Principles** and putting a **governance structure, policies and procedures** in place to drive it forward.

Another key aspect is the **training plan** and the work carried out to **raise awareness** among all the people who make up Ibercaja, so that they are prepared to help customers along this path.

This report sets out the **specific targets that Ibercaja has set itself for 2023.** It has identified the emissions it finances as an area of impact and is working to determine a second area of significant impact in 2022 in which to set targets.

Trend in assets in mutual funds and pension plans managed with ESG criteria

Ibercaja Gestión and Ibercaja Pensión, as entities committed to sustainable development, have a **wide range of investment funds and sustainable plans**.

Four new funds championing sustainable causes were added during the first six months of the year: *Ibercaja Infraestructuras*, *Ibercaja Confianza Sostenible*, *Ibercaja Dividendo Global and Ibercaja Sanidad*, in addition to the four investment funds and four pension plans that were already up and running at the end of 2021.

The interest showed by our customers in the sustainable range allowed us to reach **2,800 million euros in assets managed under sustainable criteria at the end of the first half of the year, according to Art. 8 of the EU Taxonomy Regulation.**

		EQUITY AT 30/06/2022 (€ MILLION)	Δ	NUMBER OF UNIT HOLDERS
PENSION PLANS		**593**	**-76**	**49,710**
Sustainable Confidence	*Mixed fixed income*	264	-39	26,465
Sustainable and Solidarity	*Mixed equities*	279	-30	19,428
Sustainable Europe	*Equities*	37	-6	2,538
Megatrends	*Equities*	13	-3	1,279
INVESTMENT FUNDS		**2,204**	**772**	**111,806**
Sustainable fixed income	*Fixed income*	39	-10	734
Sustainable Confidence	*Mixed fixed income*	148	148	6,908
Sustainable and Solidarity	*Mixed fixed income*	707	-118	36,456
Global dividend	*Equities*	244	244	8,365
Infrastructure	*Equities*	19	19	2,199
Megatrends	*Equities*	427	-77	31,776
New Energy	*Equities*	45	-9	2,909
Health	*Equities*	575	575	22,459
	Total	**2,797**	**696**	**161,516**

Development of sustainable finance products and services

Since 2021, the portfolio of sustainable financing products and services has been significantly expanded with the aim of financing the **energy efficiency** of properties owned by individuals, communities of owners and productive activities, in addition to the *Vamos Coche* loan, which was the first product of its kind to offer a price advantage if it was used to purchase a new or second-hand vehicle with "eco" or "zero" certification.

- *Vamos Coche (Let's Go Car)*
- *Vivienda +Sostenible (More Sustainable Housing)*
- *Edificio +Sostenible (More Sustainable Building)*
- *Inversión +Sostenible (More Sustainable Investment)*
- *Photovoltaic Energy Leasing*
- *Sustainable Crops Leasing*

In relation to businesses and the close support that Ibercaja wishes to offer them, Corporate Banking has designed a line of products and services related to **Next Generation Funds**, to help them in the necessary transition towards a more sustainable economy.

In addition, the ***Vamos Juntos hacia la Sostenibilidad*** project has been launched alongside the Ibercaja Foundation, to help companies make sustainability part of their businesses, through training, advice and participation in social or environmental projects.

Meanwhile, specific products have been developed in collaboration with the Community of Extremadura to promote energy efficiency in buildings, with the Bank being selected as a collaborating entity under the **Avante Extremadura** project. Ibercaja is a **collaborating entity of the IDAE** (Institute for Energy Diversification and Saving), helping to disseminate its programmes among customers and offering special financing operations under the efficiency programmes promoted by this institute. To help make buildings more energy efficient, Ibercaja has begun to provide its customers with an advisory service, subsidy management, execution of construction work and, of course, financing, in collaboration with **Acierta Asistencia**, a CASER Group company. This service offers an assessment of the energy efficiency of the building and the customer can ultimately choose to make it a "turnkey" service, thus affording them the best possible solution for their property with the help of specialised professionals.

