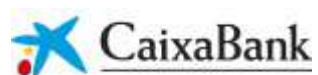




BUSINESS ACTIVITY AND RESULTS

REPORT

JANUARY - JUNE 2023



CONTENTS

01

Key Group figures

Page 4

04

Income statement

Page 11

07

Liquidity and financing structure

Page 28

10

Sustainability and social commitment

Page 47

13

Ratings

Page 53

02

Key information

Page 07

05

Business activity

Page 21

08

Capital management

Page 31

11

The CaixaBank share

Page 50

14

IFRS 17 and IFRS 9 Restatement

Page 54

03

Macroeconomic trends and state of the financial markets

Page 9

06

Risk management

Page 25

09

Segment reporting

Page 34

12

Investment portfolio

Page 52

15

Appendices

Page 61

Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statement and the consolidated balance sheet and the corresponding breakdowns of those statements provided in this report, are presented under management criteria, but have still been prepared in accordance with International Financial Reporting Standards (IFRS-EU) as adopted by the European Union under the terms of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, as subsequently modified.

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

The financial information published for 2022 has been restated in accordance with IFRS 17 / IFRS 9. The financial information corresponding to 2022 and the first quarter of 2023 published in the Business Activity and Results Report of the first quarter of 2023 (Other Relevant Information of 5 May 2023) has been restated in the second quarter after obtaining more detailed information. See 'Relevant aspects in the first half of 2023' and 'IFRS 17 and IFRS 9 Restatement'.

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

In accordance with the Guidelines on Alternative Performance Measures (APMs) published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1057), the appendices hereto provide the definition of certain alternative financial measures and, where appropriate, the reconciliation with the items contained on the financial statements for the period in question.



01 | KEY GROUP FIGURES

COMMERCIAL POSITIONING

Clients

20.1

million

625,597

Total assets (€ million)

Business activity

627,824

Customer funds
(€ million)

363,952

Loans and advances to
customers (€ million)

BALANCE SHEET INDICATORS

Risk management

2.6%

NPL ratio

76%

NPL coverage ratio

0.27%

Cost of risk (12 months)

Capital adequacy

12.5%

CET1

17.5%

Total capital

25.6%

MREL

Liquidity

146,646

Total liquid assets (€ million)

207%

Liquidity coverage ratio (LCR)

138%

NSFR

RESULTS, COST-TO-INCOME AND PROFITABILITY

Attributed profit/(loss)

2,137

Million euros

Cost-to-income

45.7%

Cost-to-income ratio stripping
out extraordinary expenses
(12 months)

Profitability

10.2%

12 months ROE

KEY GROUP FIGURES

€ million / %	January - June		Change	2Q23	Quarter-on-quarter
	2023	2022			
PROFIT/(LOSS)¹					
Net interest income	4,624	2,979	55.2%	2,442	11.9%
Net fee and commission income	1,846	1,928	(4.2)%	909	(3.1)%
Core income	7,110	5,417	31.3%	3,661	6.1%
Gross income	6,673	5,420	23.1%	3,572	15.2%
Recurring administrative expenses, depreciation and amortisation	(2,894)	(2,773)	4.3%	(1,455)	1.0%
Pre-impairment income	3,774	2,623	43.9%	2,115	27.4%
Pre-impairment income stripping out extraordinary expenses	3,779	2,647	42.8%	2,118	27.4%
Profit/(loss) attributable to the Group	2,137	1,573	35.8%	1,281	49.8%
MAIN RATIOS (last 12 months)					
Cost-to-Income ratio ¹	46.0%	57.6%	(11.7)	46.0%	(2.6)
Cost-to-income ratio, stripping out extraordinary expenses ¹	45.7%	56.1%	(10.4)	45.7%	(2.5)
Cost of risk (last 12 months)	0.27%	0.23%	0.03	0.27%	0.01
ROE ¹	10.2%	6.8%	3.4	10.2%	1.3
ROTE ¹	12.0%	7.9%	4.1	12.0%	1.6
ROA ¹	0.5%	0.3%	0.2	0.5%	0.1
RORWA ¹	1.6%	1.1%	0.5	1.6%	0.2
BALANCE SHEET					
Total Assets ¹	625,597	598,850	4.5%	618,708	1.1%
Equity ¹	34,044	33,708	1.0%	33,034	3.1%
BUSINESS ACTIVITY					
Customer funds ¹	627,824	611,300	2.7%	614,608	2.2%
Loans and advances to customers, gross	363,952	361,323	0.7%	361,077	0.8%
RISK MANAGEMENT					
Non-performing loans (NPL)	10,317	10,690	(373)	10,447	(130)
Non-performing loan ratio	2.6%	2.7%	(0.1)	2.7%	(0.1)
Provisions for insolvency risk	7,880	7,867	13	7,921	(40)
NPL coverage ratio	76%	74%	3	76%	0
Net foreclosed available for sale real estate assets	1,759	1,893	(134)	1,826	(67)
LIQUIDITY					
Total Liquid Assets	146,646	139,010	7,636	132,867	13,779
Liquidity Coverage Ratio	207%	194%	13	192%	15
Net Stable Funding Ratio (NSFR)	138%	142%	(4)	139%	(1)
Loan to deposits	91%	91%	0	92%	(1)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	12.5%	12.8%	(0.3)	12.6%	(0.1)
Tier 1	14.6%	14.8%	(0.2)	15.0%	(0.4)
Total capital	17.5%	17.3%	0.2	17.8%	(0.3)
MREL	25.6%	25.9%	(0.3)	26.2%	(0.6)
Risk-Weighted Assets (RWAs)	217,908	215,103	2,805	215,179	2,729
Leverage ratio	5.4%	5.6%	(0.2)	5.6%	(0.2)
SHARE INFORMATION					
Share price (€/share)	3.787	3.672	0.115	3.584	0.203
Market capitalisation	28,384	27,520	864	26,862	1,522
Book value per share ¹ (€/share)	4.54	4.49	0.05	4.40	0.13
Tangible book value per share ¹ (€/share)	3.82	3.77	0.05	3.69	0.14
Net attributable income per share ¹ (€/share) (12 months)	0.49	0.40	0.09	0.43	0.06
PER ¹ (Price/Profit; times)	7.76	918	(1.42)	8.41	(0.65)
PTBV ¹ (Price to tangible book value)	0.99	0.97	0.02	0.97	0.02
OTHER DATA (units)					
Employees	44,683	44,625	58	44,654	29
Branches ²	4,228	4,404	(176)	4,263	(35)
Of which: retail branches in Spain	3,649	3,818	(169)	3,684	(35)
ATMs	12,691	12,947	(256)	12,780	(89)

(1) The financial information published for 2022 has been restated in accordance with IFRS 17 / IFRS 9. The ratios (12 months) prior to 4Q22 are those reported in accordance with IFRS 4, as there is no historical data available for restatement. The financial information published in the Business Activity and Results Report of 1Q23 (Other Relevant Information of 5 May 2023) has been restated in the second quarter after obtaining more detailed information. See 'Relevant aspects in the half of 2023'.

(2) Does not include branches outside Spain and Portugal or representative offices.

02. KEY INFORMATION

OUR BANK

The **CaixaBank Group** serves 20.1 million customers through a network of more than 4,200 branches in Spain and Portugal and has over €625,000 million in assets.

Our **service vocation**, together with the **unique omnichannel distribution platform** with multi-product capabilities that continuously evolves to anticipate the customers' needs and preferences, helps us establish **solid market shares¹** in Spain:

Loans to individuals and business	Consumer lending	Deposits by individuals and business	Investment funds	Pension plans	Long-term saving ²	Card turnover
23.9%	19.9%	25.0%	24.1%	33.8%	29.5%	31.3%

BPI boasts a market share³ in Portugal of 11.6% in lending activity and 11.2% in customer funds.

(1) Latest information available. Market shares in Spain. Source: Bank of Spain, Social Security, INVERCO, ICEA and Sistemas de tarjeta y medios de pago. Lending and deposits market share corresponding to the resident private sector. Long Term Savings market share.

(2) Market share aggregating investment funds, pension plans and savings insurance. The latter corresponding to sector data, estimated based on the change in total life insurance.

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

RELEVANT ASPECTS IN THE FIRST HALF OF 2023

IFRS 17 and IFRS 9

In accordance with the Amendments to IFRS 4 and subsequent reviews, the Group decided to apply temporary exemption from applying IFRS 9 to the financial investments of the Group's insurance firms for all periods that come before 1 January 2023.

The Group has applied **IFRS 17: "Insurance Contracts" and IFRS 9: "Financial Instruments" to the assets and liabilities of the insurance business as of 1 January 2023**. IFRS 17 is the new accounting standard that sets out the principles for recognition, measurement and presentation of contracts that transfer significant insurance risk, whereas IFRS 9 is the accounting standard that the Group has already been applying to recognise and measure its financial assets and liabilities.

Considering that, in accordance with IFRS 17, a minimum of one year of comparative information is required, the income statement for the fiscal year 2022 and the balance sheet at 31 December 2022 have been restated for comparative purposes, also taking into account IFRS 9 requirements.

The application of IFRS 17 / IFRS 9 has had an impact of €-16 million on the income statement for 2022, €+6,616 million on total assets and €-555 million on equity as at 31 December 2022. The impact on the CET1 ratio was -20 basis points.

The financial information of 2022 and that of the first quarter of 2023 published in the Business Activity and Results Report of the first quarter of 2023 (Other Relevant Information of 5 May 2023) has been restated in the second quarter after obtaining more detailed information. Minor reclassifications have been carried out in various items of the Income statement between the second and third quarter of 2022, changing the results reported for these quarters, albeit without an impact on the annual result of 2022. In addition, certain income recognised in the Insurance service result has been reclassified to Net interest income for the quarters of 2022 and the first quarter of 2023, without an impact on the net result of these quarters.

Further detail of the restatement of 2022 and its quarterly reporting is provided in the section 'IFRS 17 / IFRS 9 Restatement'.

Share buy-back programme

The Board of Directors has stated CaixaBank's intention, subject to regulatory approval, to undertake an open-market share buy-back programme for €500 million, which is expected to begin before the close of 2023, with the aim distributing the CET1 surplus above 12%. This extraordinary payout is aligned with the targets established in the 2022-2024 Strategic Plan.

RESULTS AND FINANCIAL STRENGTH

Results and business activity

- > **Attributable profit in the first half of 2023 reached €2,137 million**, versus €1,573 million recognised in 2022 (+35.8%).
- > **Total loans and advances to customers, gross** stand at **€363,952 million**, up 0.7% in the year, impacted by the advance of double payments made to pension holders (-0.2% excluding this seasonal impact).
- > **Customer funds** amount to **€627,824 million**, up 2.7% in 2023.

Risk management

- > The **NPL ratio** fell to **2.6%** (2.7% at 2022 year-end), following the drop of €373 million of non-performing loans in 2023.
- > Robust **coverage ratio**, reaching **76%** (74% at 2022 year-end).
- > The **cost of risk (last 12 months)** came to **0.27%**.

Liquidity management

- > **Total liquid assets** amounted to **€146,646 million**.
- > The Group's **Liquidity Coverage Ratio**, LCR was **207%** (230% LCR trailing 12 months), showing an ample liquidity position well clear of the minimum requirement of 100%.
- > The **Net Stable Funding Ratio** (NSFR) stood at **138%** on 30 June 2023, above the 100% regulatory minimum required as of June 2021.

Capital management

- > The **Common Equity Tier 1 (CET1) ratio stands at 12.5%** (12.4% without applying the IFRS 9 transitional adjustments), following the extraordinary impact from the first application of IFRS 17 (-20 basis points).

The organic change in the first half was +91 basis points, -66 basis points caused by the forecast of dividends charged to this year and AT1 coupon payment and -10 basis points by the performance of the markets and other factors. The impact of IFRS 9 phase in was of +10 basis points at 30 June.

- > The **Tier 1** ratio reaches **14.6%** (14.5% without applying the IFRS 9 transitional adjustments) and includes an early full redemption of an issue of AT1 instruments for €500 million, which will take place in September 2023. The **Total Capital** ratio stood at **17.5%** (17.4% without applying the IFRS 9 transitional adjustments) and the **leverage ratio 5.4%**.
- > The **total MREL** ratio stood at **25.6%**. Following the end of the second quarter, CaixaBank completed another issuance of Senior non-preferred debt in two tranches for a total of €1,500 million, which raises the proforma total MREL ratio to 26.3%.

03. MACROECONOMIC TRENDS AND STATE OF THE FINANCIAL MARKETS

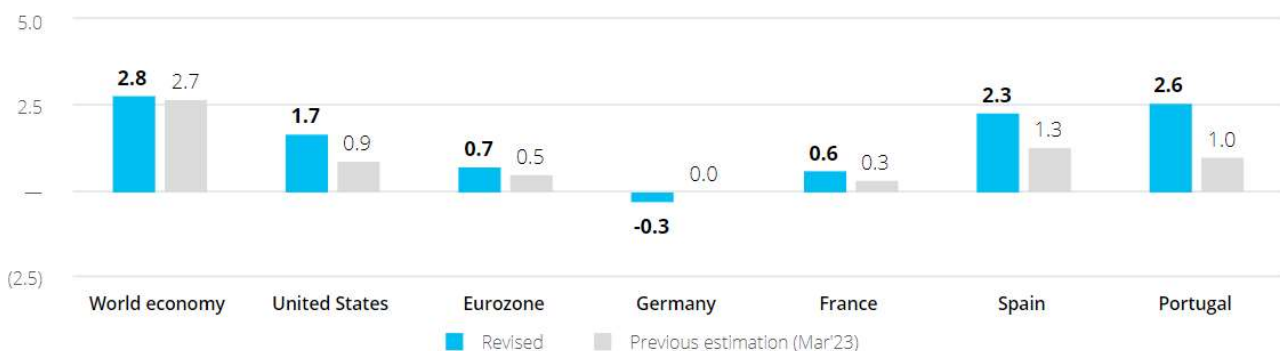
GLOBAL ECONOMIC OUTLOOK

The performance of the world's economy since the beginning of 2023 was marked by three major dynamics. Firstly, energy prices have eased and stabilised at lower levels than expected a few months ago, although still above their pre-pandemic levels. Secondly, the activity has been relatively resilient and the labour market has remained very solid, while inflation has moderated, but still with a considerable persistence of core inflation (services and non-energy goods). In this context, as a third major dynamic, the main central banks have been pushed to further tighten monetary policy, which will lead to a cooling of the world's economy in the upcoming quarters.

Indicators in the US point to a gradual slowdown in the economy, with a robust labour market and GDP continuing to grow in the second quarter after a 0.5% quarter on quarter increase in the first quarter of 2023. Following a strong revival in the beginning of the year as a result of its shift away from the zero-Covid policy, the Chinese economy registered a certain loss of momentum in the second quarter.

GDP¹, PREVISION GROWTH 2023

ANNUAL CHANGE (%)



(1) CaixaBank Research forecasts for 2023.

ECONOMIC SCENARIO - EUROPE, SPAIN AND PORTUGAL

The **eurozone** economy avoided entering technical recession in 1Q23, as the GDP stagnated (0.0% QoQ) after the quarter-on-quarter drop of 0.1% in 4Q22. Latest confidence indicators show a declining scenario throughout the second quarter, with industry intensifying its deterioration and the services sector showing signs of exhaustion. Headline inflation continued to decline (5.5% in June), thanks to the base effect from the substantial drop of energy prices, whereas the underlying components showed higher resistance and continue very high (5.4% core inflation, which excludes energy and foods), which would justify the ECB to continue hiking rates in spite of the cooling of economic activity.

The **Spanish economy** shows considerable resilience, performing better than expected at the start of the year. In the first quarter of 2023, it posted a quarter-on-quarter increase of 0.6% in GDP and managed to exceed pre-pandemic levels (4Q19), boosted by the buoyancy of external demand due to the strong momentum of tourism and exports of other services, while private consumption continued to contract. The information available for the second quarter offers mixed signals, showing a declining profile throughout the quarter. Whereas industry is weak, foreign tourism continues to post very good figures and job creation

shows a good tone, albeit losing buoyancy. Inflation has continued to ease, falling to 1.9% in June, thanks not only to the base effect of energy prices, but also to signs of a slowdown in the other components of the CPI basket. Core inflation, which excludes energy and all food, came in at 4.3% in June, compared with a peak in February of 5.2%

The **Portuguese** economy surprised positively in the first quarter of 2023 by posting a strong quarter-on-quarter GDP growth of 1.6%, thanks to the strength of external demand and particularly tourism. Conversely, domestic demand subtracted 0.9 percentage points from quarterly GDP growth, dragged down by weak investment. Available indicators for the second quarter show a positive tone, but a gradually decelerating trend as the impact of higher interest rates is felt. Inflation eased during the first half of the year and came in at 3.4% in June, compared to 9.6% at the close of 2022, mainly due to the correction in energy prices.

STATE OF THE FINANCIAL MARKETS

The main central banks continued to tighten their monetary policy throughout spring, although at a slower pace. The persistent inflationary pressures, in a context of resolving the debt ceiling crisis in the US and the stabilisation of the financial turbulences in March-April, have made the central banks adopt a strategy of "higher rates for a longer period of time", with signs that additional rate hikes will be required in the upcoming months.

The **ECB** has continued to raise interest rates, bringing the deposit facility rate to 3.75% in July, and the markets have priced in rate hikes to 4.00% in September, thus placing it at a sufficiently restrictive level to combat inflationist pressures. In addition, the ECB has stopped reinvesting assets of the APP (Asset Purchase Programme) since July and has continued to reduce the balance sheet, also, via the repayments of TLTROs.

The **Federal Reserve** raised interest rates to the 5.25%-5.50% range at the end of July, and it has maintained its hawkish rhetoric in recent months, which points to the possibility of another hike during the remainder of the year. However, in view of the moderate inflation, certain signs of weakness in economic activity and the gradual return to normality of the labour market, the financial markets believe that the rate increase in July will be the last and that the downward rate cycle will start in the first quarter of 2024.

In this context, the **financial markets** continued to trade in the second quarter against a backdrop of high uncertainty and volatility. The episodes of financial stress in March-April, the US debt ceiling crisis and the signals of a declining quarter in the main world economies, most notably in China and Europe, were reflected in the back and forth movements in the main risk assets, which have also priced in a scenario of higher interest rates for a longer period of time. All in all, in the second quarter the international stock markets generally closed in the green, with further gains in the US (8.3% in the S&P 500, 15.2% in the NASDAQ) than in Europe (1.9% in the EURO STOXX 50, 3.9% in the IBEX 35). The sovereign debt generally rose (around 10 basis points to 2.4% for the 10-year German bund and 35 basis points to 3.8% for the equivalent US bond), while the dollar remained practically flat, reaching 1.09 vis-à-vis the euro. Risk premiums in the eurozone slightly dropped by around -5 basis points to 100 in Spain and by around -10 basis points to 70 in Portugal despite the ECB's announcements of quantitative tightening.

04. INCOME STATEMENT

Year-on-year performance

Attributable profit for 2023 amounts to €2,137 million, versus €1,573 million in 2022 (+35.8%).

€ million	1H23	1H22 ¹	Change %
Net interest income	4,624	2,979	55.2
Dividend income	145	131	10.2
Share of profit/(loss) of entities accounted for using the equity method	145	111	30.5
Net fee and commission income	1,846	1,928	(4.2)
Trading income	143	244	(41.5)
Insurance service result	501	422	18.5
Other operating income and expense	(730)	(396)	84.1
Gross income	6,673	5,420	23.1
Recurring administrative expenses, depreciation and amortisation	(2,894)	(2,773)	4.3
Extraordinary expenses	(5)	(23)	(77.2)
Pre-impairment income	3,774	2,623	43.9
Pre-impairment income stripping out extraordinary expenses	3,779	2,647	42.8
Allowances for insolvency risk	(456)	(376)	21.4
Other charges to provisions	(100)	(90)	11.6
Gains/(losses) on disposal of assets and others	(64)	(36)	79.7
Profit/(loss) before tax	3,154	2,122	48.6
Income tax expense	(1,018)	(548)	85.8
Profit/(loss) after tax	2,136	1,575	35.7
Profit/(loss) attributable to minority interest and others	(0)	1	
Profit/(loss) attributable to the Group	2,137	1,573	35.8

(1) Corresponds to the income statement of 2022 restated following the entry into force of IFRS 17 and IFRS 9. See section 'IFRS 17 / IFRS 9 Restatement'.

