CaixaBank posts profit of €90 million, down 83.2% YoY, after an extraordinary provision of €400 million in response to COVID-19

- **The Bank has remained fully operational in the wake of the state of alarm**, with 90% of the branch network open for business and striving to offer essential financial services while protecting the health of employees and customers. 50% of all branch network employees are now working remotely, as are almost all employees attached to central services and the territorial divisions.

- **The Bank is ready to help with the recovery**. CaixaBank has deployed an extensive package of measures to support the needs of both businesses and individuals. Through to 23 April, more than 147,000 customers have requested a credit moratorium. The Bank has managed a total of 220,000 requests: 95,000 mortgage and 125,000 consumer credit moratorium requests, affecting a portfolio worth €8.5 billion. Further, payments of unemployment benefits and pensions have been brought forward for 2.4 million clients.

- **Support for self-employed workers and businesses through ICO COVID-19 credit facilities.** Through to 28 April, CaixaBank has managed 128,700 applications from clients for a total of €11.14 billion, well above the assigned tranche. CaixaBank has already provided €3.7 billion of the total amount requested.

- **Gross loans and advances to customers amount to €231.37 billion, up 1.7% in the quarter.** Since the announcement of the state of alarm through to 23 April, a total of €14 billion in credit facilities, excluding ICO credit ones, has been granted to businesses to help curb the impact of the health crisis.

- **High levels of liquidity and solvency.** Total liquid assets amount to €96.23 billion, up €6.8 billion in the quarter. Capital also remain at high levels (CET1 of 12%) and well above the regulatory requirements, placing the Bank in the best possible position to meet new demand for credit.

- **Efficient management of non-performing assets.** The non-performing loan (NPL) ratio remains very low at 3.6%, while the coverage ratio rises to 58% (+3 percentage points from December).

- **Growth in core revenues**, which now total €2.05 billion (+0.9% YoY), following solid growth of 3.7% through to February.

- **A provision of €109 million has been recognised in connection with the early retirements** agreed in late February, which will generate additional savings from the second quarter onwards. CaixaBank had been planning to implement this measure since last year.

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Barcelona, 30 April 2020. The CaixaBank Group, with Jordi Gual as Chairman and Gonzalo Gortázar as CEO, reported a net attributable profit of €90 million in the first quarter of the year, down 83.2% year-on-year in response to credit risk provisioning, which includes an extraordinary provision of €400 million as a prudent measure to deal with the impact that COVID-19 might have on the Bank's future results. Due to the impact of the pandemic, the Bank has suspended the financial targets envisioned for 2021.

From day one of the state of alarm, the Bank has been working at full capacity as an essential supplier of services. Roughly 90% of the CaixaBank branch network has remained open since 16 March. Each and every branch has rolled out measures in response to the crisis and its own organisational needs, including teleworking and flexible hours. Strict security measures have also been deployed to protect clients and employees.

At present, 50% of network professionals are working remotely, as are almost all employees attached to central services and the territorial divisions. Digital services and capabilities have also been enhanced so that customers can bank and manage their finances online, and the Bank's more than 9,000 ATMs have enhanced operational services available.

CaixaBank, committed to supporting customers and the recovery

Up to 23 April, more than 147,000 clients have requested a credit moratorium. The Bank has managed a total of 220,000 requests: 95,000 mortgage and 125,000 consumer credit moratorium requests, affecting a portfolio worth €8.5 billion. As a bank adhered to CECA, CaixaBank has pledged to temporarily extend the moratorium of principal repayments, not only for the most vulnerable groups covered by the Royal Decree-Law but also for customers affected by the crisis.

Gross loans and advances to customers stood at €231.37 billion, up 1.7% in the quarter following an increase in business lending. Since the start of the state of alarm through to 23 April, CaixaBank has granted €14 billion to businesses, excluding ICO credit facilities, in order to ease financing of large corporations, SMEs, self-employed workers and entrepreneurs, aiding in the recovery of the productive sector.

Moreover, since the launch of the ICO COVID-19 credit facilities through to 28 April, CaixaBank managed 128,700 applications from its customers for a total of €11.14 billion. CaixaBank has already provided €3.7 billion of the total amount requested.