Ibercaja has recently joined the agreement proposed by the **Agencia d'Habitatge de la Generalitat de Catalunya** to financial institutions and representatives of the Colegios de Administradores de Fincas de Cataluña, Colegios de Arquitectos de Cataluña, Colegios de Aparejadores de Cataluña and the Gremio de Constructores y Reformas de Edificios, to offer special financing conditions to help make buildings more energy efficient. The project has been approved by the Agencia d'Habitatge de la Generalitat de Catalunya.

To show the importance of sustainable consumption, Ibercaja Renting has included a new Sustainable Renting segment, offering an extensive range of electric vehicles.

With the aim of involving the customer in the circular economy and responsible consumption, the Bank has incorporated a new section in **Ibercaja Connect's Consíguelo store**, which includes reconditioned products. It aims to make high quality technology products more accessible to all customers through competitive pricing and free financing.

Training in sustainability

In 2022, a sustainability section has been included in the **Professional Development Plan** to continue training employees in the most relevant aspects of sustainability related to their work, with the ultimate aim of having a competent and well-prepared workforce.

This line includes: online programme on sustainability, inclusion of ESG aspects in MiFID training content for customer advice, specific training for Internal Audit and employees of the Risk Area, enabling them to incorporate the necessary knowledge to better perform their duties in matters relating to sustainability.

8 Information on treasury shares

8. Treasury shares

There were no transactions involving treasury shares in the first half of 2022.

9 Other information

9.1. Dividend policy

> In its Strategic Plan, the Bank has set itself the target of remunerating its shareholders with a pay-out ratio of 60%.

The distribution of dividends is determined at the General Meeting of Shareholders on a recommendation submitted by the Board of Directors. Taking into account current capital adequacy levels, projected earnings for the coming years and the capacity for organic generation of capital, **the Bank has committed in its Strategic Plan to maintain a pay-out ratio (percentage of profits distributed in the form of dividends) of 60%.**

The General Meeting of Shareholders of Ibercaja Banco held on 30 March 2022 approved the distribution of a dividend of 98,140 thousand euros charged to the results obtained by the Bank in financial year 2021. Of this, 47,000 thousand euros had already been paid as an interim dividend on 7 October 2021, while the remaining 51,140 thousand euros was paid on 31 March 2022.

At its meeting of 12 May 2022, the Board of Directors of Ibercaja Banco resolved, in accordance with Article 277 of the Spanish Companies Act, to distribute an interim dividend of 37,681 thousand euros to shareholders, in proportion to their respective shareholdings, out of the profits for the current year. This interim dividend is consistent with the Bank's dividend payment target and was paid on 13 May 2022.

The Bank is no currently subject to any restrictions or limitations on the payment of dividends. In any event, it will distribute its profits in a prudent manner such that it does not affect the objective of maintaining an adequate capital buffer, even if there is an impairment of the economic situation and financial conditions.

9.2. Credit agency ratings

During the first half of the year, the main changes in the ratings awarded by the rating agencies were as follows:

On 27 January, **Standard & Poor's** affirmed Ibercaja Banco's long-term rating at BB+, maintaining the outlook at "Stable".

Credit agency ratings

	LONG TERM	SHORT TERM	OUTLOOK
Standard & Poor´s	BB+	B	Stable
Moody's (deposit rating)	Ba1	NP	Stable
Fitch Ratings (*)	BB+	B	Positive

(*) On 13 July 2022, Fitch Ratings upgraded Ibercaja Banco's long-term credit rating to BBB- with a stable outlook.

10

Business outlook and expected performance

10. Business outlook and expected performance

Macroeconomic scenario

> Worsening economic outlook due to rising inflation and the repercussions of the war in Ukraine.

While global growth expectations remain positive for 2022, they have worsened in recent months and a further deterioration is expected to occur due to rising prices and supply problems exacerbated by the war in Ukraine and tensions with Russia. The IMF forecasts a 3.6% increase in global GDP in 2022 (6.1% in 2021), with a 3.7% increase in the United States and 2.8% in the Eurozone (5.7% and 5.3%, respectively, in 2021). These developments would take place against a backdrop of sharp price growth: 7.4% on average worldwide, which would be the highest rate since 1996. For the advanced economies of the world, prices are expected to rise by 5.7%, which would be the highest increase since 1984. Given the persistence of inflationary pressures and the deterioration in confidence among economic agents, which has led to considerable volatility within the financial markets, further growth downgrades cannot be ruled out.