Core income	1H23	1H22	Change %
Net interest income	4,624	2,979	55.2
Income from Bancassurance equity investments	139	87	59.2
Net fee and commission income	1,846	1,928	(4.2)
Insurance service result	501	422	18.5
Total core income	7,110	5,417	31.3

- > Good performance of **Core income** (+31.3%), driven by the growth of **Net interest income** (+55.2%), **Insurance service result** (+18.5%) and **Income from Bancassurance equity investments** (+59.2%), which compensate the lower **Fee and commission income** (-4.2%).
- > Increase of **Dividend income** after the recognition of Telefónica's dividend in the first quarter of 2023 (in 2022 recognised in the second and fourth quarter) and higher **Share of profit/(loss) of entities accounted for using the equity method** (+30.5%), which includes one-off income. Lower generation of **Trading income** (-41.5%).
- > **Other operating income and expense** is impacted by the recognition in the first quarter of 2023 of the banking tax for €-373 million.
- > **Gross income grew** (+23.1%) more than **Recurring administrative expenses, depreciation and amortisation** (+4.3%), resulting in the growth of **Pre-impairment income** (+43.9%).
- > **Allowances for insolvency risk** grows (+21.4%) and **Other charges to provisions** increases (+11.6%).

Quarterly performance

€ million	2Q23	1Q23 ¹	Change %	2Q22	Change %
Net interest income	2,442	2,182	11.9	1,520	60.7
Dividend income	77	68	14.2	130	(40.8)
Share of profit/(loss) of entities accounted for using the equity method	66	79	(16.8)	60	9.7
Net fee and commission income	909	937	(3.1)	992	(8.4)
Trading income	61	82	(24.8)	102	(40.0)
Insurance service result	257	244	5.3	214	20.2
Other operating income and expense	(239)	(491)	(51.2)	(256)	(6.4)
Gross income	3,572	3,101	15.2	2,762	29.3
Recurring administrative expenses, depreciation and amortisation	(1,455)	(1,440)	1.0	(1,367)	6.4
Extraordinary expenses	(3)	(2)	18.0	(16)	(81.7)
Pre-impairment income	2,115	1,659	27.4	1,379	53.3
Pre-impairment income stripping out extraordinary expenses	2,118	1,662	27.4	1,395	51.8
Allowances for insolvency risk	(200)	(255)	(21.5)	(147)	36.1
Other charges to provisions	(75)	(25)	(45)	(68.1)	
Gains/(losses) on disposal of assets and others	(44)	(20)	(26)	66.1	
Profit/(loss) before tax	1,795	1,359	32.1	1,161	54.7
Income tax expense	(514)	(504)	2.0	(293)	75.3
Profit/(loss) after tax	1,281	855	49.9	868	47.7
Profit/(loss) attributable to minority interest and others					(77.1)
Profit/(loss) attributable to the Group	1,281	855	49.8	867	47.7

(1) The financial information of 1Q23 published in the Business Activity and Results Report of 1Q23 (Other Relevant Information of 5 May 2023) has been restated in 2Q23 after obtaining more detailed information. €19 million have been reclassified, reducing the Insurance service result and increasing Net interest income without an impact on the net result of 1Q23.

Core income	2Q23	1Q23	Change %	2Q22	Change %
Net interest income	2,442	2,182	11.9	1,520	60.7
Income from Bancassurance equity investments	54	85	(37.4)	46	17.6
Net fee and commission income	909	937	(3.1)	992	(8.4)
Insurance service result	257	244	5.3	214	20.2
Total core income	3,661	3,449	6.1	2,771	32.1

The **change in attributable profit in the second quarter of 2023** (€1,281 million), when compared to the **previous quarter** (€855 million), up 49.8%, was mainly due to the following:

- > **Core income** stands at **€3,661 million**, showing growth of 6.1%, supported by **Net interest income** (+11.9%) in an environment of increasing interest rates and **Insurance service result** (+5.3%). The performance of **Income from Bancassurance equity investments** (-37.4%) is impacted in the first quarter by the one-off income associated with SegurCaixa Adeslas' increase of stake in IMQ. **Fee and commission income** decreases (-3.1%).
- > The **Dividend income** includes in the first quarter of 2023 the full dividend from Telefónica for €61 million and in the second quarter of 2023 the dividend from BFA for €73 million.
- > **Other operating income and expense** includes one-off expenses in both quarters (the contribution to the Single Resolution Fund (SRF)¹ of €-169 million in the second quarter and the banking tax for €-373 million and an estimation of the Spanish property tax for €-22 million in the first quarter).
- > **Allowances for insolvency risk** drop 21.5% in the quarter and **Other charges to provisions** increase.

The **change in attributable profit in the second quarter of 2023** (€1,281 million), when compared to the **same quarter of the previous year** (€867 million), up 47.7%, was mainly due to the following:

- > **Core income** stands at **€3,661 million**, showing a growth of 32.1%, supported by **Net interest income** (+60.7%), **Income from Bancassurance equity investments** (+17.6%) and **Insurance service result** (+20.2%). **Fee and commission income** decreases (-8.4%).
- > Decline in **Dividend income** of 40.8%, including in the second quarter of 2022 the dividend from Telefónica for €38 million (in 2023 the full dividend was recognised in the first quarter). In addition, lower dividend income from BFA (€73 million in the second quarter of 2023 versus €87 million in the second quarter of the previous year).
- > **Trading income** dropped by 40.0%.
- > **Other operating income and expense** includes in both quarters the contribution to the Single Resolution Fund (SRF)¹ (€169 million in 2023 and €159 million in 2022).
- > **Allowances for insolvency risk** and **Other charges to provisions** increase when compared to the same quarter of 2022 (+36.1% and +68.1% respectively).

(1) Including BPI's contribution to the Portuguese Resolution Fund of €5 million in 2023 (€9 million in 2022).

RETURN ON AVERAGE TOTAL ASSETS¹

%	2Q23	1Q23	4Q22	3Q22	2Q22
Interest income	2.83	2.37	1.67	1.23	1.16
Interest expense	(1.26)	(0.94)	(0.54)	(0.33)	(0.31)
Net interest income	1.57	1.43	1.13	0.90	0.85
Dividend income	0.05	0.04	0.02	—	0.07
Share of profit/(loss) of entities accounted for using the equity method	0.03	0.05	0.02	0.05	0.03
Net fee and commission income	0.59	0.62	0.55	0.54	0.56
Trading income	0.04	0.05	0.01	0.04	0.06
Insurance service result	0.17	0.16	0.16	0.13	0.12
Other operating income and expense	(0.15)	(0.32)	(0.28)	(0.05)	(0.14)
Gross income	2.30	2.04	1.62	1.61	1.55
Recurring administrative expenses, depreciation and amortisation	(0.94)	(0.95)	(0.80)	(0.77)	(0.77)
Extraordinary expenses			(0.01)	(0.01)	(0.01)
Pre-impairment income	1.36	1.09	0.81	0.83	0.77
Allowances for insolvency risk	(0.13)	(0.17)	(0.25)	(0.10)	(0.08)
Other charges to provisions	(0.05)	(0.02)	—	(0.02)	(0.03)
Gains/(losses) on disposal of assets and others	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)
Profit/(loss) before tax	1.16	0.89	0.54	0.71	0.65
Income tax expense	(0.33)	(0.33)	(0.16)	(0.21)	(0.16)
Profit/(loss) after tax	0.83	0.56	0.38	0.50	0.49
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	0.83	0.56	0.38	0.50	0.49
Average total net assets (€ million)	622,732	616,023	686,491	708,157	714,544

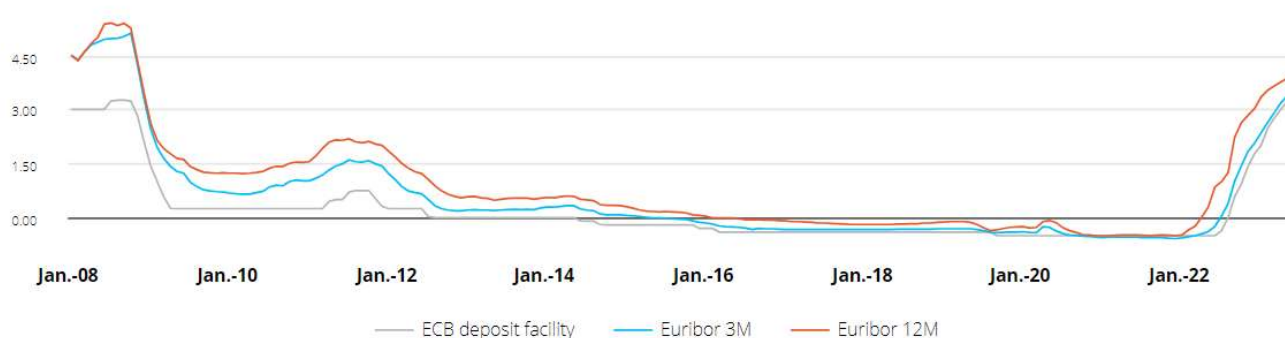
(1) Annualised quarterly income/cost to average total assets in the quarter.

Net interest income

Net interest income totalled €4,624 million (up 55.2% with respect to the same period in 2022; +66.1% ex TLTRO). This increase is due to:

- > Higher income from loans mainly due to an increase in the average rate, as a result of the positive impact of market interest rates on the portfolio tied to variable rates and on the rates of the new production. In addition, but to a lesser extent, a positive impact due to a higher average volume.
- > Higher contribution of the fixed-income portfolio due to an interest rate rise and a higher volume.

INTEREST RATES (average rates in %)



These effects have been partially reduced by:

- > Lower contribution to net interest income by financial intermediaries mainly due to the impact of a lower excess liquidity and higher costs of financing taken from the ECB.
- > Higher cost of institutional funding, impacted by a rate increase from the repricing of issuances changed to variable rate due to the rise of the rate curve.
- > Higher costs of customer deposits, which includes the effect of the conversion into floating interest by means of interest-rate hedges established for a limited amount.

Net interest income in the **quarter** increases 11.9% with respect to the previous **quarter** due to:

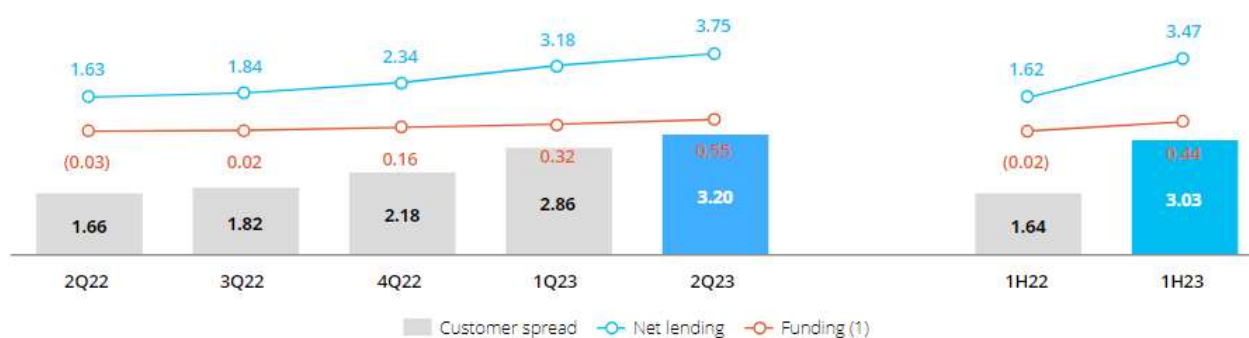
- > Higher income of loans and advances, positively impacted by the interest curve.
- > Higher contribution of the fixed-income portfolio due to the increase of the average rate.

These effects have been partially reduced by:

- > Higher costs of customer deposits, which includes the effect of the conversion into floating interest by means of interest-rate hedges established for a limited amount.
- > Higher cost of institutional funding, impacted by a rate increase from the repricing of issuances due to the rise of the rate curve.

The **customer spread** increased by 34 basis points in the quarter to 3.20%, due to the rise in the return on lending activity (57 basis points) and despite the increase of the cost of deposits (23 basis points).

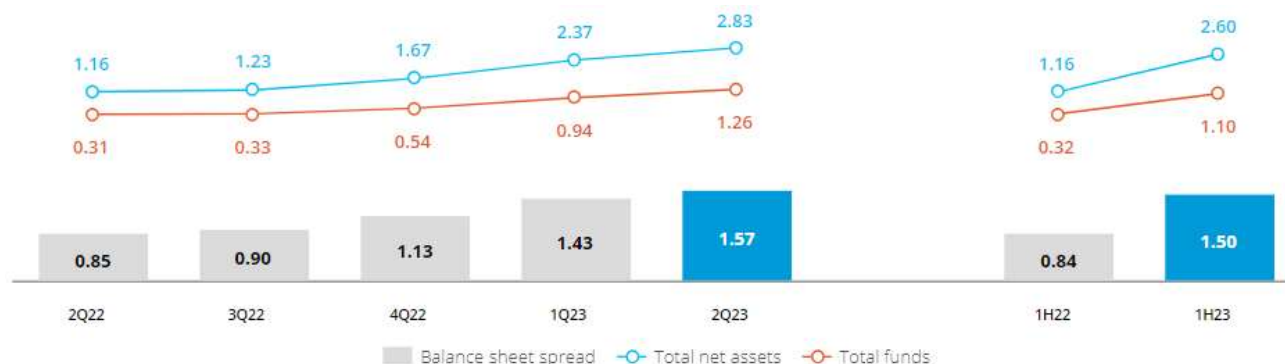
CUSTOMER SPREAD, GROUP (%)



(1) Customer deposit costs excluding hedges and FX and international branch deposits of CaixaBank ex BPI amount to 34 bps in 2Q23, 17 bps in 1Q23, 7 bps in 4Q22 and 1 bps in 3Q22.

The **balance sheet spread** rose by 14 basis points in the quarter, mainly due to higher revenue in the retail business.

BALANCE SHEET SPREAD, GROUP (%)



QUARTERLY COST AND INCOME¹

€ million	2Q23			1Q23			4Q22		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	49,926	436	3.50	44,740	295	2.68	109,694	318	1.15
Loans and advances (a)	338,029	3,163	3.75	338,447	2,650	3.18	340,765	2,013	2.34
Debt securities	90,248	289	1.29	90,225	220	0.99	92,004	179	0.77
Other assets with returns	59,106	429	2.91	57,929	383	2.68	56,321	345	2.43
Other assets	85,423	77		84,682	59		87,707	41	
Total average assets (b)	622,732	4,394	2.83	616,023	3,607	2.37	686,491	2,896	1.67
Financial Institutions	58,762	(526)	3.59	52,166	(369)	2.87	116,363	(218)	0.74
Retail customer funds (c)	378,501	(520)	0.55	378,532	(299)	0.32	384,810	(152)	0.16
Wholesale marketable debt securities & other	44,514	(431)	3.89	45,851	(338)	2.99	47,045	(191)	1.61
Subordinated liabilities	10,893	(73)	2.70	9,798	(53)	2.19	8,796	(25)	1.15
Other funds with cost	74,166	(390)	2.11	73,004	(355)	1.97	70,981	(330)	1.84
Other funds	55,896	(12)		56,672	(11)		58,496	(10)	
Total average funds (d)	622,732	(1,952)	1.26	616,023	(1,425)	0.94	686,491	(926)	0.54
Net interest income	2,442			2,182			1,970		
Customer spread (%) (a-c)	3.20			2.86			2.18		
Balance sheet spread (%) (b-d)	1.57			1.43			1.13		

€ million	3Q22			2Q22		
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions	127,932	165	0.51	135,615	276	0.82
Loans and advances (a)	340,968	1,577	1.84	335,025	1,358	1.63
Debt securities	92,295	103	0.44	90,495	85	0.38
Other assets with returns	59,131	334	2.24	61,486	339	2.21
Other assets	87,831	11		91,923	16	
Total average assets (b)	708,157	2,190	1.23	714,544	2,074	1.16
Financial Institutions	128,334	(132)	0.41	132,871	(182)	0.55
Retail customer funds (c)	392,598	(24)	0.02	387,901	24	(0.03)
Wholesale marketable debt securities & other	46,581	(86)	0.73	47,441	(38)	0.32
Subordinated liabilities	8,624	(13)	0.58	9,265	(3)	0.11
Other funds with cost	73,155	(318)	1.73	75,755	(335)	1.77
Other funds	58,865	(14)		61,311	(20)	
Total average funds (d)	708,157	(587)	0.33	714,544	(554)	0.31
Net interest income	1,603			1,520		
Customer spread (%) (a-c)	1.82			1.66		
Balance sheet spread (%) (b-d)	0.90			0.85		

(1) The financial information published in the Business Activity and Results Report of 1Q23 has been restated in the second quarter after obtaining more detailed information. With respect to the information published in Other Relevant Information of 5 May 2023, the Net interest income restated by quarter has increased by €+19 million in 1Q23, €+10 million in 4Q22, €+10 million in 3Q22 and €+2 million in 2Q22.

To help readers interpret the information contained in this report, the following aspects should be taken into account:

- > According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes in 2022 the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being income from ECB funding measures (TLTRO and MRO). Conversely, the heading financial intermediaries on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.
- > "Other assets with returns" and "Other funds with cost" relate largely to the Group's life insurance activity. Net interest income mainly includes the net return on assets under the insurance business maintained to pay ordinary claims, as well as the Group's financial margin for short-term savings insurance products. It also includes the income from financial assets under the insurance business, and an expense for interest that includes the capitalisation of the new insurance liabilities is recognised at a very similar interest rate as the rate of return of asset acquisition. The difference between this income and the expense is not significant.
- > The balances of all headings except "Other assets" and "Other funds" correspond to balances with returns/cost. "Other assets" and "Other funds" incorporate balance items that do not have an impact on the Net interest income and on returns and costs that are not assigned to any other item.

Fees and commissions

Fee and commission income stand at €1,846 million, down 4.2% on 2022 (-3.1% with respect to the previous quarter and -8.4% with respect to the same quarter of 2022).

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

Recurring fees and commissions slightly dropped 7.6% in the year and 13.5% with respect to the second quarter of the previous year, impacted, among other factors, by the elimination of corporate deposit custody fees. Decline of 2.1% with respect to the first quarter of 2023.

Fees and commissions from wholesale banking show a good performance when compared to the same period of the previous year (+17.5%), whereas the second quarter of 2023 has registered lower activity (-33.5% with respect to the first quarter and -16.9% with respect to the same quarter of 2022).

- > **Fees and commissions from the sale of insurance products** stand at €200 million, down 3.7% when compared to the same period of the previous year. Decline with respect to the first quarter of 2023 (-7.6%) and with respect to the same quarter of the previous year (-3.8%), impacted by one-off income in these quarters.
- > **Fees and commissions from assets under management** (mainly investment funds and pension plans) stand at €575 million, down 3.1% in the year (+6.3% with respect to the previous quarter and +1.4% when compared to the same quarter of 2022).
 - > Commissions from **mutual funds, managed accounts and SICAVs** stand at €415 million (-1.7% in the year), impacted among others, by lower average commissions due to the change in the product mix with a greater weight in fixed-rate and monetary funds. The change with respect to the previous quarter (+8.2%) and the same quarter of 2022 (+4.7%) is due to, among others, an increase of average net assets managed.
 - > Commissions from **managing pension plans and other¹** stand at €160 million (-6.6% in the year and -6.5% with respect to the same quarter of 2022) due to a reduction of average net assets managed. Increase by +1.5% with respect to the previous quarter.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Banking services, securities and other fees	1,071	1,127	(4.9)	516	555	571	571	600
<i>Recurring</i>	930	1,007	(7.6)	460	470	496	517	532
<i>Wholesale banking</i>	141	120	17.5	56	85	75	54	68
Sale of insurance products	200	208	(3.7)	96	104	94	99	100
Assets under management	575	594	(3.1)	296	279	293	298	292
<i>Mutual funds, managed accounts and SICAVs</i>	415	422	(1.7)	216	199	204	214	206
<i>Pension plans and other¹</i>	160	171	(6.6)	81	79	89	84	86
Net fee and commission income	1,846	1,928	(4.2)	909	937	959	968	992

(1) Other mainly corresponds to fee and commission income from Unit Linked of BPI Vida e Pensões, which given their low risk component are governed by IFRS 9 and have not been reclassified to Insurance service result (€8 million in 2Q23 and €7 million in 1Q23).