Loans to individuals -excluding residential mortgages- were down 1.6% in the quarter, although consumer lending performed positively (+1%) on the back of healthy commercial activity during the first two months of the quarter. However, loans for home purchases (-0.9% in the quarter) continued to feel the effects of ongoing household deleveraging processes following the trend observed in previous quarters, and registered a mild impact due to lower mortgage loan production in the second half of March.

Meanwhile, customer funds totalled €376.56 billion (-2.0% in the quarter), mainly impacted by a negative market performance affecting assets under management, which fell to €92.34 billion. If we exclude this market effect, customer funds would have performed positively (+1%).

Demand deposits also grew, climbing to €192.9 billion (+1.8% in the quarter) despite the positive seasonal year-end effect, and thanks to the Bank's strength and high liquidity of large accounts.

Positive recurring commercial performance in the quarter through to mid-March

CaixaBank is the main bank for one out of every four retail customers in Spain. The market penetration for the retail segment is 27.8% and CaixaBank is now the main bank for 24.4% of customers. The Bank has achieved solid market shares across the main products and services. CaixaBank has also cemented its leadership in digital banking by amassing 6.5 million digital customers, showing its firm commitment towards digital transformation and supporting innovative companies with growth potential.

Earnings in the quarter revealed a positive business and commercial performance up to mid-March. A key highlight was the growth in core revenues, which totalled €2.05 billion (+0.9% YoY), following solid growth of 3.7% through to February. Net interest income totalled €1.2 billion (-3% YoY), mainly impacted by a lower contribution from the lending and fixed-income portfolios, on the prevailing environment of negative interest rates.

The change in gross income was partly down to a reduction in profit from financial transactions in response to market conditions, as well as a reduced contribution from investees, which posted lower attributable earnings in the period due to the current economic situation. Meanwhile, income and expenses under insurance or reinsurance contracts and Fees and commissions turned in a positive performance. Fee and commission income amounted to €658 million, up 7.6% YoY but down 5.1% QoQ.

Recurring administrative expenses, depreciation and amortisation was down 1.3% YoY thanks to sound management of the cost base. Staff expenses fell by 3.3% now that the savings associated with the 2019 labour agreement are crystallising, offsetting organic increase. General expenses were also down, falling by 1%.

The heading impairment losses on financial assets and other provisions was impacted by the precautionary measures undertaken, which include additional credit risk provisions of €400 million in response to the new economic environment. This amount will be updated accordingly over the coming months as new information is available.

Internal economic projection scenarios based on the impact of COVID-19 health crisis on the economy and different levels of severity have been used to calculate this provision, albeit providing a certain weight to alternative macroeconomic projections more focused on the structural economy than on the current context.

By combining these scenarios, CaixaBank can effectively reduce the uncertainty regarding projections made in the current environment and the procyclicality of credit risk models, in line with the recommendations of supervisory bodies.

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Other charges to provisions also include a total of €109 million to cover the early retirements agreed in late February for a total of 229 employees, which will generate additional savings from the second quarter onward. CaixaBank had been planning to implement this measure since last year, since the negotiation commitment was part of the labour agreement signed with union representatives in May 2019.

Optimal management of capital and liquidity to meet existing demand for credit

Total liquid assets amounted to €96.23 billion, up €6.8 billion in the quarter, largely due to the posting of collateral under the BCE facility.

The Group's Liquidity Coverage Ratio (LCR) was 234% at 31 March 2020, revealing a comfortable liquidity position (average LCR of 185% – last 12 months) that is well above the minimum requirement of 100%.

The balance drawn under the ECB facility at 31 March 2020 amounted to €33.76 billion, of which €1.41 billion related to TLTRO II, €9.03 billion to TLTRO III and €23.33 billion to LTRO. A total of €2.5 billion in TLTRO II financing was repaid early in the first quarter of 2020, and the Bank also completed a drawdown of €21.5 billion and $2 billion (equivalent to €1.83 billion) in an extraordinary LTRO financing from the ECB.

In terms of capital adequacy, the Bank had a Common Equity Tier 1 (CET1) ratio of 12%. In the first quarter, the ratio included an impact of +32 basis points following the Bank's decision to lower the amount of the dividend it had been planning to pay out against 2019 earnings. In an exercise of prudence and social responsibility, the 2019 dividend has been lowered and the 2020 dividend policy adjusted to a cash pay-out not higher than 30% of reported earnings.