Spain's delayed recovery implies higher growth potential in the short term thanks to the recovery of the sectors most affected by the pandemic. Thus, the forecast for 2022 is still much higher than the long-term potential. The International Monetary Fund (IMF) expects to see GDP growth of 4.8%. However, projections are being downgraded across the board, including that of the Bank of Spain, which placed growth at 4.1% in June, down from 4.5% in March. This pessimism brings with it increased risks, as inflation is affecting consumption and the risk of a more pronounced slowdown in the Eurozone – Spain's main export destination – is high, especially if energy supply disruptions materialise.

Overview and prospects of the Ibercaja Group

> The Strategic Plan launched in 2021 aims to improve the Bank's competitiveness and profitability. It envisions a series of initiatives that will help Ibercaja to achieve its objectives for the 2021–2023 three-year period.

In a more complex scenario than that initially envisioned at the beginning of the year, due to lower than expected economic growth, strong inflationary tensions, the outbreak of war in Ukraine and volatility within the financial markets, Ibercaja has continued to do business at a good pace, as evidenced by the increase in credit origination, both for house purchase and business loans. Within the latter segment, which is viewed as strategic for the Bank, the growth of the portfolio enabled it to gain market share in a fiercely competitive environment. The quality of the balance sheet was strengthened with a further reduction in the volume of non-performing assets. In tandem, the Group continues to boast one of the highest capital adequacy ratios to be found within the entire Spanish financial system. Moreover, in a bid to diversify revenue sources, the Group has sought to focus on the distribution of risk insurance, one of the basic pillars for growth envisaged in the 2021-2023 Strategic Plan. In addition, further progress has been made in digital and operational transformation, especially in customer relations. These include the increase in the number of digital managers, the improvement of the mobile banking app and the expansion of the Ibercaja Connect service.

The Bank will continue to work to become more commercially dynamic, competitive and profitable, within the guidelines set out in the Strategic Plan, known as Desafío 2023.

The main challenges and objectives that will steer our activity moving forward are:

Companies

Providing liquidity to companies *and supporting them, seeing as though we are a key player in the financing of projects supported and promoted by European Next Generation funds.*

Individuals

Making mortgage loans *available to individuals for home purchases on advantageous terms, as the market is now picking up following the deep slump in the property market seen during the darkest months of the pandemic.*

Business and Personal Banking

Consolidating *the plans for* **Corporate and Personal Banking**, *both strategic segments of the Bank's activity, as we strengthen the asset management business and distribution of risk insurance.*

Profitability

Maximising profitability *by increasing loan revenue, with rates adjusted to prevailing risks and changes in the Euribor, generating fees for services that provide added value to the customer, mainly through asset management and insurance.*

Irregular assets

Managing non-performing assets *with the aim of further improving the quality of the balance sheet while being attentive to the possible impact on credit quality of the end of the interest-only period of ICO loans, the slowdown in economic activity and the increase in interest rates.*

Quality of service

Achieving service excellence and customer loyalty *as management guidelines and differentiating factors within a highly competitive market. In this respect, we will continue to improve the expertise of branch network employees across the various segments flagged as key to the Bank's business.*

Efficiency

Increasing efficiency and productivity *by optimising resource allocation and maintaining strict cost control. When it comes to efficiency, the final stage of the furlough scheme agreed with the majority of employee representatives in late 2020 was completed in the first half of 2022.*

Digitalisation

Making decisive progress in the digitalisation *of the business with the aim of boosting commercial activity and delivering on customer expectations.*

Sustainability

Supporting the transition towards a more sustainable economy and increasing, *in line with the Bank's commitment to sustainability,* **the range of sustainable products** *in order to meet the expectations and needs of customers and regulators alike.*

Capital adequacy

Keeping the Group's capital adequacy *among the highest in the Spanish banking system.*

Value

Generating value for shareholders *by remunerating them with a target payout of 60% of the profit obtained.*

11 Events after the reporting period

11. Events after the reporting period

On 13 July 2022, Fitch Ratings upgraded Ibercaja Banco's long-term credit rating to BBB- with a stable outlook, thus placing it in investment grade territory.