Income from equity investments

- > **Dividend income** includes the dividend from Telefónica for €61 million after its approval at the Annual General Meeting held on the first quarter of 2023. The recognition of dividends in 2022, which was carried out in the second and fourth quarter, must be considered in the year-on-year performance.
In addition, the second quarter of both years includes the dividend from BFA (€73 million in 2023 versus €87 million in 2022).
- > **Attributable profit of entities accounted for using the equity method** stands at €145 million. Up 30.5% year-on-year, impacted among others by the better performance of SegurCaixa Adeslas, which includes income associated with the revaluation of the stake held in IMQ after the participation increase.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Dividend income	145	131	10.2	77	68	32	0	130
Share of profit/(loss) of entities accounted for using the equity method	145	111	30.5	66	79	30	81	60
Income from equity investments	290	243	19.5	143	147	62	81	190

Trading income

- > **Trading income** stands at €143 million in 2023 versus €244 million in the previous year (-41.5% with respect to the same period of 2022).

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Trading income	143	244	(41.5)	61	82	11	73	102

Insurance service result

- > **Insurance service result** stands at €501 million, up 18.5% (+5.3% with respect to the previous quarter and +20.2% when compared to the same quarter of 2022).

The risk and savings businesses grow year-on-year and with respect to the same quarter of 2022, following a solid commercial activity and a higher return of both businesses.

The year-on-year change in the Unit Linked business, and with respect to the same quarter of 2022, is impacted by the performance of the markets in the second half of 2022, with a slight growth with respect to the previous quarter.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Risk business	321	258	24.1	161	160	175	156	129
Savings business	143	122	17.3	77	66	66	58	63
Unit Linked business	37	42	(12.2)	19	18	36	21	22
Insurance service result	501	422	18.5	257	244	277	236	214

(1) The financial information published in the Business Activity and Results Report of 1Q23 has been restated in the second quarter after obtaining more detailed information. With respect to the information published in Other Relevant Information of 5 May 2023, the Insurance service result restated by quarter changed by €-19 million in 1Q23, €-10 million in 4Q22, €+1 million in 3Q22 and €-13 million in 2Q22.

Other operating income and expense

Other operating income and expense includes, among other items, income and expenses of non-real estate subsidiaries, income from rentals and expenses incurred in managing foreclosed properties and contributions, levies and taxes. With regard to the contributions and levies, its timing generates a seasonal impact on the quarterly performance under this heading:

- > Recognition in the first quarter of 2023 of the banking tax for €373 million and the Spanish property tax for €22 million (€22 million in 2022). In addition, the first quarter includes the levies paid by BPI as contribution of the Portuguese banking sector for €22 million (€21 million in 2022).
- > The contribution to the SRF¹ of €169 million stands out in the second quarter of 2023 (€159 million in 2021).
- > Contribution to the Deposit Guarantee Fund (DGF) of €407 million in the fourth quarter of 2022.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Contributions and levies	(564)	(181)		(169)	(395)	(407)		(159)
Other RE operating income and expense (incl. property tax)	(51)	(61)	(16.4)	(19)	(32)	(1)	(8)	(23)
Other	(115)	(155)	(25.9)	(52)	(63)	(70)	(81)	(74)
Other operating income and expense	(730)	(396)	84.1	(239)	(491)	(477)	(89)	(256)

(1) Including BPI's contribution to the Portuguese Resolution Fund of €5 million in 2023 (€9 million in 2022).

ADMINISTRATION EXPENSES, DEPRECIATION AND AMORTISATION

- > Year-on-year growth of **Recurring administrative expenses, depreciation and amortisation** of 4.3% (+6.4% with respect to the same quarter of 2022).

Personnel expenses up 3.1% year-on-year (+6.1% with respect to the second quarter of 2022). General expenses grow 6.4% due to the impact of new transformation projects and the inflationary pressure (+6.8% with respect to the second quarter of 2022). The increase of depreciation and amortisation (+5.8%) is associated mainly with the effort to invest in projects to transform the institution (+7.0% with respect to the same quarter of the previous year).

- > With respect to the previous quarter, Recurring administrative expenses, depreciation and amortisation slightly increased, +1.0%.
- > The extraordinary expenses of 2023 are associated completely with the integration of Sa Nostra.
- > The cost-to-income ratio (12 months) reached 46.0% (50.3% at 2022 year-end).

The core cost-to-income ratio (12 months) reached 42.8% (48.0% at 2022 year-end).

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Gross income	6,673	5,420	23.1	3,572	3,101	2,801	2,872	2,762
Personnel expenses	(1,744)	(1,691)	3.1	(876)	(868)	(836)	(832)	(826)
General expenses	(770)	(723)	6.4	(384)	(386)	(352)	(360)	(360)
Depreciation and amortisation	(380)	(359)	5.8	(194)	(186)	(188)	(183)	(182)
Recurring adm. expenses, depreciation and amortisation	(2,894)	(2,773)	4.3	(1,455)	(1,440)	(1,376)	(1,375)	(1,367)
Extraordinary expenses	(5)	(23)	(77.2)	(3)	(2)	(15)	(11)	(16)

ALLOWANCES FOR INSOLVENCY RISK AND OTHER CHARGES TO PROVISIONS

- > **Allowances for insolvency risk** amounted to €-456 million, versus €-376 million in the same period of 2022 (+21.4%).

The provision models have been calibrated with forward-looking macroeconomic scenarios under the IFRS 9 accounting standard. In view of the uncertainty involved in estimating these scenarios, among which is a significant increase of inflation and interest rates, CaixaBank keeps a collective provision fund for €874 million at 30 June 2023.

The aforementioned collective fund was reduced by €264 million, mainly due to the half-yearly model recalibration process of models carried out in the last quarter, as a result of assigning provisions at a specific level, without therefore changing the overall coverage level (the fund's balance stood at €1,137 million at the end of 2022 and the first quarter of 2023).

In addition, the Group has a PPA fund from Bankia's integration for €261 million at the end of the second quarter of 2023, among other collective funds of a smaller amount.

The **cost of risk (last 12 months)** came to 0.27%.

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

In the second quarter of 2023, the performance of this heading is impacted, among others, by the charges to provisions for contingents liabilities (available granted not used) registered within the framework of the above-mentioned half-yearly recalibration of the internal risk models.

The first half of 2023 includes the use of provisions established in 2021 for €19 million to cover asset write-downs from the plan to restructure the commercial network (€39 million in the same period of 2022). When the expense materialises, it is recognised mostly in Gains/(losses) on disposal of assets and others.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Allowances for insolvency risk	(456)	(376)	21.4	(200)	(255)	(434)	(172)	(147)
Other charges to provisions	(100)	(90)	11.6	(75)	(25)	(6)	(33)	(45)
Allowances for insolvency risk and other charges to provisions	(556)	(465)	19.5	(276)	(281)	(441)	(206)	(192)

GAINS/(LOSSES) ON DISPOSAL OF ASSETS AND OTHERS

- > **Gains/(losses) on disposal of assets and others** includes, essentially, the proceeds on asset sales and write-downs.

The real estate results in the fourth quarter of 2022 includes, among others, the materialisation of a positive result of €101 million before tax from the sale of the property located at Paseo Castellana 51 in Madrid, as well as impairments of the real estate portfolio applying a conservative criteria.

The item Other includes, among other aspects, the materialisation of asset write-downs within the framework of the aforementioned plan to restructure the commercial network.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Real estate results	9	19	(53.7)	9	(1)	31	5	10
Other	(73)	(55)	33.5	(53)	(20)	(63)	(24)	(37)
Gains/(losses) on disposal of assets and others	(64)	(36)	79.7	(44)	(20)	(32)	(20)	(26)



05 | BUSINESS ACTIVITY

05. BUSINESS ACTIVITY

BALANCE SHEET

The Group's total assets reached €625,597 million on 30 June 2023, up 1.1% in the quarter and 4.5% in the year.

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022 ¹	Change %
Cash and cash balances at central banks and other demand deposits	41,704	35,872	16.3	20,522	103.2
Financial assets held for trading	8,013	7,647	4.8	7,382	8.5
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	12,575	12,160	3.4	11,351	10.8
Equity instruments	12,569	12,104	3.8	11,295	11.3
Debt securities	6	6	(1.5)	6	(1.8)
Loans and advances	—	50	(99.8)	50	(99.8)
Financial assets designated at fair value through profit or loss	7,528	7,910	(4.8)	8,022	(6.2)
Financial assets at fair value with changes in other comprehensive income	66,120	66,755	(1.0)	64,532	2.5
Financial assets at amortised cost	451,174	449,334	0.4	446,168	1.1
Credit institutions	12,627	12,893	(2.1)	12,397	1.9
Customers	355,214	352,267	0.8	352,834	0.7
Debt securities	83,333	84,174	(1.0)	80,937	3.0
Derivatives - Hedge accounting	1,059	1,223	(13.5)	1,462	(27.6)
Investments in joint ventures and associates	1,969	2,047	(3.8)	2,054	(4.1)
Assets under reinsurance contracts	67	71	(6.3)	63	5.5
Tangible assets	7,420	7,528	(1.4)	7,516	(1.3)
Intangible assets	5,001	4,996	0.1	5,024	(0.5)
Non-current assets and disposal groups classified as held for sale	2,231	2,372	(5.9)	2,426	(8.0)
Other assets	20,736	20,791	(0.3)	22,328	(7.1)
Total assets	625,597	618,708	1.1	598,850	4.5
Liabilities	591,552	585,674	1.0	565,142	4.7
Financial liabilities held for trading	3,943	3,955	(0.3)	4,030	(2.2)
Financial liabilities designated at fair value through profit or loss	3,370	3,409	(1.1)	3,409	(1.1)
Financial liabilities at amortised cost	505,372	500,629	0.9	483,047	4.6
Deposits from central banks and credit institutions	45,838	51,548	(11.1)	28,810	59.1
Customer deposits	397,040	388,356	2.2	393,634	0.9
Debt securities issued	53,006	51,059	3.8	52,608	0.8
Other financial liabilities	9,487	9,666	(1.9)	7,995	18.7
Insurance contract liabilities	66,866	65,369	2.3	62,595	6.8
Provisions	4,896	5,024	(2.6)	5,231	(6.4)
Other liabilities	7,105	7,288	(2.5)	6,831	4.0
Equity	34,044	33,034	3.1	33,708	1.0
Shareholders' equity	36,168	34,965	3.4	35,908	0.7
Minority interest	32	33	(3.2)	32	0.7
Accumulated other comprehensive income	(2,156)	(1,964)	9.8	(2,232)	(3.4)
Total liabilities and equity	625,597	618,708	1.1	598,850	4.5

(1) Opening balance sheet at 1 January 2023 presented for comparative purposes following the application of IFRS 17 / IFRS 9. See section 'IFRS 17 / IFRS 9 Restatement'.

LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers, gross stands at **€363,952 million** on 30 June 2023 (+0.7% in the year and +0.8% in the quarter). The positive seasonal impact from the advance of double payments made to pension holders in June for approximately €3,500 million stands out (-0.2% in the year and in the quarter, stripping out this seasonal effect).

- > **Loans for home purchases** (-2.6% in the year and -1.1% in the quarter) continue to be marked by the portfolio's repayments, as well as lower production with respect to the previous year, in a scenario of rate hikes.
- > **Loans to individuals - Other** has grown 6.2% in the year and 7.7% in the quarter, impacted by the aforementioned advance of double payments made to pension holders (-1.8% in the year and -0.3% in the quarter, stripping out this seasonal effect).

Consumer lending grows with respect to December 2022 and the previous quarter (+1.2% and 0.7% respectively), thanks to similar production levels as the previous year, which compensate the portfolio's maturities.

- > Good performance of **Loans to business**, which is the main contributor to the loan book growth, up 2.0% in the year and 0.9% in the quarter.
- > Loans to the **public sector** grows 1.7% in the year and drops 1.7% in the quarter, marked by one-off transactions.

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
Loans to individuals	181,878	180,076	1.0	182,783	(0.5)
Home purchases	135,443	136,981	(1.1)	139,045	(2.6)
Other	46,435	43,095	7.7	43,738	6.2
of which: Consumer lending	19,538	19,397	0.7	19,312	1.2
Loans to business	160,971	159,538	0.9	157,780	2.0
Public sector	21,103	21,463	(1.7)	20,760	1.7
Loans and advances to customers, gross¹	363,952	361,077	0.8	361,323	0.7
Of which:					
Performing loans	354,199	351,215	0.8	351,225	0.8
Provisions for insolvency risk	(7,376)	(7,437)	(0.8)	(7,408)	(0.4)
Loans and advances to customers, net	356,576	353,641	0.8	353,915	0.8
Contingent liabilities	29,631	29,112	1.8	29,876	(0.8)

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

Breakdown of government guaranteed loans

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

Amounts drawn, in € million	30 Jun. 2023		31 Mar. 2023		31 Dec. 2022	
	Total	Spain (ICO)	Total	Spain (ICO)	Total	Spain (ICO)
Loans to individuals	927	891	1,027	987	1,121	1,072
Loans to business	14,627	13,498	16,204	14,985	17,140	15,730
Public sector	5	5	6	6	7	7
Loans and advances to customers, gross²	15,559	14,394	17,237	15,978	18,268	16,809

45% of the total amount of loans³ granted with government guaranteed loans has been repaid⁴; of the remaining amount, virtually all of it is repaying principal at 2Q23. 3.8% of government guaranteed loans are classified in Stage 3⁵.

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

(3) Loans with a regular payment schedule. Excludes products such as credit lines, revolving or reverse factoring facilities without a pre-established payment schedule (€3,400 million drawn at 30 June 2023).

(4) Includes repayments and cancellations.

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

CUSTOMER FUNDS

Customer funds reached €627,824 million on 30 June 2023, up 2.7% in the year and 2.2% in the quarter, impacted by the usual positive seasonal nature of demand deposits at the end of the second quarter and the good performance of long-term savings products.

- > On-balance sheet funds stood at €463,890 million (+1.4% in the year and +2.3% in the quarter).
 - > **Demand deposits** amounted to €349,352 million (-2.9% in the year and -0.1% in the quarter), impacted in the year by the transfer to time deposits, insurance and mutual funds, among others.
 - > **Time deposits** totalled €38,830 million (+48.7% in the year and +24.7% in the quarter).
 - > Growth of **liabilities under insurance contracts** to €72,748 million (+5.5% in the year and +2.4% in the quarter).
Positive performance of Unit Linked in the year and the quarter (+6.1% and +2.1% respectively) due to the market recovery.
- > **Assets under management** stand at €156,111 million. Its performance (+5.5% in the year and +1.4% in the quarter) is mainly due to the favourable market effect and the positive net inflows.
 - > The **assets managed in mutual funds, managed accounts and SICAVs** stood at €111,340 million, up 6.4% in the year and 1.4% in the quarter.
 - > **Pension plans** reached €44,771 million, up 3.4% in the year and 1.3% in the quarter.
- > **Other accounts** up 36.6% in the year and 8.2% in the quarter due to change in temporary funds associated with transfers and collections.

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
Customer deposits	388,183	380,761	1.9	386,017	0.6
Demand deposits	349,352	349,622	(0.1)	359,896	(2.9)
Time deposits ¹	38,830	31,138	24.7	26,122	48.7
Insurance contract liabilities ²	72,748	71,059	2.4	68,986	5.5
of which: Unit-Linked and other ³	19,433	19,033	2.1	18,310	6.1
Reverse repurchase agreements and other	2,959	1,549	91.1	2,631	12.5
On-balance sheet funds	463,890	453,368	2.3	457,634	1.4
Mutual funds, managed accounts and SICAVs ⁴	111,340	109,812	1.4	104,626	6.4
Pension plans	44,771	44,195	1.3	43,312	3.4
Assets under management	156,111	154,007	1.4	147,938	5.5
Other accounts	7,823	7,233	8.2	5,728	36.6
Total customer funds⁴	627,824	614,608	2.2	611,300	2.7

(1) Includes retail debt securities amounting to €1,420 million at 30 June 2023 (€1,301 million at 31 March 2023 and €1,309 million at 31 December 2022).

(2) Excluding the financial component's correction as a result of updating the liabilities in accordance with IFRS 17, with the exception of Unit Linked and Flexible Investment Life Annuity products (the part managed).

(3) Includes the financial component's correction as a result of updating the liabilities in accordance with IFRS 17, corresponding to Unit Linked and Flexible Investment Life Annuity products (the part managed).

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

06. RISK MANAGEMENT

CREDIT RISK QUALITY

NON-PERFORMING LOANS AND NON-PERFORMING LOAN RATIO¹ (€ MILLION / %)



PROVISIONS AND COVERAGE RATIO¹ (€ MILLION / %)



Non-performing loans dropped to **€10,317 million** following the good performance of asset quality indicators and active management of non-performing assets. **€373 million drop in the year and €130 million decline in the quarter.**

The **NPL ratio remains at 2.6%** (2.7% at 2022 year-end and in the previous quarter).

Provisions on insolvency risk at the end of June 2023 stood at **€7,880 million** and the **coverage ratio** increased to 76% (€7,867 million and 74% at the end of 2022, respectively).

(1) Calculations include loans and contingent liabilities.

CHANGES IN NON-PERFORMING LOANS

€ million	2Q22	3Q22	4Q22	1Q23	2Q23
Opening balance	13,361	12,424	11,643	10,690	10,447
Exposures recognised as non-performing (NPL-inflows)	1,619	1,160	1,354	1,217	1,440
Derecognitions from non-performing exposures	(2,556)	(1,941)	(2,307)	(1,461)	(1,570)
of which: written off	(199)	(266)	(175)	(166)	(289)
Closing balance	12,424	11,643	10,690	10,447	10,317

NPL RATIO BY SEGMENT

	31 Dec. 2022	31 Mar. 2023	30 Jun. 2023
Loans to individuals	3.0%	2.9%	2.9%
Home purchases	2.4%	2.3%	2.4%
Other	4.9%	4.8%	4.4%
of which: Consumer lending	3.5%	3.6%	3.5%
Loans to business	2.9%	2.9%	2.8%
Public sector	0.1%	0.1%	0.1%
NPL Ratio (loans and contingent liabilities)	2.7%	2.7%	2.6%

The NPL ratio for "Other" dropped at the end of the second quarter due to the advance made to pension holders. Stripping out this effect it would have been 4.8%, without a significant impact on the overall NPL ratio.

CHANGES IN PROVISIONS FOR INSOLVENCY RISK¹

€ million	2Q22	3Q22	4Q22	1Q23	2Q23
Opening balance	8,648	8,126	7,867	7,867	7,921
Allowances for insolvency risk	147	172	434	255	200
Amounts used	(661)	(428)	(427)	(195)	(237)
Transfers and other changes	(8)	(4)	(7)	(7)	(4)
Closing balance	8,126	7,867	7,867	7,921	7,880

(1) Including loans and contingent liabilities.

CLASSIFICATION BY STAGES OF GROSS LENDING AND PROVISIONS

The following tables show loan book exposure as well as associated provisions, segmented by credit risk stage as per the applicable IFRS 9 regulation.

30 Jun. 2023 € million	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	326,012	28,187	9,754	363,952	(1,202)	(1,327)	(4,848)	(7,376)
Contingent liabilities	27,226	1,841	564	29,631	(32)	(83)	(389)	(504)
Total loans and contingent liabilities	353,238	30,028	10,317	393,583	(1,234)	(1,410)	(5,236)	(7,880)

31 Mar. 2023 € million	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	322,392	28,822	9,863	361,077	(1,301)	(1,266)	(4,870)	(7,437)
Contingent liabilities	26,796	1,732	584	29,112	(25)	(79)	(380)	(484)
Total loans and contingent liabilities	349,188	30,555	10,447	390,190	(1,325)	(1,345)	(5,251)	(7,921)

31 Dec. 2022 € million	Loan book exposure				Provisions			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	322,610	28,615	10,098	361,323	(1,346)	(1,370)	(4,692)	(7,408)
Contingent liabilities	27,283	2,001	592	29,876	(38)	(58)	(363)	(459)
Total loans and contingent liabilities	349,893	30,616	10,690	391,199	(1,383)	(1,429)	(5,055)	(7,867)

LOAN-TO-VALUE² BREAKDOWN OF THE GROUP'S HOME PURCHASE PORTFOLIO

Below is the breakdown of the Loan-to-value of the portfolio of home purchases with mortgage guarantee:

30 Jun. 2023 € million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	43,064	42,916	34,124	14,274	134,379
of which: Non-performing	452	623	636	1,481	3,191

31 Mar. 2023 € million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	42,023	43,751	35,023	15,106	135,903
of which: Non-performing	402	588	629	1,517	3,135

31 Dec. 2022 € million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	42,220	44,868	35,543	15,311	137,942
of which: Non-performing	413	613	662	1,593	3,280

(2) Loan-to-value calculated on the basis of latest appraisals according to the criteria set out in Circular 4/2016.