The adoption of the transitional period of IFRS 9 has also impacted the CET1 ratio (+13 basis points). Organic generation of capital in the quarter was -10 basis points, largely due to the increase in risk-weighted assets related to the credit growth, and -37 basis points in response to market conditions and other impacts.

The Tier 1 ratio was 13.5%, the Total Capital ratio came to 15.8% and the leverage ratio was 5.4%. As for the MREL requirement (22.5% of RWAs as of 1 January 2021), CaixaBank had a RWA ratio of 22.6% at 31 March, including all liabilities currently classified as eligible by the Single Resolution Board.

Taking into account new regulatory and supervisory considerations, the Board of Directors agreed to lower the CET1 capital ratio target envisioned in the 2019-2021 Strategic Plan to 11.5%, thus suspending the CET1 ratio target of a 12% plus an additional buffer of 1% largely in place to absorb the impact of implementing Basel IV and other regulatory impacts, whose implementation have now been delayed.

Efficient management of risk and non-performing assets against the new economic situation

The non-performing loan (NPL) ratio remained steadily very low in the quarter (3.6%) and the coverage ratio climbed to 58% (+3 pp from December).

The portfolio of net foreclosed real estate assets available for sale in Spain amounted to €961 million (up €3 million in the first quarter), with a coverage ratio of 40%. Meanwhile, the portfolio of rental real estate assets in Spain came to €2.03 billion (down €65 million in the quarter). Total sales of real estate assets were €95 million in 2020.

Support measures to reactivate the economy

Since the onset of the COVID-19 crisis, CaixaBank has rolled out an extensive package of measures in a bid to cushion the economic impact of coronavirus and support the needs of both businesses and retail customers. Aside from all the financing facilities provided by the Bank, CaixaBank has deployed further measures targeting individual customers and society as a whole, such as:

- CaixaBank's customers who have their pensions paid into the bank have benefitted from the Bank's decisions to bring forward the pension payment date (paid 10 days earlier in April) and to roll out a series of special measures to establish priority assistance to the elderly. In addition, all CaixaBank customers entitled to unemployment benefits, who started to receive them last month or earlier, have had these funds available in their account on 3 April, which is seven days earlier than usual. Advanced payment of unemployment benefits and pensions has been granted to 2.4 million customers.

- With €7.3 million CaixaBank Group's insurance company, VidaCaixa, has led to the industry's contribution to the initiative by Unespa, the Spanish trade association for insurers and reinsurers, aimed at setting up a collective life insurance cover for all Spanish healthcare professionals for six months in the event of death or hospitalisation due to COVID-19.

- On housing, CaixaBank has joined the Government's mortgage moratorium scheme and also offered a rental payment holiday, starting April, to tenants of homes owned by real estate subsidiary BuildingCenter, provided certain conditions are met. This measure will remain in effect until the month in which the state of alarm is lifted via official decree.

- CaixaBank has launched a support scheme to help small retailers cope with the current crisis, which has led to the closure of a significant proportion of commercial establishments. The measures taken include specific financing, suspensions of various PoS terminal fees and the launch of a new e-commerce technology solution provided by CaixaBank to small retailers to help them boost online sales.

- To facilitate the clients's financial transactions and to minimise travel, CaixaBank is no longer charging customers for debit withdrawals from ATMs operated by other Spanish banks.

- The Bank has also set up an online volunteering initiative through "la Caixa" Volunteers Association. Over 500 volunteers are now organising digital initiatives intended for various groups, in conjunction with charities across Spain.

- CaixaBank has strengthened its existing partnerships with public administration and social entities to urgently issue more than 200,000 social welfare cards while the COVID-19 state of alarm remains in effect.

- The Bank has launched, together with the "la Caixa" Foundation, the "No home without food" solidarity campaign in the wake of the social emergency caused by the current social and health crisis. The aim is to collect as many food products and funds as possible to meet the daily needs of those who have been affected by the current situation.