12 Alternative Performance Measures

12. Alternative Performance Measures

Ibercaja uses a range of APMs, which are unaudited, to aid understanding of the company's financial performance.

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA/2015/1415en), 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.

APMs related to the income statement

Recurrent revenues:

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

Relevance: measures the performance of income directly related to typical banking activity.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Interest margin (1)	246,468	246,123
+	Net fees and commissions and translation differences (2)	223,878	202,917
=	**Recurrent revenues**	**470,346**	**449,040**

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

(2) APM. See definition and calculation below.

Net fees and commissions and translation differences:

Definition: sum of net fee and commission income and fee and commission expense together with translation differences.

Relevance: measures the income generated via fees and commissions.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Fee and commission income	232,506	212,187
-	Fee and commission expenses	9,128	9,395
+	Net translation differences	500	125
=	**Net fees and commissions and translation differences**	**223,878**	**202,917**

Source: consolidated income statement as part of the interim financial statements.

Net gains/(losses) on 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.

Relevance: to determine the amount of income related to financial activity but which, by their nature, cannot be considered as recurrent revenue.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	3,666	34,714
+	Gains/(losses) on financial assets and liabilities held for trading	(544)	361
+	Gains/(losses) on financial assets not held for trading mandatorily measured at fair value through profit or loss	66	227
+	Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	-	-
+	Gains/(losses) from hedge accounting	693	300
=	**Gains/(losses) on financial assets and liabilities**	**3,881**	**35,602**

Source: consolidated income statement in the interim financial statements.

Other operating income and expense:

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.

Relevance: to measure income and expense that are not wholly derived from financial activity but that are related to our business.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Other operating income	15,547	18,690
-	Other operating expenses	31,495	23,548
+	Income from assets covered by insurance and reinsurance contracts	373,276	519,900
-	Liability expenses covered by insurance or reinsurance contracts	373,411	520,067
=	**Other operating income and expense**	**(16,083)**	**(5,025)**

Source: consolidated income statement in the interim financial statements.

Operating expenses:

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

Relevance: indicator of expenses incurred from our activities.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Staff expenses	165,755	184,194
+	Other administrative expenses	80,240	77,622
+	Amortisation/Depreciation	36,487	32,815
=	**Operating expenses**	**282,482**	**294,631**

Source: consolidated income statement in the interim financial statements.

Recurring operating expenses:

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

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

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Operating expenses (1)	282,482	294,631
-	Non-recurring expenses	-	-
=	**Recurring operating expenses**	**282,482**	**294,631**

(1) APM. See definition and calculation above.

Profit before write-downs:

Definition: gross margin last operating expenses (administrative expenses and depreciation and amortisation).

Relevance: to show profitability before write-downs.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Gross income	469,245	486,610
-	Administrative expenses	245,995	261,816
-	Amortisation/Depreciation	36,487	32,815
=	**Profit before write-downs**	**186,763**	**191,979**

Source: consolidated income statement in the interim financial statements.

Recurrent revenues before write-downs:

Definition: difference between recurring revenues and recurring operating expenses (MARs as defined and calculated above).

Relevance: to measure the recurring profitability of the business before write-downs.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Recurrent revenues (1)	470,346	449,040
-	Recurring operating expenses (1)	282,482	294,631
=	**Recurrent revenues before write-downs**	**187,864**	**154,409**

(1) APM. See definition and calculation above.

Provisions, impairment and other write-downs:

Definition: the following items are included under "Gains or losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations": the sum of provisions, impairment of financial assets not measured at fair value through profit or loss, impairment of investments in joint ventures or associates, impairment of non-financial assets and the portion of the caption "Gains or losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" corresponding to impairment losses on other non-current assets held for sale.