REFINANCING OPERATIONS

€ million	31 Dec. 2022		31 Mar. 2023		30 Jun. 2023	
	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	4,523	2,736	4,518	2,531	4,448	2,430
Corporates and SMEs	6,164	2,664	5,855	2,574	5,326	2,392
Public sector	160	9	150	7	110	7
Total	10,848	5,408	10,523	5,112	9,884	4,829
Provisions	2,566	2,240	2,508	2,250	2,379	2,163

Foreclosed real estate assets

- > The portfolio of **Net foreclosed available for sale real estate assets¹** in Spain amounts to €1,759 million. Down €134 million in the year (€-67 million in the quarter).
The **coverage ratio with accounting provisions²** is **33%** and **including write-downs, the coverage ratio² is 50%**.
- > Net foreclosed assets **held for rent** in Spain stand at €1,183 million, down €102 million in the year (€-53 million in the quarter).
- > **Total sales³ in 2023 of properties originating from foreclosures** amounts to €354 million.

(1) Does not include real estate assets in the process of foreclosure for €122 million, net, at 30 June 2023.

(2) See definition in 'Appendices'.

(3) At sale price.





07

LIQUIDITY AND FINANCING STRUCTURE

07. LIQUIDITY AND FINANCING STRUCTURE

LIQUIDITY AND BALANCE SHEET STRUCTURE METRICS AND TOTAL LIQUID ASSETS (€ BILLION / %)

	31 Dec. 2022	31 Mar. 2023	30 Jun. 2023
LCR	194%	192%	207%
Trailing LCR (12 months)	291%	259%	230%
NSFR	142%	139%	138%
LTD	91%	92%	91%



FINANCING STRUCTURE (€ BILLION)

	31 Dec. 2022	31 Mar. 2023	30 Jun. 2023
Retail funding	386.0	380.8	388.2
Wholesale funding ¹	53.2	51.9	53.1
Net interbank	(1.6)	6.1	7.3
Total Funding	437.6	438.8	448.6



- > **Total liquid assets amounted to €146,646 million** at 30 June 2023, up €7,636 million in the year, mainly due to balance sheet liquidity generation and to the generation of retained securities that are part of the available balance under the facility.
- > The **balance drawn** under the ECB facility at 30 June 2023 amounted to €8,477 million, corresponding to TLTRO III². In the second quarter of 2023 an ordinary repayment of TLTRO III was made for an amount of €7,143 million.
- > The Group's **Liquidity Coverage Ratio** (LCR) at 30 June 2023 was 207% (189% excluding TLTRO III), showing an ample liquidity position (230% LCR trailing 12 months) well clear of the minimum requirement of 100%.
- > The **Net Stable Funding Ratio** (NSFR) stood at 138% at 30 June 2023 (136% excluding TLTRO III), above the 100% regulatory minimum required as of June 2021.
- > Solid retail financing structure with a **loan-to-deposit** ratio of **91%**.
- > **Wholesale funding³** amounted to €53,108 million, diversified by instruments, investors, currency and maturities.
- > Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €51,689 million at 30 June 2023.

(1) Wholesale funding for the purpose of managing ALCO's bank liquidity.

(2) In 2022 a TLTRO III balance of €65,132 million was repaid, of which €51,637 million correspond to early repayments.

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

INFORMATION ON ISSUANCES IN 2023

€ million

Issue	Amount	Issue date	Maturity	Cost ¹	Demand
Senior non-preferred debt ^{2,3}	USD 1,250	18 Jan. 2023	6 years	6.208% (UST +2.50%)	USD 3,400
Subordinated debt - Tier 2 ^{2,4}	€500	25 Jan. 2023	10 years and 9 months	6.970% (UKT +3.70%)	€1,300
Additional Tier 1 ²	€750	13 Mar. 2023	Perpetual	8.25% (mid-swap +5.142%)	€2,500
Senior non-preferred debt ²	€1,000	16 May 2023	4 years	4.689% (mid-swap +1.50%)	€1,750
Subordinated debt - Tier 2 ²	€1,000	30 May 2023	11 years	6.138% (mid-swap +3.00%)	€2,400
Mortgage covered bond	€100	15 Jun. 2023	3 years and 7 months	3.471% (mid-swap +0.245%)	—
Mortgage covered bond	€100	23 Jun. 2023	12 years and 9 months	3.732% (mid-swap +0.64%)	—
Covered Bond - BPI ⁵	€500	4 Jul. 2023	5 years	3.749% (mid-swap +0.58%)	€700

(1) Meaning the yield on the issue.

(2) The issue is callable, meaning that the option to redeem them early can be executed before the maturity date.

(3) Equivalent amount on the day of issuance, in euros: €1,166 million.

(4) Equivalent amount on the day of issuance, in euros: €564 million.

(5) Issue executed in June 2023.

Following the end of June, CaixaBank completed the following issues:

- > €1,000 million in Senior non-preferred debt maturing in six years, with the option to redeem the issuance early in the fifth year, and paying a coupon of 5.097% (equivalent to a mid-swap +165 basis points).
- > €500 million in Senior non-preferred debt maturing in eleven years, with the option to redeem the issuance early in the tenth year, and paying a coupon of 5.202% (equivalent to a mid-swap +195 basis points).

COLLATERALISATION OF MORTGAGE COVERED BONDS OF CAIXABANK, S.A.

€ million

30 Jun. 2023

Mortgage covered bonds issued	a	60,480
Total coverage (loans + liquidity buffer) ⁵	b	105,873
Collateralisation	b/a	175%
Overcollateralisation	b/a -1	75%
Mortgage covered bond issuance capacity⁶		40,352

(5) At 30 June 2023, there was no liquidity buffer in the total coverage since it is not required.

(6) There is also the capacity to issue €11,337 million in regional public sector covered bonds. The liquidity buffer is included in the calculation of the issuance capacity; at 30 June, there was no liquidity buffer in the total coverage of regional public sector covered bonds.



08. CAPITAL MANAGEMENT

- > The **Common Equity Tier 1 (CET1) ratio stands at 12.5%** (12.4% without applying the IFRS 9 transitional adjustments), following the extraordinary impact from the first application of IFRS 17 (-20 basis points).
The organic change in the first half was +91 basis points (+61 basis points in the quarter), -66 basis points (-39 basis points in the quarter) caused by the forecast of dividends charged to this year and AT1 coupon payment and -10 basis points (-29 basis points in the quarter) by the performance of the markets and other factors. The impact of IFRS 9 phase in was of +10 basis points at 30 June.
- > The internal CET1 target ratio is set between 11% and 12% (without applying the IFRS 9 transitional adjustments), which implies a margin of between 250 and 350 basis points in relation to the SREP requirements.
- > The **Tier 1** ratio reaches **14.6%** (14.5% without applying the IFRS 9 transitional adjustments) and includes an early full redemption of an issue of AT1 instruments for €500 million, announced in July, which will take place in September 2023.
- > The **Total Capital** ratio stood at **17.5%** (17.4% without applying the IFRS 9 transitional adjustments). A Tier 2 issue for €1,000 million was completed in the second quarter.
- > The leverage ratio stood at 5.4%.
- > On 30 June, the **subordinated MREL** ratio reached 22.8% and the **total MREL** ratio **25.6%**. An issuance of Senior non-preferred debt was carried out for €1,000 million in this quarter. Following the end of the second quarter, CaixaBank completed another issuance of Senior non-preferred debt in two tranches for a total of €1,500 million, with an impact of 69 basis points. After these two issuances, the proforma subordinated MREL ratio would reach 23.5% and the proforma total MREL ratio 26.3%.

CHANGE IN CET1



- > Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The CET1 ratio in this perimeter reached 12.6%.
- > **BPI** is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 14.3%, Tier1 of 15.8% and Total Capital of 18.2%.
- > In terms of regulatory requirements, the Group's domestic systemic risk buffer rose to 0.50% for 2023. The countercyclical buffer is estimated at 0.07% for June 2023 (+2 basis points with respect to the previous quarter), considering the buffer's update in certain countries where CaixaBank has credit exposure.
- > As a result, the capital requirements for June 2023 are as follows:

	Minimum requirements 2023			
	Total	Pillar 1	Pillar 2R	Buffers
CET1	8.50%	4.50%	0.93%	3.07%
Tier 1	10.31%	6.00%	1.24%	3.07%
Total capital	12.72%	8.00%	1.65%	3.07%

- > At 30 June, CaixaBank has a margin of 404 basis points, equating to €8,796 million, until the Group's MDA trigger.
- > As for the MREL requirement, in March 2023 the Bank of Spain communicated to CaixaBank the Total and Subordinated minimum MREL requirements that it must meet at consolidated level:

	Request in % RWAs (including current RBC)		Request in % LRE	
	2022	2024	2022	2024
Total MREL	22.40%	24.28%	6.09%	6.19%
Subordinated MREL	16.57%	18.44%	6.09%	6.19%

- > The Group's level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities.
- > On 12 April 2023, the bank paid its shareholders 0.2306 euros per share, corresponding to the ordinary dividend charged to 2022 profits and following the approval at the Annual General Meeting held on 31 March 2023 (involving a reduction shareholders' equity in the first quarter of the year). This dividend distribution amounts to €1,730 million and is equivalent to 55% of the consolidated net profit of 2022. Furthermore, the Board of Directors approved that the Dividend Policy for the 2022 fiscal year is also applicable to 2023, establishing the distribution of a cash dividend between 50% and 60% of the consolidated net profit in a single payout in April 2024, subject to final approval at the Annual General Meeting.

The Board also stated **CaixaBank's intention, subject to regulatory approval**, to undertake an open-market **share buy-back programme** for **€500 million**, which is expected to begin before the close of 2023, with the aim distributing the CET1 surplus above 12%. This extraordinary payout is aligned with the target established in the 2022-2024 Strategic Plan.

PERFORMANCE AND KEY CAPITAL ADEQUACY INDICATORS

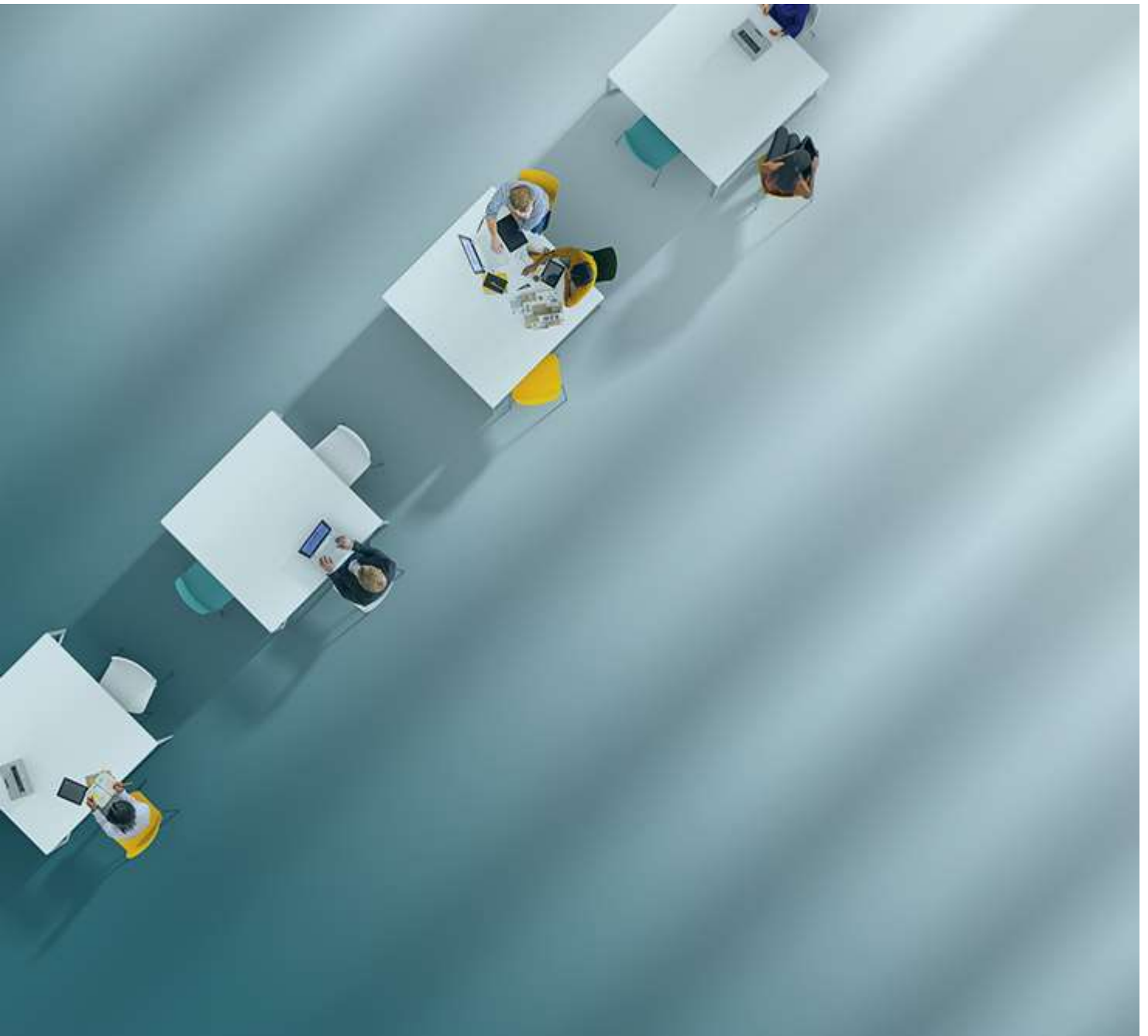
€ million	30 Jun. 2022	30 Sep. 2022	31 Dec. 2022	31 Mar. 2023	30 Jun. 2023	Quarter-on-quarter
CET1 Instruments	33,377	33,210	33,462	33,154	33,347	193
Shareholders' equity	36,608	36,680	36,639	34,965	36,168	1,203
Capital	8,061	8,061	7,502	7,502	7,502	0
Profit/(loss) attributable to the Group	1,573	2,457	3,145	855	2,137	
Reserves and other	26,974	26,163	25,992	26,607	26,529	(78)
Other CET1 instruments ¹	(3,231)	(3,471)	(3,178)	(1,810)	(2,821)	(1,011)
Deductions from CET1	(6,559)	(6,537)	(5,968)	(5,966)	(6,038)	(72)
CET1	26,818	26,673	27,494	27,188	27,310	122
AT1 instruments	4,236	4,237	4,238	4,985	4,486	(499)
AT1 Deductions		0				
TIER 1	31,054	30,910	31,732	32,173	31,796	(377)
T2 instruments	4,694	4,704	5,575	6,142	6,263	121
T2 Deductions		0				
TIER 2	4,694	4,704	5,575	6,142	6,263	121
TOTAL CAPITAL	35,748	35,614	37,307	38,315	38,059	(256)
Other computable subordinated instruments MREL	10,979	11,038	11,048	11,200	11,717	517
MREL, subordinated	46,727	46,652	48,355	49,515	49,775	260
Other computable instruments MREL	6,383	7,451	7,448	6,951	5,954	(997)
MREL	53,110	54,103	55,803	56,466	55,730	(736)
Risk-weighted assets	215,515	215,499	215,103	215,179	217,908	2,729
CET1 ratio	12.4%	12.4%	12.8%	12.6%	12.5%	(0.1)%
Tier 1 Ratio	14.4%	14.3%	14.8%	15.0%	14.6%	(0.4)%
Total Capital Ratio	16.6%	16.5%	17.3%	17.8%	17.5%	(0.3)%
MDA Buffer ²	8,735	8,601	9,565	8,941	8,796	(145)
MREL Ratio, subordinated	21.7%	21.6%	22.5%	23.0%	22.8%	(0.2)%
MREL Ratio	24.6%	25.1%	25.9%	26.2%	25.6%	(0.6)%
Leverage ratio	4.6%	4.8%	5.6%	5.6%	5.4%	(0.2)%
CET1 Ratio - CABK (non-consolidated basis)	13.0%	12.7%	12.9%	12.8%	12.6%	(0.2)%
Tier 1 Ratio CABK (non-consolidated basis)	15.1%	14.8%	15.0%	15.3%	14.8%	(0.5)%
Total Capital Ratio - CABK (non-consolidated basis)	17.4%	17.2%	17.8%	18.3%	17.8%	(0.5)%
Risk-weighted assets (non-consolidated basis)	199,042	198,756	199,250	200,586	203,941	3,355
Profit/loss (non-consolidated basis)	1,416	1,982	2,413	1,077	2,334	1,257
ADIs ³	7,076	7,581	7,621	7,019	8,197	1,178
MDA Buffer- CABK (non-consolidated basis) ²	11,828	11,269	11,656	11,507	11,233	(274)
Leverage Ratio - CABK (non-consolidated basis)	4.7%	4.8%	5.7%	5.6%	5.5%	(0.1)%

Data at March 2023 updated using the latest official information.

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

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

(3) Does not include the issue premium.



09 | SEGMENT REPORTING

09. SEGMENT REPORTING

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

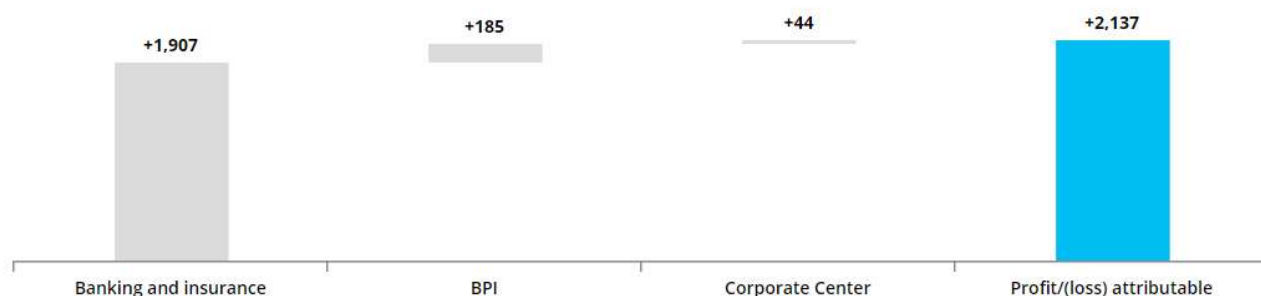
- > **Banking and Insurance:** shows earnings from the Group's banking, insurance, asset management, real estate and ALCO's activity mainly in Spain.
- > **BPI:** covers the income from the BPI's domestic banking business, essentially in Portugal. The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination.
- > **Corporate centre:** shows earnings, net of funding expenses, from the investees Telefónica, BFA, BCI, Coral Homes and Gramina Homes.