Key Group figures

€ million / %	January - March 2020	January - March 2019	Change
INCOME STATEMENT			
Net interest income	1,200	1,237	(3.0%)
Net fee and commission income	658	612	7.6%
Core income	2,045	2,027	0.9%
Gross income	1,983	2,109	(6.0%)
Recurring administrative expenses, depreciation and amortisation	(1,188)	(1,204)	(1.3%)
Pre-impairment income	796	905	(12.1%)
Pre-impairment income stripping out extraordinary expenses	796	905	(12.1%)
Profit/(loss) attributable to the Group	90	533	(83.2%)
INDICATORS OF PROFITABILITY (last 12 months)			
Cost-to-income ratio	67.6%	54.7%	12.9
Cost-to-income ratio stripping out extraordinary expenses	56.1%	54.4%	1.7
ROE	4.5%	7.1%	(2.6)
ROTE	5.4%	8.5%	(3.1)
ROA	0.3%	0.4%	(0.1)
RORWA	0.8%	1.2%	(0.4)

	March 2020	December 2019	Change
BALANCE SHEET			
Total assets	416,391	391,414	6.4%
Equity	24,217	25,151	(3.7%)
Customer funds	376,560	384,286	(2.0%)
Loans and advances to customers, gross	231,367	227,406	1.7%
RISK MANAGEMENT			
Non-performing loans (NPL)	8,957	8,794	163
Non-performing loan ratio	3.6%	3.6%	(0.0)
Cost of risk (last 12 months)	0.31%	0.15%	0.16
Provisions for insolvency risk	5,218	4,863	355
NPL coverage ratio	58%	55%	3
Net foreclosed available for sale real estate assets	961	958	3
Foreclosed available for sale real estate assets coverage ratio	40%	39%	1
LIQUIDITY			
Total liquid assets	96,227	89,427	6,800
Liquidity Coverage Ratio (last 12 months)	185%	186%	(1)
Net Stable Funding Ratio (NSFR)	129%	129%	
Loan to deposits	101%	100%	1
CAPITAL ADEQUACY			
Common Equity Tier 1 (CET1)	12.0%	12.0%	-
Tier 1	13.5%	13.5%	-
Total capital	15.8%	15.7%	0.1
MREL	22.6%	21.8%	0.8
Risk-Weighted Assets (RWAs)	147,822	147,880	(58)
Leverage ratio	5.4%	5.9%	(0.5)
SHARE INFORMATION			
Share price (€/share)	1.700	2.798	(1.098)
Market capitalisation	10,161	16,727	(6,566)
Book value per share (€/share)	4.05	4.20	(0.15)
Tangible book value per share (€/share)	3.33	3.49	(0.16)
Net income attributable per share (€/share) (12 months)	0.19	0.26	(0.07)
PER (Price/Profit)	9.11	10.64	(1.53)
Tangible PBV (Market value/ book value of tangible assets)	0.51	0.80	(0.29)
OTHER DATA (units)			
Employees	35,569	35,736	(167)
Branches	4,515	4,595	(80)
of which: retail branches in Spain	3,846	3,918	(72)

Results

The Group's Income Statement

Year-on-year performance

€ million	2020	2019	Chg. %	4Q19	Chg. %
Net interest income	**1,200**	**1,237**	**(3.0)**	**1,231**	**(2.5)**
Dividend income	1	10	(89.3)	2	(30.1)
Share of profit/(loss) of entities accounted for using the equity method	56	107	(47.6)	81	(31.1)
Net fee and commission income	658	612	7.6	694	(5.1)
Trading income	(20)	48		13	
Income and expense under insurance or reinsurance contracts	150	130	15.6	149	0.6
Other operating income and expense	(62)	(35)	79.6	(175)	(64.3)
Gross income	**1,983**	**2,109**	**(6.0)**	**1,995**	**(0.6)**
Recurring administrative expenses, depreciation and amortisation	(1,188)	(1,204)	(1.3)	(1,174)	1.2
Extraordinary expenses				(1)	
Pre-impairment income	**796**	**905**	**(12.1)**	**820**	**(2.9)**
Pre-impairment income stripping out extraordinary expenses	**796**	**905**	**(12.1)**	**821**	**(3.1)**
Allowances for insolvency risk	(515)	(123)		(88)	
Other charges to provisions	(144)	(48)		(84)	72.4
Gains/(losses) on disposal of assets and others	(31)	(16)	88.5	(85)	(63.8)
Profit/(loss) before tax	**106**	**718**	**(85.2)**	**563**	**(81.2)**
Income tax expense	(16)	(185)	(91.3)	(123)	(87.0)
Profit/(loss) after tax	**90**	**533**	**(83.1)**	**440**	**(79.6)**
Profit/(loss) attributable to minority interest and others				1	(42.1)
Profit/(loss) attributable to the Group	**90**	**533**	**(83.2)**	**439**	**(79.6)**