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

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Provisions or (-) reversal of provisions	3,625	3,854
+	Impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss	33,563	38,036
+	Impairment or (-) reversal of impairment on investments in joint businesses or associates	-	-
+	Impairment or (-) reversal of impairment of non-financial assets	6,528	3,040
+	Impairment losses on other non-current assets for sale	7,070	10,834
=	**Provisions, impairment and other write-downs**	**50,786**	**55,764**

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 the heading of gains/(losses) on non-current assets and disposal groups of items classified as held for sale and not eligible for classification as discontinued operations.

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

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
+	Gains or (-) losses on the derecognition of net non-financial assets and shareholders (1)	8,585	(1,806)
+	Gains/(losses) on disposal of other non-current assets for sale (2)	7	366
=	**Other gains/(losses)**	**8,592**	**(1,440)**

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

(2) Source: Note 15.12 to the interim financial statements.

APMs related to profitability

Customer spread (%):

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

Relevance: profitability indicator of our retail business.

	(%)	1H2022	1H2021
+	Return on consumer loans	1.17%	1.21%
	Interest revenue from the portfolio of registered loans in the year (annualised) divided by the average customer loan balance		
-	Cost of retail deposits	(0.03)%	(0.02)%
	Interest expense on retail deposits recognised in the balance sheet in the year (annualised) divided by the average retail deposit balance		
=	**Customer spread (%)**	**1.20%**	**1.23%**

Source: internal Bank information.

Cost-to-income ratio:

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

Relevance: to measure our operating efficiency.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Recurring operating expenses (1)	282,482	294,631
Denominator	Gross income (2)	469,245	486,610
=	**Cost-to-income ratio (%)**	**60.20%**	**60.55%**

(1) APM. See definition and calculation above.

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

Recurring cost-to-income ratio:

Definition: ratio of recurring operating expenses to recurring revenues (MARs as defined and calculated above).

Relevance: to measure the efficiency of our recurring activity.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Recurring operating expenses (1)	282,482	294,631
Denominator	Recurrent revenues (1)	470,346	449,040
=	**Recurring cost-to-income ratio (%)**	**60.06%**	**65.61%**

(1) APM. See definition and calculation above.

ROA:

Definition: profit attributable to the parent divided by consolidated average total assets.

Relevance: to measure the profitability of our assets.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Profit/(loss) attributed to the parent (1)	114,921	94,060
	Annualised profit/(loss) attributed to the parent (2)	*229,842*	*188,120*
Denominator	Total average consolidated assets (3)	58,533,799	57,733,077
=	**ROA (%)**	**0.39%**(4)	**0.33%**(4)

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

(2) Annualised figure (multiplied by 2).

(3) The average balance of total assets was calculated as a simple average of the monthly asset balances. The average monthly balance is the average of the closing balances weighted at 50% (i.e. the balance at the end of the reference month multiplied by 0.5 plus the balance at the end of the month immediately preceding the reference month multiplied by 0.5).

(4) Calculated using as numerator the annualised profit attributable to the parent.

RORWA:

Definition: Parent company profits divided by risk-weighted assets.

Relevance: to measure the profitability of our risk-weighted assets.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Profit/(loss) attributed to the parent (1)	114,921	94,060
	Annualised profit/(loss) attributed to the parent (2)	*229,842*	*188,120*
Denominator	Risk-weighted assets phased in (3)	18,227,117	18,364,194
=	**RORWA (%)**	**1.26%**(4)	**1.02%**(4)

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

(2) Annualised figure (multiplied by 2).

(3) Source: Note 2.8 to the interim financial statements.

(4) Calculated using as numerator the annualised profit attributable to the parent.

ROE:

Definition: Parent company profits divided by average consolidated shareholders' equity.

Excludes the AT1 issue of 350 million euros recorded as equity.

Relevance: to measure profitability in relation to shareholders' equity.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Profit/(loss) attributed to the parent (1)	114,921	94,060
	Annualised profit/(loss) attributed to the parent (2)	*229,842*	*188,120*
Denominator	Average consolidated shareholders' equity (3)	2,914,766	2,859,674
=	**ROE (%)**	**7.89%**(4)	**6.58%**(4)

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

(2) Annualised figure (multiplied by 2).