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

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

Results for the first half of 2023 arranged by business segment are as follows:

CONTRIBUTION TO THE RESULT OF 2023 (€ MILLION)



€ million	Banking & Insurance	BPI	Corporate centre	Group
Net interest income	4,185	430	9	4,624
Dividend income and share of profit/(loss) of entities accounted for using the equity method	153	12	125	290
Net fee and commission income	1,699	147		1,846
Trading income	167	17	(40)	143
Insurance service result	501			501
Other operating income and expense	(684)	(41)	(6)	(730)
Gross income	6,021	564	88	6,673
Recurring administrative expenses, depreciation and amortisation	(2,609)	(254)	(31)	(2,894)
Extraordinary expenses	(5)			(5)
Pre-impairment income	3,406	311	57	3,774
Pre-impairment income stripping out extraordinary expenses	3,411	311	57	3,779
Allowances for insolvency risk	(419)	(37)		(456)
Other charges to provisions	(98)	(2)		(100)
Gains/(losses) on disposal of assets and others	(36)	1	(30)	(64)
Profit/(loss) before tax	2,854	273	27	3,154
Income tax expense	(947)	(88)	17	(1,018)
Profit/(loss) after tax	1,907	185	44	2,136
Profit/(loss) attributable to minority interest and others	(0)			(0)
Profit/(loss) attributable to the Group	1,907	185	44	2,137

Banking and insurance business

The performance in the first half of 2023 amounts to €1,907 million, up 44.3% when compared to the same period of 2022 (€1,322 million):

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
INCOME STATEMENT								
Net interest income	4,185	2,742	52.6	2,210	1,975	1,794	1,468	1,397
Dividend income and share of profit/(loss) of entities accounted for using the equity method	153	88	73.3	59	94	9	68	44
Net fee and commission income	1,699	1,783	(4.7)	835	864	882	893	919
Trading income	167	207	(19.5)	92	75	23	59	89
Insurance service result	501	422	18.5	257	244	277	236	214
Other operating income and expense	(684)	(349)	96.0	(219)	(465)	(480)	(89)	(227)
Gross income	6,021	4,895	23.0	3,234	2,787	2,505	2,636	2,435
Recurring administrative expenses, depreciation and amortisation	(2,609)	(2,519)	3.6	(1,312)	(1,298)	(1,248)	(1,243)	(1,242)
Extraordinary expenses	(5)	(23)	(77.2)	(3)	(2)	(15)	(11)	(16)
Pre-impairment income	3,406	2,353	44.8	1,919	1,487	1,242	1,381	1,177
Pre-impairment income stripping out extraordinary expenses	3,411	2,376	43.6	1,922	1,490	1,257	1,393	1,193
Allowances for insolvency risk	(419)	(403)	3.9	(186)	(233)	(406)	(166)	(141)
Other charges to provisions	(98)	(90)	9.3	(74)	(24)	19	(28)	(44)
Gains/(losses) on disposal of assets and others	(36)	(37)	(2.6)	(17)	(19)	(13)	(19)	(27)
Profit/(loss) before tax	2,854	1,823	56.5	1,642	1,211	842	1,168	964
Income tax expense	(947)	(500)	89.3	(480)	(466)	(261)	(338)	(276)
Profit/(loss) after tax	1,907	1,323	44.1	1,162	745	581	830	689
Profit/(loss) attributable to minority interest and others	(0)	1		0	(0)	1	0	0
Profit/(loss) attributable to the Group	1,907	1,322	44.3	1,162	745	580	829	689
INCOME STATEMENT BREAKDOWN								
Core income	6,512	5,018	29.8	3,348	3,164	2,955	2,655	2,564
Banking services, securities and other fees	977	1,042	(6.3)	469	508	524	525	556
Recurring	836	923	(9.3)	413	424	450	471	488
Wholesale banking	140	119	17.7	56	84	74	54	67
Sale of insurance products	175	181	(3.4)	84	91	81	86	87
Assets under management	547	560	(2.3)	282	265	277	282	276
Mutual funds, managed accounts and SICAVs	400	404	(0.8)	209	191	196	205	197
Pension plans and other	147	157	(6.3)	73	74	81	78	79
Net fee and commission income	1,699	1,783	(4.7)	835	864	882	893	919
Personnel expenses	(1,596)	(1,554)	2.7	(802)	(794)	(757)	(760)	(758)
General expenses	(671)	(643)	4.4	(334)	(337)	(322)	(319)	(320)
Depreciation and amortisation	(343)	(322)	6.4	(176)	(167)	(168)	(164)	(163)
Recurring administrative expenses, depreciation and amortisation	(2,609)	(2,519)	3.6	(1,312)	(1,298)	(1,248)	(1,243)	(1,242)
Extraordinary expenses	(5)	(23)	(77.2)	(3)	(2)	(15)	(11)	(16)
FINANCIAL INDICATORS								
ROE ^{1,2}	11.0%	7.0%	4.1	11.0%	9.4%	9.0%		
ROTE ^{1,2}	13.6%	8.5%	5.1	13.6%	11.6%	11.0%		
Cost-to-income ratio stripping out extraordinary expenses (12 months) ¹	45.7%	56.7%	(11.1)	45.7%	48.5%	49.9%		
Cost of risk (12 months)	0.28%	0.25%	0.03	0.28%	0.26%	0.27%		

(1) The financial information published in 2022 has been restated in accordance with IFRS 17 / IFRS 9. The ratios (12 months) prior to 4Q22 are those reported in accordance with IFRS 4, as there is no historical data available for restatement. The financial information published in the Business Activity and Results Report of 1Q23 (Other Relevant Information of 5 May 2023) has been restated in the second quarter of 2023 after obtaining more detailed information. See 'Relevant aspects in the half'.

(2) Ratio (last 12 months). In 1H22, the figure excludes the extraordinary impacts associated with the integration of Bankia from 3Q21 and 4Q21 (€-36 million).

- > **Gross income** grew to €6,021 million (+23.0%):
 - > **Core income** rose 29.8% with respect to the same period of 2022, impacted by the good performance of net interest income (+52.6%) and of insurance service result (+18.5%). Fee and commission income stands at €1,699 million (-4.7%).
 - > **Trading income** stands at €167 million, €207 million in the same period of 2022.
 - > **Other operating income and expense** totalled €-684 million (€-349 million in the same period of the previous year) and includes the recognition of the banking tax for €-373 million and the contribution of €-154 million paid to the Single Resolution Fund (SRF) (€-136 million in 2022).
- > **Recurring administrative expenses, depreciation and amortisation** amounted to €-2,609 million, up 3.6% when compared to the same period of the previous year.
- > **Pre-impairment income increased by 44.8%** on the same period of the previous year.
- > **Allowances for insolvency risk** stand at €-419 million (+3.9% with respect to the first half of 2022).
- > **Other charges to provisions** stood at €-98 million (€-90 million in 2022).

The following table shows business activity and asset quality indicators at 30 June 2023:

- > **Loans and advances to customers, gross stood at €334,234 million, up 0.6% in the year** (-0.5% excluding the seasonal impact from the advance of double payments made to pension holders).
- > **Customer funds amounted to €594,753 million, up 3.3% in the year.**
- > The **NPL ratio dropped to 2.7%**, while the **coverage ratio rose to 75%**.

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
BALANCE SHEET					
Assets	581,197	575,406	1.0	555,088	4.7
Liabilities	552,972	547,583	1.0	527,435	4.8
Assigned capital	28,192	27,790	1.4	27,621	2.1
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	165,658	164,006	1.0	166,801	(0.7)
Home purchases	120,999	122,698	(1.4)	124,862	(3.1)
Other	44,659	41,308	8.1	41,939	6.5
of which: Consumer lending	18,019	17,873	0.8	17,788	1.3
Loans to business	149,377	148,284	0.7	146,454	2.0
Public sector	19,199	19,613	(2.1)	18,974	1.2
Loans and advances to customers, gross	334,234	331,903	0.7	332,229	0.6
of which: Performing loans	325,069	322,613	0.8	322,694	0.7
of which: Non-performing loans	9,165	9,291	(1.4)	9,535	(3.9)
Provisions for insolvency risk	(6,817)	(6,883)	(1.0)	(6,877)	(0.9)
Loans and advances to customers, net	327,417	325,020	0.7	325,353	0.6
Contingent liabilities	27,447	26,904	2.0	27,747	(1.1)
CUSTOMER FUNDS					
Customer funds	359,741	352,592	2.0	355,962	1.1
Demand deposits	331,175	330,202	0.3	338,333	(2.1)
Time deposits	28,565	22,390	27.6	17,630	62.0
Insurance contract liabilities	72,748	71,059	2.4	68,986	5.5
of which: Unit Linked and other	19,433	19,033	2.1	18,310	6.1
Reverse repurchase agreements and other	2,935	1,538	90.9	2,623	11.9
On-balance sheet funds	435,424	425,189	2.4	427,571	1.8
Mutual funds, managed accounts and SICAVs ¹	106,815	104,213	2.5	99,115	7.8
Pension plans	44,771	44,195	1.3	43,312	3.4
Assets under management	151,586	148,408	2.1	142,428	6.4
Other accounts	7,743	7,153	8.3	5,647	37.1
Total customer funds	594,753	580,749	2.4	575,646	3.3
ASSET QUALITY					
Non-performing loan ratio (%)	2.7%	2.7%	0.0	2.8%	(0.1)
Non-performing loan coverage ratio (%)	75%	75%	1	73%	3
OTHER INDICATORS					
Customers (millions)	18.21	18.21	0.0	18.31	(0.5)
Relational individual customers (%)	71.0%	70.5%	0.5	70.4%	0.6
Employees	40,305	40,268	37	40,221	84
Branches	3,911	3,946	(35)	4,081	(170)
of which retail	3,649	3,684	(35)	3,818	(169)
ATMs	11,412	11,475	(63)	11,608	(196)

(1) In April 2023 Banco BPI completed the sale of its stake in BPI Suisse to CaixaBank Wealth Management Luxembourg (wholly-owned subsidiary of CaixaBank, S.A.). From the perspective of the Group's business segments, this operation entails the 2Q23 balance of the Banking and insurance business includes an increase of €1,017 million from the BPI segment.

Insurance activity

The banking and insurance business includes the results of the activity carried out mainly by VidaCaixa de Seguros y Reaseguros, with a highly specialised range of pensions and insurance products, all of which are marketed to the Group's customer base.

The following table shows the income statement of the VidaCaixa Group^{1,2}:

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
Net interest income	66	17	—	38	28	18	16	9
Dividend income and share of profit/(loss) of entities accounted for using the equity method	139	76	83.0	52	86	9	70	34
Net fee and commission income	64	68	(4.7)	35	30	47	33	33
Trading income	(6)	21		(11)	5	(4)	(1)	(5)
Insurance service result	495	417	18.6	254	241	274	232	211
Other operating income and expense	1	0		1	0	(1)	0	1
Gross income	759	599	26.7	369	390	344	350	285
Recurring administrative expenses, depreciation and amortisation	(70)	(65)	7.7	(37)	(33)	(16)	(30)	(31)
Extraordinary expenses	(6)	(6)	10.5	(4)	(2)	(6)	(3)	(4)
Pre-impairment income	683	528	29.3	328	354	322	317	250
Pre-impairment income stripping out extraordinary expenses	689	534	29.1	332	357	328	320	254
Allowances for insolvency risk	(0)		78.8	(0)			0	(0)
Gains/(losses) on disposal of assets and others						1	(0)	
Profit/(loss) before tax	682	528	29.3	328	354	322	317	250
Income tax expense	(159)	(134)	18.2	(80)	(79)	(87)	(76)	(62)
Profit/(loss) after tax	524	394	33.0	248	276	235	241	187
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	524	394	33.0	248	276	235	241	187

(1) At VidaCaixa Group level prior to consolidation adjustments in CaixaBank. 2023 includes the results of 100% of Sa Nostra Vida integrated by global consolidation, acquired at the end of December 2022 (81.3% acquired from Caser and the remaining 18.7% corresponds to the stake held directly by CaixaBank following the merger), previously recognised in Share of profit/(loss) of entities accounted for using the equity method.

(2) In May VidaCaixa completed the purchase of Bankia Mediación, incorporating an accumulated result of €1 million in the first half of 2023.

The profit attributable to the VidaCaixa Group in the first half of 2023 stands at €524 million, up 33.0% with respect to the same period of 2022:

- > **Net interest income** mainly includes the net return on assets under the insurance business maintained to pay ordinary claims, as well as the Group's financial margin for short-term savings insurance products. It also includes the income from financial assets under the insurance business, and an expense for interest that includes the capitalisation of the new insurance liabilities is recognised at a very similar interest rate as the rate of return of asset acquisition. The difference between this income and the expense is not significant.
- > **Share of profit/(loss) of entities accounted for using the equity method** mainly shows the contribution made by SegurCaixa Adeslas, 49.9% of which is owned by VidaCaixa, the performance of which is impacted by the recognition of income associated with the revaluation of the stake held in IMQ after the participation increase.
- > **Net fee and commission income¹** mainly includes fees and commissions received by VidaCaixa for managing pension plans, net of fees and commissions paid to CaixaBank, S.A. and its subsidiaries for distributing them.
- > The **Insurance service result** includes the results of life-savings, life-risk and Unit Linked products, net of expenses directly attributable to the contracts.

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



BPI

Profit from the banking business of BPI amounted to €185 million, up 47.1% on the first half of 2022 (€126 million).

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
INCOME STATEMENT								
Net interest income	430	232	84.9	226	203	173	139	120
Dividend income and share of profit/(loss) of entities accounted for using the equity method	12	17	(28.4)	7	5	8	8	11
Net fee and commission income	147	145	1.7	74	73	77	75	73
Trading income	17	18	(6.8)	10	7	(2)	11	9
Insurance service result								
Other operating income and expense	(41)	(41)	(0.1)	(15)	(26)	3		(21)
Gross income	564	371	52.3	302	262	258	232	192
Recurring administrative expenses, depreciation and amortisation	(254)	(226)	12.5	(127)	(126)	(113)	(116)	(111)
Extraordinary expenses							0	
Pre-impairment income	311	145		175	136	145	117	81
Pre-impairment income stripping out extraordinary expenses	311	145		175	136	145	117	81
Allowances for insolvency risk	(37)	28		(14)	(22)	(28)	(6)	(6)
Other charges to provisions	(2)			(1)	(1)	(16)	(6)	
Gains/(losses) on disposal of assets and others	1	1	49.8	3	(1)	(0)	(1)	1
Profit/(loss) before tax	273	174	57.3	162	111	100	104	75
Income tax expense	(88)	(48)	84.3	(48)	(39)	(24)	(30)	(19)
Profit/(loss) after tax	185	126	47.1	114	72	76	75	56
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	185	126	47.1	114	72	76	75	56
INCOME STATEMENT BREAKDOWN								
Core income	588	393	49.6	307	281	257	222	203
Banking services, securities and other fees	94	85	11.1	48	47	47	46	44
Recurring	93	84	11.2	47	46	47	45	44
Wholesale banking	1	1	(2.8)	0	0	1	1	0
Sale of insurance products	25	26	(6.1)	12	13	13	13	13
Assets under management	28	33	(16.2)	14	14	16	15	17
Mutual funds, managed accounts and SICAVs	15	19	(21.1)	7	8	8	9	9
Pension plans and other	13	14	(9.8)	7	6	8	7	8
Net fee and commission income	147	145	1.7	74	73	77	75	73
Personnel expenses	(124)	(114)	8.4	(62)	(62)	(68)	(59)	(57)
General expenses	(93)	(75)	24.1	(47)	(46)	(27)	(38)	(37)
Depreciation and amortisation	(36)	(36)	0.9	(18)	(18)	(19)	(19)	(18)
Recurring administrative expenses, depreciation and amortisation	(254)	(226)	12.5	(127)	(126)	(113)	(116)	(111)
Extraordinary expenses								
FINANCIAL INDICATORS								
ROE ¹	11.8%	6.4%	5.4	11.8%	9.5%	9.3%		
ROTE ¹	12.5%	6.8%	5.7	12.5%	10.0%	9.8%		
Cost-to-income ratio stripping out ext. exp. (12 months)	45.8%	58.0%	(12.2)	45.8%	49.4%	52.8%		

(1) The different period's ratios (12 months) exclude the extraordinary expenses net of taxes and the coupon for the part of the AT1 issue assigned to this business. In the ROTE of 1H22, also the release of provisions corresponding to the quarterly recalculation carried out by the passing of time in relation to the expected losses associated with the funds due to credit risk adjustments made at the time BPI was acquired (€8 million).

- > **Gross income** stands at €564 million, up 52.3% compared to the first half of 2022:
 - > **Core income** up 49.6% following the 84.9% increase of Net interest income in a context of rising interest rates. Stability of Fee and commission income (+1.7%).
 - > **Trading income** amounted to €17 million.
 - > **Other operating income and expense** totalled €-41 million and includes the contribution paid to the SRF and the Portuguese *Fundo de Resolução* (€-15 million and €-23 million in the second quarter of 2023 and 2022, respectively).

In addition, the first quarter of 2023 includes the contribution to the banking sector for €-22.3 million (€-21.2 million in the same period of the previous year) and €-4.1 million from the solidarity tax on the banking sector (€-3.9 million in the same period of 2022).
- > **Recurring administrative expenses, depreciation and amortisation** stood at €-254 million (+12.5%).
- > **Allowances for insolvency risk** stood at €-37 million in 2023, €28 million in the same period of the previous year, which included one-off income. The cost of risk was 0.23%.



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

- > **Loans and advances to customers, gross stood at €29,719 million**, up 2.1% in the year.
- > **Customer funds stood at €33,071 million**, down 7.2% in the year.
- > BPI's **NPL ratio** reached 1.9%, as per the CaixaBank Group's NPL classification criteria.
- > The NPL **coverage ratio** increases in the year to 94%.

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
BALANCE SHEET					
Assets	39,853	39,112	1.9	38,804	2.7
Liabilities	37,332	36,646	1.9	36,349	2.7
Assigned capital	2,521	2,466	2.2	2,455	2.7
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	16,220	16,070	0.9	15,982	1.5
Home purchases	14,444	14,282	1.1	14,183	1.8
Other	1,776	1,788	(0.6)	1,799	(1.3)
of which: Consumer lending	1,520	1,524	(0.3)	1,524	(0.3)
Loans to business	11,594	11,254	3.0	11,326	2.4
Public sector	1,904	1,850	2.9	1,786	6.6
Loans and advances to customers, gross	29,719	29,174	1.9	29,094	2.1
of which: Performing loans	29,130	28,602	1.8	28,531	2.1
of which: Non-performing loans	589	572	2.9	563	4.5
Provisions for insolvency risk	(559)	(554)	1.0	(532)	5.2
Loans and advances to customers, net	29,159	28,620	1.9	28,563	2.1
Contingent liabilities	2,185	2,209	(1.1)	2,129	2.6
CUSTOMER FUNDS					
Customer funds	28,442	28,169	1.0	30,055	(5.4)
Demand deposits	18,177	19,421	(6.4)	21,563	(15.7)
Time deposits	10,265	8,748	17.3	8,492	20.9
Reverse repurchase agreements and other	23	11	112.1	8	201.7
On-balance sheet funds	28,465	28,180	1.0	30,063	(5.3)
Mutual funds, managed accounts and SICAVs ¹	4,525	5,599	(19.2)	5,510	(17.9)
Assets under management	4,525	5,599	(19.2)	5,510	(17.9)
Other accounts	80	80	—	81	(1.4)
Total customer funds	33,071	33,859	(2.3)	35,654	(7.2)
Memorandum items					
Insurance contracts sold ²	4,383	4,465	(1.8)	4,313	1.6
ASSET QUALITY					
Non-performing loan ratio (%)	1.9%	1.9%		1.9%	
Non-performing loan coverage ratio (%)	94%	95%	(1)	92%	2
OTHER INDICATORS					
Customers (millions)	1.88	1.86	0.01	1.86	0.02
Employees	4,378	4,386	(8)	4,404	(26)
Branches	317	317	—	323	(6)
of which retail	272	274	(2)	278	(6)
ATMs	1,279	1,305	(26)	1,339	(60)

(1) In April 2023 Banco BPI completed the sale of its stake in BPI Suisse to CaixaBank Wealth Management Luxembourg (wholly-owned subsidiary of CaixaBank, S.A.). From the perspective of the Group's business segments, this operation entails the 2Q23 balance including the transfer of €1,017 million to the Banking and Insurance segment.

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

Corporate centre

Profit in the first half of 2023 stands at **€44 million**.

€ million	1H23	1H22	Change %	2Q23	1Q23	4Q22	3Q22	2Q22
INCOME STATEMENT								
Net interest income	9	5		6	4	4	(5)	3
Dividend income	133	126	5.8	73	61	30	—	126
Share of profit/(loss) of entities accounted for using the equity method	(8)	12	—	4	(12)	14	5	10
Net fee and commission income								
Trading income	(40)	20	—	(40)	(1)	(10)	3	4
Insurance service result								
Other operating income and expense	(6)	(7)	(17.1)	(6)	—	—	—	(7)
Gross income	88	155	(43.0)	37	52	38	3	136
Recurring administrative expenses, depreciation and amortisation	(31)	(29)	6.1	(16)	(15)	(15)	(16)	(14)
Extraordinary expenses								
Pre-impairment income	57	125	(54.5)	21	36	23	(13)	121
Pre-impairment income stripping out extraordinary expenses	57	125	(54.5)	21	36	23	(13)	121
Allowances for insolvency risk								
Other charges to provisions						(9)		
Gains/(losses) on disposal of assets and others	(30)			(30)		(19)		
Profit/(loss) before tax	27	125	(78.2)	(9)	36	(4)	(13)	121
Income tax expense	17	0	—	15	2	7	4	1
Profit/(loss) after tax	44	126	(64.8)	6	38	3	(8)	123
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	44	126	(64.8)	6	38	3	(8)	123

- > The **Net interest income** corresponds to the net between the cost of financing the investee business and the income from the liquidity associated with the Group's excess capital. Its performance is impacted by the adaptation of the financing rates to market conditions.
- > **Dividend income** amounted to €133 million and includes the dividend from Telefónica for €61 million after its approval at the Annual General Meeting held on the first quarter of 2023. The recognition of dividends in 2022, which was carried out in the second and fourth quarter, must be considered in the year-on-year performance.
In addition, the second quarter of both years includes the dividend from BFA (€73 million in 2023 versus €87 million in 2022).
- > **Trading income** includes the impact of the fluctuations of the Angolan kwanza in relation to dividends from BFA.

The following balance sheet shows the corporate centre's indicators:

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
BALANCE SHEET					
Assets	4,547	4,189	8.5	4,959	(8.3)
Investments (Financial assets at fair value with changes in OCI and Investments in JVs and associates) and other	1,632	1,894	(13.9)	1,797	(9.2)
Cash and cash balances at central banks and other demand deposits	2,915	2,295	27.0	3,162	(7.8)
Liabilities	1,248	1,445	(13.6)	1,358	(8.1)
Intra-group financing and other liabilities	1,248	1,445	(13.6)	1,358	(8.1)
Assigned capital	3,299	2,745	20.2	3,600	(8.4)
of which: associated with investees	384	450	(14.6)	439	(12.4)

10. SUSTAINABILITY

AND SOCIAL COMMITMENT

Sustainability as a driver of the 2022-2024 Strategic Plan

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

- > **Boost the energy transition of businesses and society as a whole.**
- > **Lead the positive social impact and foster financial inclusion.**
- > **Promote a responsible culture to set a benchmark in governance.**

In line with these ambitions, CaixaBank has developed a set of initiatives and action plans that are included in the Sustainability Master Plan, with the following commitments:

COMMITMENT

Global:



- > **€64,000 million made available in the sustainable finance¹**
At the end of 2Q23, the mobilisation of sustainable finance amounts to **€39,687 million** since launching the plan, which represents **62% of the target**.
- > **Maintain category "A" in the synthetic sustainability indicator²**
In 2Q23, the synthetic indicator has been maintained at Category "A"

Environmental:



- > **Make progress in decarbonisation to reach net zero emissions by 2050**
- > **Reduce the emissions financed by 2030:**
 - > Electricity: -30% (136³ KgCO₂e/MWh in 2020)
 - > Oil and gas: -23% (26.9³ MtCO₂e in 2020)

Social:



- > **413,300 beneficiaries of MicroBank, the CaixaBank Group's social bank**
At the end of 2Q23, the number of beneficiaries of microcredits granted by MicroBank is **169,461** since launching the plan.

Good governance:



- > **42% of women in managerial positions⁴**
On 30 June 2023, the % of women in managerial positions exceeded the commitment, reaching **42.7%**.

1- The mobilisation of sustainable financing is the sum of the following items: - Sustainable mortgage financing (with energy performance certificate "A" or "B"), financing for home energy refurbishment, financing for hybrid/electric vehicles, financing for photovoltaic panels, agricultural ecofinancing and microloans granted by MicroBank; Sustainable financing to Business, Developer and CLB & IB; The sum considered for the mobilisation of sustainable financing is the limit of risk arranged in sustainable financing operations with customers, including long-term financing, working capital and off-balance sheet exposure. Novations and tacit and explicit renewals of sustainable financing are also included. - CaixaBank's share in the issuance and placement of sustainable bonds (green, social or mixed) by customers; - Net increase of Assets under management in CaixaBank Asset Management, in products classified under Article 8 and Article 9 of SFDR (includes new funds/fund mergers registered as per Article 8 and Article 9, plus net contributions and market effect); Gross increase of Assets under management in VidaCaixa, in products classified under Article 8 and Article 9 of SFDR (includes gross contributions —without considering withdrawals or the market effect— to Pension Funds, Voluntary Social Security Entities (EPSV) and Unit Linked classified under Article 8 and Article 9 of SFDR).

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

3- Value of 136 KgCO₂/MWh considering scope 1 emissions from customers and the parts of the value chain within the scope of setting targets. Value of 26.9 KgCO₂/MWh considering scope 1, 2 and 3 emissions from customers and the parts of the value chain within the scope of setting targets.

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

Key features within the scope of sustainability in 2023

- > In terms of **sustainability and good governance**, CaixaBank has obtained the "T" for transparency seal granted by the Haz Foundation for its responsible taxation. The Company obtained the seal in its highest category due to publicly disclosing more than 90% of the analysed indicators. In addition, CaixaBank has obtained the AENOR certificate for its tax risk management and control system due to the standards of excellence and transparency in the applied tax strategies and policies and its tax management and control system.

The CaixaBank Employees' Pension Plan has adhered to the Net Zero Asset Owner Alliance, an initiative led by the UN that promotes the transition towards net zero emissions by 2050.

- > With regard to **sustainable financing**, CaixaBank has been recognised by *Global Finance* for its "**Outstanding Leadership in ESG-Related Loans in the World 2023**" and "**Outstanding Financial Leadership in Sustaining Communities in Western Europe 2023**", an acknowledgement of the Company's international leadership in financing under ESG criteria.

CaixaBank has published a "Sustainable Financing Identification Guide" with the aim of defining applicable criteria for deeming loans and advances to individuals and business sustainable, as well as, contributing to the SDG.

The European Investment Fund, CaixaBank and MicroBank will support Spanish SMEs with guarantees that will enable the mobilisation of more than €1 billion through the InvestEU programme in areas of innovation digitalisation and sustainability of enterprises.

In addition, the Company via AgroBank Tech Digital INNOvation has initiated the acceleration of 15 startups to promote **agro-food digitisation by using new agrotech solutions** based on artificial intelligence, biotechnology, the internet or big data. In addition, AgroBank has offered its customers a loan under preferential conditions to alleviate the loss of income caused by the drought and almost €7 billion million in pre-granted financing.

Also within the **scope of innovation**, CaixaBank, together with other European companies, has created the GREEN.DAT.AI, an European research consortium, which aims to improve the sustainability of artificial intelligence. Among the possible applications of this consortium's developments are the optimisation of energy efficiency in big data usage and the utilisation of applicable AI in fraud detection and prevention.

To promote environmental awareness, the Company has offered its individual customers via CaixaBankNow a "**carbon footprint calculator**", a tool whose methodology has been validated and verified by AENOR and that provides customers with their carbon footprint by analysing their consumption and purchases. In addition, it enables users to compare their carbon footprint with the Spanish and European average and it provides areas for improvement and recommendations to reduce it.

The Company was recognised by CDP, the worldwide leading analyst in information on the environment and climate, with the "**CDP Supplier Engagement Leader 2022**", which highlights our efforts to curb climate risk within its supply chain.

- > Within the **social scope**, CaixaBank has issued a new social bond for €1 billion to fund loans to families, self-employed workers and SMEs in Spain and to provide vulnerable people with access to education and healthcare. It is the fifth social bond and the eleventh linked to the Sustainable Development Goals that the company launches since 2019, cementing CaixaBank's position as a leading European bank in ESG matters.

As part of its **commitment to financial inclusion**, *Correos* (Spanish postal services) and CaixaBank have signed an agreement to offer home cash delivery in the whole of Spain. This initiative will ensure all customers - both those living in rural areas and those most affected by the digital divide - have access to cash, which will have a positive effect on the economic development.

The Company is firmly committed to diversity in its Sustainability Master Plan and is **ranked third** worldwide in the "**Bloomberg Gender-Equality Index**".

The Company continues to consider financial education an essential pillar, which is why it has renewed its commitment to the "**Funcas Educa Programme**".

A total of 13,968 people have volunteered in **CaixaBank's 'Social Month'**, encouraging employees, relatives and customers to volunteer. CaixaBank held more than 2,300 volunteering activities in partnership with 1,000 social organisations throughout Spain and supported over 118,000 people in vulnerable situations.

ESG Indices - Ratings



Worst ← Rating scale → Best

<p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<p>80</p>	<p>Sustainability score</p>
<p>MSCI MSCI ESG RATINGS A</p>	<p>A</p>	<p>ESG rating</p>
<p>STOXX SUSTAINALYTICS ESG REPORT</p>	<p>17.5</p>	<p>ESG risk rating</p>
<p>QUALITYSCORE ENVIRONMENTAL SOCIAL GOVERNANCE HIGHEST RANKED BY ISS ESG</p>	<p>11111 EISIG</p>	<p>ESG <u>QualityScore</u></p>
<p>Corporate ESG Performance RATED BY ISS ESG Prime</p>	<p>C Status: Prime Transparency: very high Decile rank: #1</p>	<p>ESG corporate rating</p> <p>Transparency level</p>
<p>FTSE4Good</p>	<p>4.2</p>	<p>ESG rating</p>
<p>CDP A LIST 2022 CLIMATE</p>	<p>A</p>	<p>Climate change rating</p>
<p>MOODY'S ESG Solutions</p>	<p>60</p>	<p>Sustainability index</p>

11. THE CAIXABANK SHARE

- > The **CaixaBank share closed trading on 30 June 2023 at €3.787/share**, up 5.7% in the quarter and 3.1% in the year. This evolution in the second quarter of 2023 compares favourably both to that of the general indices (+3.9% IBEX 35 and +1.9% EURO STOXX 50) and to that of the selective bank benchmarks (+5.3% EURO STOXX Banks and +3.2% IBEX 35 Banks).
- > Following the bouts of instability in the US regional banking and Credit Suisse in March and the gradual return to normality in April, the attention of investors turned towards other sources of uncertainty. On the one hand, the negotiations over increasing the US debt ceiling, which were not resolved until the beginning of June, influenced the investor sentiment in May. On the other hand, as concerns over financial instability waned, the economic cycle's health, the evolution of inflation and the perspectives in terms of monetary policy again regained a prominent role in the stock markets.

In view of the persistent inflationary pressures, the main central banks maintained their restrictive monetary policy. In the quarter's closing stages, the message from the ECB and the FED was loud and clear at the Forum on Central Banking held in the Portuguese town of Sintra: the fight against inflation has not ended, with Lagarde anticipating additional rate hikes.

All in all, neither the expectations of further monetary tightening nor the risks that it poses to the economy have impeded a slight recovery in the appetite for risk in the stock markets during the second quarter of the year, with the main stock indices closing in the green, the IBEX 35 reaching three-year highs and the bank stocks recovering part of the fall following the turbulences in March.

In the second quarter of 2023, the number of CaixaBank shares traded¹ decreased 31.8% with respect to the first quarter of 2023 (-37.9% in value in euros of shares traded¹) and reached -39.3% below the trading volume of the same period of the previous year (-33.9% in euros). In the first half of 2023, the trading volume in shares and euros were 33.0% and 19.2% down, respectively, with respect to the first half of 2022.

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

PERFORMANCE OF THE CAIXABANK SHARE COMPARED TO THE MAIN SPANISH AND EUROPEAN INDICES



KEY PERFORMANCE INDICATORS FOR THE CAIXABANK SHARE

	30 Jun. 2023
Market capitalisation (€ million)	28,384
Number of outstanding shares ¹	7,495,037
Share price (€/share)	
Share price at the beginning of the period (31 December 2022)	3.672
Share price at closing of the period (30 June 2023)	3.787
Maximum price ²	4.128
Minimum price ²	3.168
Trading volume in 2023 (number of shares, excluding special transactions, in thousands)	
Maximum daily trading volume	72,312
Minimum daily trading volume	6,105
Average daily trading volume	21,201
Stock market ratios³	
EPS - Net income attributable per share (€/share) (12 months)	0.49
Book value (€/share)	4.54
Tangible book value (€/share)	3.82
PER (Price / EPS; times)	7.76
P/tangible BV (Market value / tangible book value)	0.99
Dividend yield	6.09%

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

(2) Price at close of trading.

(3) See additional information in 'Appendices - Alternative Performance Measures'.

Shareholder returns

- > On 12 April 2023, the **bank paid its shareholders 0.2306 euros per share, corresponding to the ordinary dividend** charged to 2022 profits and following the approval at the Annual General Meeting held on 31 March.
- > Following the payment of this dividend, the shareholder returns amounted to €1,730 million in 2022, equivalent to 55% of the consolidated net profit of 2022, in line with the dividend policy approved by the Board of Directors for the 2022 fiscal year and with the target set within the framework of the 2022-2024 Strategic Plan. In addition, a share buy-back programme was completed between May and December 2022 for an amount of €1.8 billion.
- > With regard the Dividend Policy for the 2023 fiscal year, the Board of Directors approved on 2 February 2023 **a cash distribution of between 50% and 60% of consolidated net profit**, to be paid in a single payment in April 2024, subject to final approval at the Annual General Shareholders Meeting.
- > The Board also stated CaixaBank's intention, subject to regulatory approval, to undertake an open-market **share buy-back** programme for €500 million, which is expected to begin before the close of 2023, with the aim distributing the CET1 surplus above 12%. This extraordinary payout is aligned with the target established in the 2022-2024 Strategic Plan.

12. INVESTMENT PORTFOLIO

Main investees at 30 June 2023:

	%	Business segment
SegurCaixa Adeslas	49.9%	Banking and insurance
Comercia Global Payments	20.0%	Banking and insurance
Telefónica ¹	3.5%	Corporate centre
Coral Homes	20.0%	Corporate centre
Gramina Homes	20.0%	Corporate centre
Banco de Fomento Angola (BFA)	48.1%	Corporate centre
Banco Comercial e de Investimentos (BCI)	35.7%	Corporate centre

(1) CaixaBank holds a fair value hedge for 0.96% of Telefónica's share capital.



13. RATINGS

Issuer Rating

Agency	Long-Term	Short-Term	Outlook	Senior Preferred Debt	Last review date	Mortgage covered bonds	Last review date mortgage covered bonds
S&P Global	A-	A-2	Stable	A-	25 Apr. 2023	AA+	26 Jan. 2023
Fitch Ratings	BBB+	F2	Stable	A-	13 June 2023	-	-
Moody's	Baa1	P-2	Stable	Baa1	25 Jan. 2023	Aa1	04 Nov. 2022
DBRS	A	R-1 (low)	Stable	A	14 Mar. 2023	AAA	13 Jan. 2023



14. RESTATEMENT

OF 2022 FINANCIAL INFORMATION AFTER IMPLEMENTATION OF IFRS 17 AND IFRS 9 (IN INSURANCE BUSINESS)

The Group has applied **IFRS 17: "Insurance Contracts"** and **IFRS 9: "Financial Instruments"** to the assets and liabilities of the insurance business as of 1 January 2023. IFRS 17 is the new accounting standard that sets out the principles for recognition, measurement and presentation of contracts that transfer significant insurance risk, whereas IFRS 9 is the accounting standard that the Group has already been applying to recognise and measure its financial assets and liabilities in its banking business.

Considering that, in accordance with IFRS 17, a minimum of one year of comparative information is required, the income statement for the fiscal year 2022 and the balance sheet at 31 December 2022 have been restated for comparative purposes, also taking into account IFRS 9 requirements.

The financial information of 2022 published in the Business Activity and Results Report of the first quarter of 2023 (Other Relevant Information of 5 May 2023) has been restated in the second quarter of 2023 after obtaining more detailed information. Minor reclassifications have been carried out in various items of the Income statement between the second and third quarter of 2022, albeit without an impact on the annual result. In addition, certain income recognised in the Insurance service result has been reclassified to Net interest income, with an impact on all quarters of 2022.

Income statement 2022

Below is the **income statement for 2022** reported to the market (IFRS 4), as well as after applying IFRS 17 and IFRS 9 to the insurance contracts:

€ million	2022		
	Reported IFRS 4	IFRS 17/9 adjustments	IFRS 17/9
Net interest income	6,916	(363)	6,553
Dividend income	163	—	163
Share of profit/(loss) of entities accounted for using the equity method	264	(42)	222
Net fee and commission income	4,009	(155)	3,855
Trading income	338	(10)	328
Income and expense under insurance or reinsurance contracts	866	(866)	—
Insurance service result	—	935	935
Other operating income and expense	(963)	—	(963)
Gross income	11,594	(501)	11,093
Recurring administrative expenses, depreciation and amortisation	(6,020)	495	(5,525)
Extraordinary expenses	(50)	—	(50)
Pre-impairment income	5,524	(6)	5,519
Pre-impairment income stripping out extraordinary expenses	5,574	(6)	5,568
Allowances for insolvency risk	(982)	—	(982)
Other charges to provisions	(129)	0	(130)
Gains/(losses) on disposal of assets and others	(87)	—	(87)
Profit/(loss) before tax	4,326	(6)	4,320
Income tax expense	(1,179)	(10)	(1,189)
Profit/(loss) after tax	3,147	(16)	3,131
Profit/(loss) attributable to minority interest and others	2	—	2
Profit/(loss) attributable to the Group	3,145	(16)	3,129

The total impact of the restatement on 2022 net income is not significant (€-16 million), as a result of a number of non-material adjustments of different sign. The main change is centred on the presentation of the income statement, as almost the entire insurance business is now reported under the heading 'Insurance service result', net of the expenses directly attributable to insurance contracts.

In this respect, the table above shows the differences between both standards in the "adjustments" column, which mainly corresponds to the aforementioned reclassification of the following line items in the income statement:

- > **Net interest income:** in accordance with IFRS 17, it mainly includes the net return on assets under the insurance business maintained to pay ordinary claims, as well as the Group's financial margin for short-term savings insurance products. It also includes the income from financial assets under the insurance business, and an expense for interest that includes the capitalisation of the new insurance liabilities is recognised at a very similar interest rate as the rate of return of asset acquisition. The difference between this income and the expense is not significant.
The margin on savings insurance contracts will now be recognised under the heading 'Insurance service result'.
- > **Share of profit/(loss) of entities accounted for using the equity method:** this line item includes the impacts resulting from applying IFRS 17 and IFRS 9 in affiliated companies with an insurance business, and they mainly focus on valuation differences in insurance liabilities and financial assets, with a particular impact on the income statement for 2022.
- > **Fee and commission income:** the fee and commission income generated by Unit Linked and other, as well as the fees and commissions paid to third-party intermediaries and agents related to the insurance business, is reported in the heading 'Insurance service result'.
- > **Insurance service result:** it includes the accrual of the margin on savings insurance contracts, as well as on Unit Linked products, and the recognition of income and expenses from claims corresponding to short term risk-related insurance. For the entire insurance business, this line item is reported net of expenses directly attributable to the contracts.
- > The **expenses directly attributable** to insurance contracts are reported as lower income in the heading 'Insurance service result', and were previously recognised in **Operating expenses** and **Fee and commission income**.

Quarterly income statement for 2022 restated

Below is the [quarterly income statement for 2022 restated](#) after applying IFRS 17 and IFRS 9:

€ million	1Q22	2Q22	3Q22	4Q22	2022
Net interest income	1,459	1,520	1,603	1,970	6,553
Dividend income	1	130	—	32	163
Share of profit/(loss) of entities accounted for using the equity method	51	60	81	30	222
Net fee and commission income	936	992	968	959	3,855
Trading income	142	102	73	11	328
Income and expense under insurance or reinsurance contracts	—	—	—	—	—
Insurance service result	209	214	236	277	935
Other operating income and expense	(141)	(256)	(89)	(477)	(963)
Gross income	2,658	2,762	2,872	2,801	11,093
Recurring administrative expenses, depreciation and amortisation	(1,406)	(1,367)	(1,375)	(1,376)	(5,525)
Extraordinary expenses	(8)	(16)	(11)	(15)	(50)
Pre-impairment income	1,244	1,379	1,485	1,410	5,519
Pre-impairment income stripping out extraordinary expenses	1,252	1,395	1,496	1,425	5,568
Allowances for insolvency risk	(228)	(147)	(172)	(434)	(982)
Other charges to provisions	(45)	(45)	(33)	(6)	(130)
Gains/(losses) on disposal of assets and others	(9)	(26)	(20)	(32)	(87)
Profit/(loss) before tax	961	1,161	1,260	938	4,320
Income tax expense	(255)	(293)	(364)	(278)	(1,189)
Profit/(loss) after tax	707	868	896	660	3,131
Profit/(loss) attributable to minority interest and others	1	0	0	1	2
Profit/(loss) attributable to the Group	706	867	896	659	3,129

Below is a table showing the 'Insurance service result' arranged by business and the 'Recurring administrative expenses, depreciation and amortisation' restated by quarter:

€ million	1Q22	2Q22	3Q22	4Q22	2022
Risk business	130	129	156	175	590
Savings business	58	63	58	66	245
Unit Linked business	21	22	21	36	100
Insurance service result	209	214	236	277	935

€ million	1Q22	2Q22	3Q22	4Q22	2022
Personnel expenses	(865)	(826)	(832)	(836)	(3,360)
General expenses	(364)	(360)	(360)	(352)	(1,435)
Depreciation and amortisation	(177)	(182)	(183)	(188)	(730)
Recurring administrative expenses, depreciation and amortisation	(1,406)	(1,367)	(1,375)	(1,376)	(5,525)

Balance sheet

The following table shows the **balance sheet at 31 December 2022** reported to the market, as well as the restated balance sheet after applying IFRS 17 and IFRS 9:

€ million	31 December 2022		
	Reported IFRS 4	IFRS 17/9 adjustments	IFRS 17/9 ¹
Cash and cash balances at central banks and other demand deposits	20,522	—	20,522
Financial assets held for trading	7,382	—	7,382
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	183	11,168	11,351
Equity instruments	127	11,168	11,295
Debt securities	6	—	6
Loans and advances	50	—	50
Financial assets designated at fair value through profit or loss	—	8,022	8,022
Financial assets at fair value with changes in other comprehensive income	12,942	51,590	64,532
Financial assets at amortised cost	442,754	3,414	446,168
Credit institutions	12,187	210	12,397
Customers	352,834	—	352,834
Debt securities	77,733	3,204	80,937
Derivatives - Hedge accounting	649	813	1,462
Investments in joint ventures and associates	2,034	20	2,054
Assets under the insurance business	68,534	(68,534)	—
Assets under reinsurance contracts	—	63	63
Tangible assets	7,516	—	7,516
Intangible assets	5,219	(195)	5,024
Non-current assets and disposal groups classified as held for sale	2,426	—	2,426
Other assets	22,075	253	22,328
Total assets	592,234	6,616	598,850
Liabilities	557,972	7,170	565,142
Financial liabilities held for trading	4,030	—	4,030
Financial liabilities designated at fair value through profit or loss	—	3,409	3,409
Financial liabilities at amortised cost	482,501	546	483,047
Deposits from central banks and credit institutions	28,810	—	28,810
Customer deposits	393,060	574	393,634
Debt securities issued	52,608	—	52,608
Other financial liabilities	8,022	(27)	7,995
Derivatives - Hedge accounting	1,371	6,398	7,769
Liabilities under the insurance business	65,654	(65,654)	—
Insurance contract liabilities	—	62,595	62,595
Provisions	5,263	(32)	5,231
Other liabilities	(847)	7,678	6,831
Equity	34,263	(555)	33,708
Shareholders' equity	36,639	(731)	35,908
Minority interest	32	—	32
Accumulated other comprehensive income	(2,409)	177	(2,232)
Total liabilities and equity	592,234	6,616	598,850

(1) Opening balance sheet at 1 January 2023, after the unaudited restatement of IFRS 17 / IFRS 9.