(3) Calculated as a simple average of the quarterly closes since the previous December (inclusive), with the first and last quarter weighted by 0.5 and the rest by 1. Average consolidated shareholders' equity for June 2021 has been restated to reflect the criteria adopted for its calculation at year-end.

(4) Calculated using as numerator the annualised profit attributable to the parent.

ROTE:

Definition: Parent company profits divided by average tangible consolidated shareholders' equity. Excludes the AT1 issue of 350 million euros recorded as equity.

Relevance: to measure profitability in relation to tangible equity.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Profit/(loss) attributed to the parent (1)	114,921	94,060
	Annualised profit/(loss) attributed to the parent (2)	*229,842*	*188,120*
Denominator	Average tangible consolidated shareholders' equity (3)	2,647,747	2,623,774
=	**ROTE (%)**	**8.68%**(4)	**7.17%**(4)

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

(2) Annualised figure (multiplied by 2).

(3) Calculated as a simple average of the quarterly closes since the previous December (inclusive), with the first and last quarter weighted by 0.5 and the rest by 1. Average consolidated tangible shareholders' equity for June 2021 has been restated to reflect the criteria adopted for its calculation at year-end.

(4) Calculated using as numerator the annualised profit attributable to the parent.

APMs related to capital adequacy

RWA density:

Definition: ratio of risk-weighted assets to total assets.

Relevance: to measure our balance sheet's risk profile.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Risk-weighted assets phased in (1)	18,227,117	18,051,935
Denominator	Total consolidated assets (2)	60,362,587	58,631,409
=	**RWA density (%)**	**30.20%**	**30.79%**

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

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

APMs related to asset quality

Problem assets:

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

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

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Impaired assets – loans and advances to customers (1)	620,141	717,621
+	Gross value of foreclosed assets (2)	464,690	542,241
=	**Problem assets**	**1,084,831**	**1,259,862**

(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.

Ratio of non-performing loans and advances to customers:

Definition: ratio of impaired loans and advances to customers to gross loans and advances to customers.

Relevance: to monitor the rating of the credit portfolio.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Impaired assets – loans and advances to customers (1)	620,141	717,621
Denominator	Gross loans and advances to customers (1)	32,089,953	31,195,451
=	**Ratio of non-performing loans and advances to customers (%)**	**1.93%**	**2.30%**

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

Problem asset ratio:

Definition: ratio of problem assets (MAR as defined and calculated above) to the value of the exposure.

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

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Problem assets (1)	1,084,831	1,259,862
Denominator	(a) Gross loans and advances to customers (2)	32,089,953	31,195,451
	(b) Gross value of foreclosed assets (3)	464,690	542,241
	(a) + (b) Value of exposure	32,554,643	31,737,692
=	**Problem asset ratio (%)**	**3.33%**	**3.97%**

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

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

(3) Source: Note 2.7.4 to the interim financial statements.

Cost of risk:

Definition: percentage of write-offs associated with loans and advances to customers and foreclosed properties in relation to average exposure, which is the sum of gross loans and advances to customers and foreclosed properties.

Relevance: to monitor the cost of allowances for the loan portfolio and foreclosed assets.

	(THOUSANDS OF EUROS)	30/06/2022	30/06/2021
Numerator	Write-downs of loans and foreclosed properties (1)	40,018	48,502
	Annualised write-downs of loans and foreclosed properties (2)	*80,036*	*97,004*
Denominator	Average exposure (gross credit and real estate) (3)	32,007,860	32,330,524
=	**Cost of risk (%)**	**0.25%**(4)	**0.30%**(4)

(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. Impairment losses are recognised under "Impairment or reversal of impairment losses on 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).

(2) Annualised figure (multiplied by 2).

(3) 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.

(4) Calculated using as numerator the annualised write-down of credit and foreclosed properties.

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.