The restated balance sheet includes the assets and liabilities under the insurance business in different line items in accordance with their nature. Previously, they were grouped in two specific line items.

Below is a summary of the main restatement adjustments:

- > Portfolio of financial investments related to Unit Linked products and other: it is classified in its entirety in 'Financial assets designated at fair value through profit or loss', except equity instruments, which are reported in 'Financial assets not designated for trading compulsorily measured at fair value through profit or loss'.
- > Rest of the portfolio of financial investments under the insurance business: they are mostly fixed-income assets that are eligible to be classified in 'Financial assets at fair value with changes in other comprehensive income'. Shares in mutual funds are compulsorily measured at fair value through profit or loss. A part of the fixed-income portfolio has been classified in 'Financial assets at amortised cost' to mitigate the volatility in other comprehensive income generated under IFRS 17.
- > Derivatives used to adjust the flows of financial instruments to the claims expected to be paid to the insured: these derivatives are classified in 'Derivatives – Hedge accounting' in accordance with IFRS 9. This item explains most of the increase in the balance sheet's total under IFRS 17. Under the previous accounting standard, it was reported at fair value together with the valuation of the associated financial instrument.
- > Intangible assets from business combinations carried out before the transition must be derecognised in accordance with IFRS 17, except those related to the short-term risk-related business.
- > With regard to Unit Linked products and other, the valuation of insurance liabilities is reported in 'Insurance contract liabilities', except those which do not bear significant insurance risk, which are included in 'Financial liabilities designated at fair value through profit or loss' and 'Financial liabilities at amortised cost'.
- > In accordance with IFRS 17, the new valuation of the rest of the insurance business is reported in 'Insurance contract liabilities', except for reinsurance contracts held which are reported separately in 'Assets under reinsurance contracts'. A component of this valuation is the specific estimate of the future profit expected and generated by each policy issued and not cancelled at year-end (known as the contractual service margin). The accrual of this margin throughout the life of the contract is included in the heading 'Insurance service result' of the income statement.
- > The tax effects of the above adjustments are included in 'Other assets' and 'Other liabilities'.

Following the restatement, the Group's total assets increase by €6,616 million and liabilities by €7,170 million. The impact on equity amounts to €-555 million, of which €-731 million correspond to Shareholders' equity and €+177 million to Accumulated other comprehensive income.

Main ratios

The following table shows the impact of the restatement on the main **cost-to-income, profitability and stock market ratios after applying IFRS 17 and IFRS 9**:

	2022		
	Reported IFRS 4	IFRS 17/9	Change
Administrative expenses, depreciation and amortisation stripping out extraordinary expenses	6,020	5,525	(495)
Gross income	11,594	11,093	(501)
Recurring cost-to-income ratio (12 months)	51.9%	49.8%	(2.1)
Profit/(loss) attributable to the Group adjusted by AT1	2,884	2,868	(16)
Average shareholder equity + valuation adjustments	34,880	34,578	(302)
ROE (12 months)	8.3%	8.3%	—
Profit/(loss) attributable to the Group adjusted by AT1	2,884	2,868	(16)
Average shareholder equity + valuation adjustments excluding intangible assets	29,533	29,368	(165)
ROTE (12 months)	9.8%	9.8%	—
Net profit adjusted by AT1	2,888	2,871	(17)
Average total assets	698,644	705,478	6,834
ROA (12 months)	0.4%	0.4%	—
Equity adjusted by minority interest	34,230	33,675	(555)
Shares outstanding, net of treasury shares	7,494	7,495	1
Book value per share at 31 Dec. 2022	4.57	4.49	(0.08)
Equity adjusted by minority interest and intangible assets	28,636	28,277	(359)
Shares outstanding, net of treasury shares	7,494	7,495	1
Tangible book value per share at 31 Dec. 2022	3.82	3.77	(0.05)

Results by business segment

The table below shows the **quarterly income statement for 2022 and the main balance sheet figures by business segment** reported to the market and restated after applying IFRS 17 / IFRS 9.

The **Banking and Insurance** business, which shows earnings from the insurance firm VidaCaixa, is the business most impacted by this adjustment, as it includes most of the Group's insurance business.

In **BPI**, the adjustment is due to the restatement of Allianz Portugal's net income (BPI holds a 35% stake in the company and markets its general insurance products in Portugal, recognising its income using the equity method).

The **Corporate centre** includes the difference between the Group's equity and the capital assigned to the businesses following the restatement:

€ million	Banking and Insurance			BPI		
	2022 reported IFRS 4	IFRS 17/9 adjustments	2022 IFRS 17/9	2022 reported IFRS 4	IFRS 17/9 adjustments	2022 IFRS 17/9
Net interest income	6,366	(362)	6,004	544	—	544
Dividend income and share of profit/(loss) of entities accounted for using the equity method	212	(46)	166	29	4	33
Net fee and commission income	3,714	(155)	3,559	296	—	296
Trading income	299	(10)	289	27	—	27
Income and expense under insurance or reinsurance contracts	866	(866)	—	—	—	—
Insurance service result	—	935	935	—	—	—
Other operating income and expense	(918)	—	(918)	(38)	—	(38)
Gross income	10,539	(504)	10,035	857	4	861
Recurring administrative expenses, depreciation and amortisation	(5,505)	495	(5,010)	(455)	—	(455)
Extraordinary expenses	(50)	—	(50)	—	—	—
Pre-impairment income	4,984	(8)	4,976	402	4	406
Pre-impairment income stripping out extraordinary expenses	5,034	(8)	5,026	402	4	406
Allowances for insolvency risk	(976)	—	(976)	(6)	—	(6)
Other charges to provisions	(98)	(1)	(99)	(22)	—	(22)
Gains/(losses) on disposal of assets and others	(69)	—	(69)	—	—	—
Profit/(loss) before tax	3,842	(9)	3,833	374	4	378
Income tax expense	(1,089)	(11)	(1,100)	(101)	—	(101)
Profit/(loss) after tax	2,753	(20)	2,733	272	4	276
Profit/(loss) attributable to minority interest and others	2	—	2	—	—	—
Profit/(loss) attributable to the Group	2,751	(20)	2,731	272	4	276
Assets	548,046	7,042	555,088	38,795	9	38,804
Liabilities	520,274	7,161	527,435	36,340	9	36,349
Assigned capital	27,740	(119)	27,621	2,455	—	2,455

€ million	Corporate centre		
	2022 reported IFRS 4	IFRS 17/9 adjustments	2022 IFRS 17/9
Net interest income	6	(2)	4
Dividend income and share of profit/(loss) of entities accounted for using the equity method	187	—	187
Net fee and commission income	—	—	—
Trading income	12	—	12
Income and expense under insurance or reinsurance contracts	—	—	—
Insurance service result	—	—	—
Other operating income and expense	(7)	—	(7)
Gross income	198	(2)	196
Recurring administrative expenses, depreciation and amortisation	(60)	—	(60)
Extraordinary expenses	—	—	—
Pre-impairment income	138	(2)	136
Pre-impairment income stripping out extraordinary expenses	138	(2)	136
Allowances for insolvency risk	—	—	—
Other charges to provisions	(9)	—	(9)
Gains/(losses) on disposal of assets and others	(19)	—	(19)
Profit/(loss) before tax	110	(2)	108
Income tax expense	12	—	12
Profit/(loss) after tax	122	(1)	121
Profit/(loss) attributable to minority interest and others	—	—	—
Profit/(loss) attributable to the Group	122	(1)	121
Assets	5,394	(435)	4,959
Liabilities	1,358	—	1,358
Assigned capital	4,036	(435)	3,601



15 | APPENDICES

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

Alternative Performance Measures used by the Group

1. Profitability and cost-to-income

a. Customer spread:

Explanation: difference between:

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

Note: The average balances of the analysed period are calculated on the basis of the daily closing balances of said period, except in the case of some subsidiaries, for which the average balances are calculated as the arithmetic average of the closing balances of each month.

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

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Annualised quarterly income from loans and advances to customers	5,447	6,257	7,986	10,747	12,687
Denominator	Net average balance of loans and advances to customers	335,025	340,968	340,765	338,447	338,029
(a)	Average yield rate on loans (%)	1.63	1.84	2.34	3.18	3.75
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	(96)	95	603	1,213	2,086
Denominator	Average balance of on-balance sheet retail customers funds	387,901	392,598	384,810	378,532	378,501
(b)	Average cost rate of retail customer funds (%)	(0.03)	0.02	0.16	0.32	0.55
	Customer spread (%) (a - b)	1.66	1.82	2.18	2.86	3.20

b. Balance sheet spread:

Explanation: difference between:

- > average rate of return on assets (annualised interest income for the quarter divided by total average assets for the quarter).
- > average cost of funds (annualised interest expenses for the quarter divided by total average funds for the quarter).

Note: The average balances of the analysed period are calculated on the basis of the daily closing balances of said period, except in the case of some subsidiaries, for which the average balances are calculated as the arithmetic average of the closing balances of each month.

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

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Annualised quarterly interest income	8,319	8,689	11,490	14,628	17,624
Denominator	Average total assets for the quarter	714,544	708,157	686,491	616,023	622,732
(a)	Average return rate on assets (%)	1.16	1.23	1.67	2.37	2.83
Numerator	Annualised quarterly interest expenses	2,222	2,329	3,674	5,779	7,829
Denominator	Average total funds for the quarter	714,544	708,157	686,491	616,023	622,732
(b)	Average cost of fund rate (%)	0.31	0.33	0.54	0.94	1.26
	Balance sheet spread (%) (a - b)	0.85	0.90	1.13	1.43	1.57

c. ROE:

Explanation: Profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average shareholder equity plus valuation adjustments for the last 12 months (calculated as the average value of the monthly average balances).

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

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
(a)	Profit/(loss) attributable to the Group 12M	2,617	2,881	3,145	3,129	3,278	3,692
(b)	Additional Tier 1 coupon	(276)	(272)	(261)	(261)	(253)	(257)
Numerator	Adjusted profit/(loss) attributable to the Group 12M (a+b)	2,342	2,609	2,884	2,868	3,025	3,435
(c)	Average shareholder equity 12M	36,940	36,949	36,822	36,225	36,042	35,832
(d)	Average valuation adjustments 12M	(1,709)	(1,784)	(1,943)	(1,647)	(1,880)	(2,003)
Denominator	Average shareholder equity + valuation adjustments 12M (c+d)	35,232	35,165	34,880	34,578	34,162	33,830
	ROE (%)	6.6%	7.4%	8.3%	8.3%	8.9%	10.2%
(e)	Extraordinary income from the merger in 2021	(37)	88	-	-	-	-
Numerator	Adjusted numerator 12M (a+b-e)	2,378	2,522	-	-	-	-
	ROE (%) ex M&A impacts	6.8%	7.2%	-	-	-	-

d. ROTE:

Explanation: quotient between:

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

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

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
(a)	Profit/(loss) attributable to the Group 12M	2,617	2,881	3,145	3,129	3,278	3,692
(b)	Additional Tier 1 coupon	(276)	(272)	(261)	(261)	(253)	(257)
Numerator	Adjusted profit/(loss) attributable to the Group 12M (a+b)	2,342	2,609	2,884	2,868	3,025	3,435
(c)	Average shareholder equity 12M	36,940	36,949	36,822	36,225	36,042	35,832
(d)	Average valuation adjustments 12M	(1,709)	(1,784)	(1,943)	(1,647)	(1,880)	(2,003)
(e)	Average intangible assets 12M	(5,210)	(5,268)	(5,347)	(5,210)	(5,269)	(5,312)
Denominator	Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)	30,022	29,897	29,533	29,368	28,893	28,517
	ROTE (%)	7.8%	8.7%	9.8%	9.8%	10.5%	12.0%
(f)	Extraordinary income from the merger in 2021	(37)	88	-	-	-	-
Numerator	Adjusted numerator 12M (a+b-f)	2,378	2,522	-	-	-	-
	ROTE (%) ex M&A impacts	7.9%	8.4%	-	-	-	-

e. ROA:

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total assets for the last 12 months (calculated as the average value of the daily balances of the analysed period).

Purpose: measures the level of return relative to assets.

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
(a)	Profit/(loss) after tax and before minority interest 12M	2,622	2,886	3,149	3,132	3,281	3,694
(b)	Additional Tier 1 coupon	(276)	(272)	(261)	(261)	(253)	(257)
Numerator	Adjusted net profit 12M (a+b)	2,346	2,614	2,888	2,871	3,028	3,438
Denominator	Average total assets 12M	699,832	702,550	698,644	705,478	681,570	658,680
	ROA (%)	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%
(c)	M&A impacts in 2021	(37)	88	-	-	-	-
Numerator	Adjusted numerator 12M (a+b-c)	2,383	2,527	-	-	-	-
	ROA (%) ex M&A impacts	0.3%	0.4%	-	-	-	-

f. RORWA:

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total risk-weighted assets for the last 12 months (calculated as the average value of the quarterly average balances).

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

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
(a)	Profit/(loss) after tax and before minority interest 12M	2,622	2,886	3,149	3,132	3,281	3,694
(b)	Additional Tier 1 coupon	(276)	(272)	(261)	(261)	(253)	(257)
Numerator	Adjusted net profit 12M (a+b)	2,346	2,614	2,888	2,871	3,028	3,438
Denominator	Risk-weighted assets (regulatory) 12M	217,093	215,836	215,077	215,077	215,207	215,623
	RORWA (%)	1.1%	1.2%	1.3%	1.3%	1.4%	1.6%
(c)	M&A impacts in 2021	(37)	88	-	-	-	-
Numerator	Adjusted numerator 12M (a+b-c)	2,383	2,527	-	-	-	-
	RORWA (%) ex M&A impacts	1.1%	1.2%	-	-	-	-

g. Cost-to-income ratio:

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

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

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
Numerator	Administrative expenses, depreciation and amortisation 12M	6,366	6,226	6,070	5,574	5,603	5,677
Denominator	Gross income 12M	11,046	11,210	11,594	11,093	11,537	12,346
	Cost-to-income ratio	57.6%	55.5%	52.4%	50.3%	48.6%	46.0%
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	6,194	6,092	6,020	5,525	5,558	5,645
Denominator	Gross income 12M	11,046	11,210	11,594	11,093	11,537	12,346
	Cost-to-income ratio stripping out extraordinary expenses	56.1%	54.3%	51.9%	49.8%	48.2%	45.7%
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	6,194	6,092	6,020	5,525	5,558	5,645
Denominator	Core income 12M	11,347	11,529	11,997	11,504	12,307	13,197
	Core cost-to-income ratio	54.6%	52.8%	50.2%	48.0%	45.2%	42.8%

2. Risk management

a. Cost of risk:

Explanation: total allowances for insolvency risk (12 months) divided by average of gross loans to customers plus contingent liabilities, using management criteria (calculated as the average value of the monthly closing balances).

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

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Allowances for insolvency risk 12M	885	892	982	1,009	1,062
Denominator	Average of gross loans + contingent liabilities 12M	382,125	384,113	386,862	389,593	390,562
	Cost of risk (%)	0.23%	0.23%	0.25%	0.26%	0.27%

b. Non-performing loan ratio:

Explanation: quotient between:

- > non-performing loans and advances to customers and contingent liabilities, using management criteria.
- > total gross loans and advances to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor and track the change in the quality of the loan portfolio.

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Non-performing loans and contingent liabilities	12,424	11,643	10,690	10,447	10,317
Denominator	Total gross loans and contingent liabilities	391,816	391,522	391,199	390,190	393,583
	Non-performing loan ratio (%)	3.2%	3.0%	2.7%	2.7%	2.6%

c. Coverage ratio:

Explanation: quotient between:

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

Purpose: indicator used to monitor NPL coverage via provisions.

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Provisions on loans and contingent liabilities	8,126	7,867	7,867	7,921	7,880
Denominator	Non-performing loans and contingent liabilities	12,424	11,643	10,690	10,447	10,317
	Coverage ratio (%)	65%	68%	74%	76%	76%

d. Real estate available for sale coverage ratio:

Explanation: quotient between:

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

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

		2Q22	3Q22	4Q22	1Q23	2Q23
(a)	Gross debt cancelled at the foreclosure	4,030	3,893	3,774	3,622	3,486
(b)	Net book value of the foreclosed assets	2,110	2,044	1,893	1,826	1,759
Numerator	Total coverage of the foreclosed asset (a - b)	1,920	1,849	1,881	1,796	1,727
Denominator	Gross debt cancelled at the foreclosure	4,030	3,893	3,774	3,622	3,486
	Real estate available for sale coverage ratio (%)	48%	48%	50%	50%	50%

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

Explanation: quotient between:

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

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

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Accounting provisions of the foreclosed assets	917	892	952	903	874
(a)	Net book value of the foreclosed assets	2,110	2,044	1,893	1,826	1,759
(b)	Accounting provisions of the foreclosed assets	917	892	952	903	874
Denominator	Gross book value of the foreclosed asset (a + b)	3,027	2,936	2,845	2,729	2,633
	Real estate available for sale accounting coverage (%)	30%	30%	33%	33%	33%

3. Liquidity

a. Total Liquid Assets

Explanation: Sum of HQLAs (High Quality Liquid Assets within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA).

Purpose: shows the Bank's liquidity position.

		2Q22	3Q22	4Q22	1Q23	2Q23
(a)	High Quality Liquid Assets (HQLAs)	161,451	141,124	95,063	95,798	98,110
(b)	Available balance under the ECB facility (non-HQLAs)	1,397	857	43,947	37,069	48,536
	Total liquid assets (a + b)	162,847	141,981	139,010	132,867	146,646

b. Loan-to-deposits:

Explanation: quotient between:

- > net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions).
- > Customer deposits and accruals.

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

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Loans and advances to customers, net (a-b-c)	351,449	351,410	350,670	350,504	353,539
(a)	Loans and advances to customers, gross	362,770	362,465	361,323	361,077	363,952
(b)	Provisions for insolvency risk	7,767	7,508	7,408	7,437	7,376
(c)	Brokered loans	3,554	3,547	3,245	3,136	3,037
Denominator	Customer deposits and accruals (d+e)	398,789	389,779	386,054	380,859	388,380
(d)	Customer deposits	398,773	389,757	386,017	380,761	388,183
(e)	Accruals included in Reverse repurchase agreements and other	16	22	37	99	197
	Loan to Deposits (%)	88%	90%	91%	92%	91%

4. Stock market ratios

- a. EPS (Earnings per share):** Profit/(loss) attributed to the Group (adjusted by the amount of the Additional Tier 1 coupon, registered in shareholder equity) divided by the average number of shares outstanding.