Relevance: to monitor the extent to which provisions associated with credit risk cover doubtful loans.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Impairment losses on loans and advances to customers (1)	504,942	539,147
+	Accumulated negative changes in fair value of doubtful exposures (2)	1,278	1,278
=	**Coverage of non-performing exposures**	**506,220**	**540,425**

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

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

Non-performing loan coverage ratio:

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

Relevance: to monitor the extent to which provisions associated with credit risk cover doubtful loans.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Coverage of non-performing exposures (1)	506,220	540,425
Denominator	Impaired assets – loans and advances to customers (2)	620,141	717,621
=	**Coverage of non-performing exposures (%)**	**81.63%**	**75.31%**

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

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

Foreclosed asset coverage ratio:

Definition: ratio of impairment losses on foreclosed assets (included since loan origination) to the gross value of foreclosed assets.

Relevance: we use this MAR to monitor the extent to which the provisions associated with foreclosed properties cover the gross value of those properties.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Impairment adjustments of foreclosed assets (1)	270,621	326,197
Denominator	Gross value of foreclosed assets (1)	464,690	542,241
=	**Coverage of foreclosed assets (%)**	**58.24%**	**60.16%**

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

Foreclosed land coverage ratio:

Definition: ratio between value corrections for land impairment (included since the origination of the loan) and the gross foreclosed value of land.

Relevance: to monitor the extent to which provisions associated with land cover the gross value of these assets.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Land value adjustments (1)	173,093	226,627
Denominator	Gross value of land (1)	260,256	331,192
=	**Foreclosed land coverage ratio (%)**	**66.51%**	**68.43%**

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

Problem asset coverage ratio:

Definition: ratio between allowances for doubtful risks and foreclosed assets to problem exposure (MAR as defined and calculated above).

Relevance: 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)	30/06/2022	31/12/2021
Numerator	(a) Coverage of non-performing exposures (1)	506,220	540,425
	(b) Impairment adjustments of foreclosed assets (2)	270,621	326,197
	(a) + (b) Coverage of problem assets	776,841	866,622
Denominator	Problem assets (1)	1,084,831	1,259,862
=	**Problem asset coverage ratio (%)**	**71.61%**	**68.79%**

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

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

Net problem assets to total assets:

Definition: ratio of problem assets net of hedges (MAR as defined and calculated above) to total assets.

Relevance: to measure the weight of problem assets, after deducting the provisions linked to those assets, on the balance sheet.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	(a) Problem assets (1)	1,084,831	1,259,862
	(b) Coverage of problem assets (1)	776,841	866,622
	(a) - (b) Problem assets net of coverage	307,990	393,240
Denominator	Total assets (2)	60,362,587	58,631,409
=	**Net problem assets to total assets (%)**	**0.51%**	**0.67%**

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

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

APMs related to business volume

Retail deposits:

Definition: the sum of demand savings and traditional time deposits excluding mortgage bonds and repurchase agreements recorded under customer deposits in the consolidated balance sheet.

Relevance: indicator of retail funding on the balance sheet.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Demand deposits (1)	35,823,093	34,673,081
+	Term deposits (1)	3,221,445	3,485,694
-	Mortgage-backed bonds (including nominal amount and share premium)	1,032,669	1,027,605
	Nominal value of mortgage covered bonds (1)	1,100,470	1,100,470
	Mortgage-backed bond issue premium (2)	(67,801)	(72,865)
	Term deposits (excluding mortgage-backed bonds)	*2,188,776*	*2,458,089*
=	**Retail deposits**	**38,011,869**	**37,131,170**

(1) Source: Note 19.3 to the financial statements for December 2021. At 30 June, this measure has been retrieved from the Bank's internal accounting records and is calculated in the same way as the measure for the information at 31 December as included in Note 19.3 to the financial statements.

(2) Represents the difference between the nominal value of a security and the price at which it was issued. In this particular case, multiissuer bonds (those where several entities participate in the total issue) were issued below par, at a cost below the nominal value.

Asset management and insurance:

Definition: sum of assets under management in investment companies and funds (including third-party funds, but excluding the assets of funds that invest in Ibercaja Gestión funds), pension plans and insurance.

Relevance: 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)	30/06/2022	31/12/2021
+	Investment companies and funds (1)	18,027,470	19,600,522
+	Pension funds (1)	5,869,402	6,562,703
+	Insurance products (2)	6,571,733	6,868,109
=	**Asset management and insurance**	**30,468,605**	**33,031,334**

(1) Source: Note 27.4 to the consolidated financial statements for December 2021. At 30 June, this measure has been retrieved from the Bank's internal accounting records and is calculated in the same way as the measure for the information at 31 December as included in Note 27.4 to the financial statements.

(2) Source: Note 24.4 to the separate financial statements for December 2021. At 30 June, this measure has been retrieved from the Bank's internal accounting records and is calculated in the same way as the measure for the information at 31 December as included in Note 24.4 to the financial statements.

Total retail funds:

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

Relevance: indicator of the volume of retail savings managed by Ibercaja.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Retail deposits (1)	38,011,869	37,131,170
+	Asset management and insurance (2)	30,468,605	33,031,334
=	**Total retail funds**	**68,480,474**	**70,162,504**

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

Retail business volume:

Definition: sum of gross loans and advances to customers ex repos and impaired assets and total retail funds (MAR as defined and calculated above).

Relevance: indicator of the savings and credit of our retail customers managed by Ibercaja.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Loans and advances to customers ex impaired assets and reverse repos (1)	29,845,247	28,862,436
+	Total retail funds (2)	68,480,474	70,162,504
=	**Retail business volume**	**98,325,721**	**99,024,940**

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

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

APMs related to liquidity

Loan to deposit ratio (LTD):

Definition: ratio of loans and advances to customers net of reverse repurchase agreements to retail deposits (MAR as defined and calculated above).

Relevance: to measure the proportion of loans and advances to customers financed by retail deposits.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	(a) Net loans and advances to customers (1)	31,583,733	30,655,026
	(b) Reverse repurchase agreements (2)	1,624,565	1,615,394
	(a) – (b) Net loans ex reverse repos	29,959,168	29,039,632
Denominator	Retail deposits (3)	38,011,869	37,131,170
=	**LTD (%)**	**78.82%**	**78.21%**

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

(2) Source: Note 11.4 to the financial statements for December 2021. At 30 June, this measure has been retrieved from the Bank's internal accounting records and is calculated in the same way as the measure for the information at 31 December as included in Note 11.4 to the financial statements.

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

Available liquidity:

Definition: sum of cash and central banks, available liquidity under credit facilities, eligible off-facility assets and other marketable assets not eligible by the central bank, in accordance with the criteria established in the Bank of Spain's official statement LQ 2.2.

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

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Cash and central banks	6,496,809	6,183,416
+	Available in policy	1,049,412	1,050,679
+	Eligible assets not included in the policy	6,266,283	7,590,280
+	Other marketable assets not eligible by the Central Bank	400,009	425,796
=	**Available liquidity**	**14,212,513**	**15,250,171**

Source: Note 3.8.2 to the financial statements for December 2021. At 30 June, this measure has been retrieved from the Bank's internal accounting records and is calculated in the same way as the measure for the information at 31 December as included in Note 3.8.2 to the financial statements.

Available liquidity to total assets:

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

Relevance: to calculate available liquidity to total assets.

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
Numerator	Available liquidity (1)	14,212,513	15,250,171
Denominator	Total assets (2)	60,362,587	58,631,409
=	**Available liquidity to total assets (%)**	**23.55%**	**26.01%**

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

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

Total available liquidity:

Definition: sum of available liquidity (MAR as defined and calculated above) and capacity to issue mortgage bonds.

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

	(THOUSANDS OF EUROS)	30/06/2022	31/12/2021
+	Available liquidity (1)	14,212,513	15,250,171
+	Mortgage bond issuance capacity (2)	8,966,464	8,776,402
=	**Total available liquidity**	**23,178,977**	**24,026,573**

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

(2) Source: Note 3.8.2 to the financial statements for December 2021. At 30 June, this measure has been retrieved from the Bank's internal accounting records and is calculated in the same way as the measure for the information at 31 December as included in Note 3.8.2 to the financial statements.

ibercaja