Note: The **average number of shares outstanding** is calculated as average number of shares less the average number of treasury shares (includes the impact of the share buy-back programme for the executed volume). The average is calculated as the average number of shares at the closing of each month of the analysed period.

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
Numerator	Profit/(loss) attributable to the Group 12M ex M&A impacts	2,654	2,794	3,145	3,129	3,278	3,692
Denominator	Average number of shares outstanding, net of treasury shares	8,034	7,945	7,819	7,819	7,690	7,566
	EPS (Earnings per share)	0.33	0.35	0.40	0.40	0.43	0.49
	Additional Tier 1 coupon	(276)	(272)	(261)	(261)	(253)	(257)
Numerator	Numerator adjusted by AT1 coupon	2,378	2,522	2,884	2,868	3,025	3,435
	EPS (Earnings per share) adjusted by AT1 coupon	0.30	0.32	0.37	0.37	0.39	0.45

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

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
Numerator	Share price at the end of the period	3.317	3.311	3.672	3.672	3.584	3.787
Denominator	Earnings per share (EPS)	0.33	0.35	0.40	0.40	0.43	0.49
	PER (Price-to-earnings ratio)	10.04	9.41	9.13	9.18	8.41	7.76

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

		2Q22	3Q22	4Q22	1Q23	2Q23
Numerator	Dividends paid (in shares or cash) last year	0.15	0.15	0.15	0.23	0.23
Denominator	Share price at the end of the period	3.317	3.311	3.672	3.584	3.787
	Dividend yield	4.41%	4.42%	3.98%	6.43%	6.09%

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

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

Outstanding shares equals shares issued (less treasury shares) at a specific date.

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

- > equity less minority interests and intangible assets.
- > the number of outstanding shares at a specific date.

P/BV: share price at the end of the period divided by book value.

P/TBV: share price at the end of the period divided by tangible book value.

		IFRS 4			IFRS 17/9		
		2Q22	3Q22	4Q22	4Q22	1Q23	2Q23
(a)	Equity	34,843	34,274	34,263	33,708	33,034	34,044
(b)	Minority interest	(31)	(32)	(32)	(32)	(33)	(32)
Numerator	Adjusted equity (c = a+b)	34,811	34,242	34,230	33,675	33,001	34,012
Denominator	Shares outstanding, net of treasury shares (d)	7,862	7,604	7,494	7,494	7,495	7,495
e=(c/d)	Book value (€/share)	4.43	4.50	4.57	4.49	4.40	4.54
(f)	Intangible assets (reduce adjusted equity)	(5,340)	(5,300)	(5,594)	(5,399)	(5,371)	(5,363)
g=((c+f)/d)	Tangible book value (€/share)	3.75	3.81	3.82	3.77	3.69	3.82
(h)	Share price at the end of the period	3.317	3.311	3.672	3.672	3.584	3.787
h/e	P/BV (Share price divided by book value)	0.75	0.74	0.80	0.82	0.81	0.83
h/g	P/TBV tangible (Share price divided by tangible book value)	0.88	0.87	0.96	0.97	0.97	0.99

RECONCILIATION BETWEEN THE ACCOUNTING AND MANAGEMENT INFORMATION

Adapting the public income statement to management format

Net fee and commission income. Includes the following line items:

- > Fee and commission income.
- > Fee and commission expenses.

Trading income. Includes the following line items:

- > Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net).
- > Gains/(losses) on financial assets not designated for trading compulsorily measured fair value through profit or loss (net).
- > Gains/(losses) on financial assets and liabilities held for trading, net.
- > Gains/(losses) from hedge accounting, net.
- > Exchange differences (net).

Administrative expenses, depreciation and amortisation. Includes the following line items:

- > Administrative expenses.
- > Depreciation and amortisation.

Pre-impairment income.

- > (+) Gross income.
- > (-) Operating expenses.

Impairment losses on financial assets and other provisions. Includes the following line items:

- > Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss or gains/(losses) on adjustments.
- > Provisions/(reversal) of provisions.

Of which: Allowances for insolvency risk.

- > Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and advances to customers, using management criteria.
- > Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

Of which: Other charges to provisions.

- > Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and advances to customers, using management criteria.
- > Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

Gains/(losses) on derecognition of assets and others. Includes the following line items:

- > Impairment or reversal of impairment on investments in joint ventures or associates.
- > Impairment or reversal of impairment on non-financial assets.
- > Gains/(losses) on derecognition of non-financial assets and investments, net.
- > Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net).

Profit/(loss) attributable to minority interests and others. Includes the following line items:

- > Profit/(loss) for the period attributable to minority interests (non-controlling interests).
- > Profit/(loss) after tax from discontinued operations.

Reconciliation of activity indicators using management criteria

LOANS AND ADVANCES TO CUSTOMERS, GROSS

June 2023

€ million

Financial assets at amortised cost - Customers (Public Balance Sheet)	355,214
Clearing houses and sureties provided in cash	(2,122)
Other, non-retail, financial assets	(279)
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	3,763
Provisions for insolvency risk	7,376
Loans and advances to customers (gross) using management criteria	363,952

INSURANCE CONTRACT LIABILITIES

June 2023

€ million

Insurance contract liabilities (Public Balance Sheet)	66,866
Financial component's correction as a result of updating the liabilities in accordance with IFRS 17 (excluding Unit Link and other)	1,756
Financial liabilities designated at fair value through profit or loss (Public Balance Sheet)	3,370
Other financial liabilities not considered as Insurance contract liabilities	(8)
Financial liabilities of BPI Vida registered under Financial liabilities at amortised cost - Customer deposits	764
Insurance contract liabilities, using management criteria	72,748

CUSTOMER FUNDS

June 2023

€ million

Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	397,040
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	(7,319)
Multi-issuer covered bonds and subordinated deposits	(4,668)
Counterparties and other	(2,651)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	1,420
Retail issues and other	1,420
Liabilities under insurance contracts, using management criteria	72,748
Total on-balance sheet customer funds	463,890
Assets under management	156,111
Other accounts¹	7,823
Total customer funds	627,824

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

INSTITUTIONAL FINANCING FOR BANKING LIQUIDITY PURPOSES

June 2023

€ million

Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)	53,006
Institutional financing not considered for the purpose of managing bank liquidity	(4,562)
Securitised bonds	(1,028)
Value adjustments	(2,468)
Retail	(1,420)
Issues acquired by companies within the group and other	354
Customer deposits for the purpose of managing bank liquidity¹	4,663
Institutional financing for the purpose of managing bank liquidity	53,108

(1) A total of €4,630 million in multi-issuer covered bonds (net of retained issues) and €33 million in subordinated deposits.

FORECLOSED REAL ESTATE ASSETS (AVAILABLE FOR SALE AND HELD FOR RENT)

June 2023

€ million

Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	2,231
Other non-foreclosed assets	(508)
Inventories under the heading - Other assets (Public Balance Sheet)	36
Foreclosed available for sale real estate assets	1,759
Tangible assets (Public Balance Sheet)	7,420
Tangible assets for own use	(5,923)
Other assets	(314)
Foreclosed rental real estate assets	1,183

HISTORICAL FIGURES FOR THE CABK AND BPI PERIMETERS

A. QUARTERLY PERFORMANCE OF THE INCOME STATEMENT AND SOLVENCY RATIOS

€ million	CABK				
	2Q23	1Q23	4Q22	3Q22	2Q22
Net interest income	2,212	1,975	1,795	1,463	1,396
Dividend income	3	68	31	—	39
Share of profit/(loss) of entities accounted for using the equity method	54	63	6	66	43
Net fee and commission income	835	864	882	893	919
Trading income	92	75	23	59	89
Insurance service result	257	244	277	236	214
Other operating income and expense	(219)	(465)	(480)	(89)	(227)
Gross income	3,233	2,825	2,534	2,628	2,472
Recurring administrative expenses, depreciation and amortisation	(1,327)	(1,313)	(1,263)	(1,259)	(1,256)
Extraordinary expenses	(3)	(2)	(15)	(11)	(16)
Pre-impairment income	1,903	1,509	1,256	1,357	1,200
Pre-impairment income stripping out extraordinary expenses	1,906	1,512	1,271	1,368	1,216
Allowances for insolvency risk	(186)	(233)	(406)	(166)	(141)
Other charges to provisions	(74)	(24)	19	(28)	(44)
Gains/(losses) on disposal of assets and others	(47)	(19)	(31)	(19)	(27)
Profit/(loss) before tax	1,596	1,233	838	1,144	987
Income tax expense	(476)	(463)	(257)	(332)	(271)
Profit/(loss) after tax	1,120	771	580	812	716
Profit/(loss) attributable to minority interest and others		0	1		—
Profit/(loss) attributable to the Group	1,120	771	580	811	716
<i>Risk-weighted assets</i>	<i>199,549</i>	<i>197,014</i>	<i>197,823</i>	<i>196,298</i>	<i>196,566</i>
<i>Fully-loaded Common Equity Tier 1 (CET1)</i>	<i>12.4%</i>	<i>12.5%</i>	<i>12.6%</i>	<i>12.3%</i>	<i>12.3%</i>
<i>Fully-loaded total capital</i>	<i>17.4%</i>	<i>17.8%</i>	<i>17.2%</i>	<i>16.5%</i>	<i>16.5%</i>

€ million	BPI				
	2Q23	1Q23	4Q22	3Q22	2Q22
Net interest income	230	207	175	140	124
Dividend income	75			0	91
Share of profit/(loss) of entities accounted for using the equity method	12	16	25	15	18
Net fee and commission income	74	73	77	75	73
Trading income	(30)	6	(12)	14	13
Insurance service result					
Other operating income and expense	(21)	(26)	3	—	(28)
Gross income	339	277	267	244	290
Recurring administrative expenses, depreciation and amortisation	(127)	(126)	(113)	(116)	(111)
Extraordinary expenses					
Pre-impairment income	212	150	154	128	179
Pre-impairment income stripping out extraordinary expenses	212	150	154	128	179
Allowances for insolvency risk	(14)	(22)	(28)	(6)	(6)
Other charges to provisions	(1)	(1)	(25)	(6)	
Gains/(losses) on disposal of assets and others	3	(1)	0	(1)	1
Profit/(loss) before tax	199	125	100	116	174
Income tax expense	(38)	(41)	(21)	(32)	(22)
Profit/(loss) after tax	161	84	80	85	152
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	161	84	80	85	152
<i>Risk-weighted assets</i>	<i>18,359</i>	<i>18,119</i>	<i>17,280</i>	<i>19,201</i>	<i>18,949</i>
<i>Fully-loaded Common Equity Tier 1 (CET1)</i>	<i>14.3%</i>	<i>14.3%</i>	<i>14.8%</i>	<i>13.5%</i>	<i>13.6%</i>
<i>Fully-loaded total capital</i>	<i>18.2%</i>	<i>18.3%</i>	<i>18.9%</i>	<i>17.1%</i>	<i>17.3%</i>

B. QUARTERLY COST AND INCOME AS PART OF NET INTEREST INCOME

CAIXABANK																
€ million	2Q23			1Q23			4Q22			3Q22			2Q22			
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expen	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expen	Rate %	
Financial Institutions	47,410	414	3.50	42,433	277	2.65	103,621	293	1.12	119,659	152	0.50	127,373	256	0.81	
Loans and advances (a)	312,753	2,904	3.72	313,243	2,438	3.16	315,500	1,853	2.33	315,729	1,454	1.83	310,127	1,253	1.62	
Debt securities	83,495	266	1.28	83,698	201	0.97	85,525	168	0.78	85,801	95	0.44	84,079	79	0.38	
Other assets with returns	59,106	427	2.90	57,929	381	2.67	56,321	341	2.40	59,131	329	2.21	61,486	339	2.21	
Other assets	86,169	74		85,733	57		88,146	39		88,292	12		92,177	13		
Total average assets (b)	588,933	4,085	2.78	583,036	3,354	2.33	649,113	2,694	1.65	668,612	2,042	1.21	675,242	1,940	1.15	
Financial Institutions	55,846	(498)	3.58	49,825	(352)	2.86	110,786	(208)	0.74	120,832	(127)	0.42	125,090	(171)	0.55	
Retail customer funds (c)	349,629	(480)	0.55	349,635	(278)	0.32	354,686	(143)	0.16	362,164	(23)	0.02	358,126	22	(0.02)	
Wholesale marketable debt securities & other	43,764	(420)	3.85	45,101	(331)	2.98	46,295	(184)	1.58	45,831	(85)	0.74	46,691	(37)	0.32	
Subordinated liabilities	10,893	(73)	2.70	9,798	(53)	2.19	8,796	(25)	1.15	8,624	(13)	0.58	9,265	(3)	0.11	
Other funds with cost	74,163	(390)	2.11	72,999	(355)	1.97	70,969	(330)	1.84	73,148	(318)	1.73	75,750	(335)	1.77	
Other funds	54,638	(12)		55,678	(10)		57,581	(9)		58,013	(13)		60,320	(20)		
Total average funds (d)	588,933	(1,873)	1.28	583,036	(1,379)	0.96	649,113	(899)	0.55	668,612	(579)	0.34	675,242	(544)	0.32	
Net interest income	2,212			1,975			1,795			1,463			1,396			
Customer spread (%) (a-c)	3.17			2.84			2.17			1.81			1.64			
Balance sheet spread (%) (b-d)	1.5			1.37			1.1			0.87			0.83			

BPI																
€ million	2Q23			1Q23			4Q22			3Q22			2Q22			
	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expens	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	
Financial Institutions	2,798	22	3.18	2,627	18	2.78	6,421	25	1.55	8,589	13	0.59	8,562	20	0.94	
Loans and advances (a)	25,341	259	4.10	25,260	212	3.40	25,319	160	2.50	25,290	123	1.93	24,911	105	1.69	
Debt securities	8,602	39	1.82	8,380	30	1.45	8,328	22	1.06	8,343	13	0.63	8,264	11	0.52	
Other assets with returns		2			2			4	0.00		5	0.00				
Other assets	2,663	2		2,444	2		3,276	2	0.00	3,275		0.00	3,190	3		
Total average assets (b)	39,404	324	3.30	38,711	264	2.77	43,344	213	1.95	45,497	154	1.35	44,927	139	1.23	
Financial Institutions	3,337	(28)	3.35	2,380	(18)	3.03	5,932	(10)	0.67	7,761	(5)	0.25	7,914	(11)	0.55	
Retail customer funds (c)	28,674	(40)	0.55	29,096	(21)	0.29	30,093	(10)	0.13	30,507	(2)	0.02	29,907	2	(0.03)	
Wholesale marketable debt securities & other	1,899	(19)	4.06	1,899	(13)	2.69	1,899	(12)	2.60	1,898	(4)	0.76	1,898	(3)	0.62	
Subordinated liabilities	425	(7)	6.76	425	(6)	5.25	425	(5)	4.70	425	(4)	3.32	425	(3)	2.86	
Other funds with cost								0.00			0.00					
Other funds	5,068			4,911			4,995		0.00	4,906		0.00	4,783			
Total average funds (d)	39,404	(94)	0.96	38,711	(57)	0.60	43,344	(38)	0.34	45,497	(14)	0.12	44,927	(15)	0.13	
Net interest income	230			207			175			140			124			
Customer spread (%) (a-c)	3.55			3.11			2.37			1.91			1.72			
Balance sheet spread (%) (b-d)	2.34			2.17			1.61			1.23			1.10			

C. QUARTERLY CHANGE IN FEES AND COMMISSIONS

€ million	CAIXABANK				
	2Q23	1Q23	4Q22	3Q22	2Q22
Banking services, securities and other fees	469	508	524	525	556
Sale of insurance products	84	91	81	86	87
Mutual funds, managed accounts and SICAVs	209	191	196	205	197
Pension plans and other	73	74	81	78	79
Net fee and commission income	835	864	882	893	919

€ million	BPI				
	2Q23	1Q23	4Q22	3Q22	2Q22
Banking services, securities and other fees	48	47	47	46	44
Sale of insurance products	12	13	13	13	13
Mutual funds, managed accounts and SICAVs	7	8	8	9	9
Pension plans and other	7	6	8	7	8
Net fee and commission income	74	73	77	75	73

D. QUARTERLY CHANGE IN ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION

€ million	CAIXABANK				
	2Q23	1Q23	4Q22	3Q22	2Q22
Gross income	3,233	2,825	2,534	2,628	2,489
Personnel expenses	(814)	(806)	(769)	(773)	(770)
General expenses	(337)	(340)	(325)	(322)	(323)
Depreciation and amortisation	(176)	(168)	(169)	(165)	(164)
Recurring administrative expenses, depreciation and amortisation	(1,327)	(1,313)	(1,263)	(1,259)	(1,256)
Extraordinary expenses	(3)	(2)	(15)	(11)	(16)

€ million	BPI				
	2Q23	1Q23	4Q22	3Q22	2Q22
Gross income	339	277	267	241	290
Personnel expenses	(62)	(62)	(68)	(59)	(57)
General expenses	(47)	(46)	(27)	(38)	(37)
Depreciation and amortisation	(18)	(18)	(19)	(19)	(18)
Recurring administrative expenses, depreciation and amortisation	(127)	(126)	(113)	(116)	(111)
Extraordinary expenses	—	—	—	—	—

E. CHANGES IN THE NPL RATIO

	CAIXABANK			BPI		
	30 Jun. 2023	31 Mar. 2023	31 Dec. 2022	30 Jun. 2023	31 Mar. 2023	31 Dec. 2022
Loans to individuals	3.0%	3.0%	3.1%	1.8%	1.8%	1.7%
Home purchases	2.5%	2.4%	2.5%	1.2%	1.2%	1.2%
Other	4.3%	4.8%	4.8%	6.6%	6.4%	5.9%
Loans to business	2.8%	2.9%	3.0%	2.6%	2.5%	2.6%
Public sector	0.1%	0.2%	0.1%			
NPL Ratio (loans and contingent liabilities)	2.7%	2.7%	2.8%	1.9%	1.9%	1.9%

ACTIVITY INDICATORS BY REGION

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

Spain

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	165,497	163,842	1.0	166,628	(0.7)
Home purchases	120,999	122,698	(1.4)	124,862	(3.1)
Other	44,499	41,144	8.2	41,766	6.5
of which: Consumer lending	17,929	17,782	0.8	17,701	1.3
Loans to business	149,305	148,213	0.7	146,415	2.0
Public sector	19,199	19,613	(2.1)	18,974	1.2
Loans and advances to customers, gross	334,001	331,667	0.7	332,017	0.6
CUSTOMER FUNDS					
Customer deposits	359,741	352,592	2.0	355,962	1.1
Demand deposits	331,175	330,202	0.3	338,333	(2.1)
Time deposits	28,565	22,390	27.6	17,630	62.0
Insurance contract liabilities	68,365	66,595	2.7	64,673	5.7
of which: Unit Linked and other	16,080	15,635	2.8	14,903	7.9
Reverse repurchase agreements and other	2,935	1,538	90.9	2,623	11.9
On-balance sheet funds	431,041	420,724	2.5	423,258	1.8
Mutual funds, managed accounts and SICAVs ¹	106,815	104,213	2.5	99,115	7.8
Pension plans	41,656	41,107	1.3	40,224	3.6
Assets under management	148,471	145,319	2.2	139,339	6.6
Other accounts	7,743	7,153	8.3	5,647	37.1
Total customer funds	587,255	573,196	2.5	568,245	3.3

Portugal

€ million	30 Jun. 2023	31 Mar. 2023	Change %	31 Dec. 2022	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	16,381	16,234	0.9	16,156	1.4
Home purchases	14,444	14,282	1.1	14,183	1.8
Other	1,936	1,952	(0.8)	1,972	(1.8)
of which: Consumer lending	1,609	1,615	(0.4)	1,611	(0.1)
Loans to business	11,666	11,326	3.0	11,365	2.6
Public sector	1,904	1,851	2.9	1,786	6.6
Loans and advances to customers, gross	29,951	29,410	1.8	29,307	2.2
CUSTOMER FUNDS					
Customer deposits	28,442	28,169	1.0	30,055	(5.4)
Demand deposits	18,177	19,421	(6.4)	21,563	(15.7)
Time deposits	10,265	8,748	17.3	8,492	20.9
Insurance contract liabilities	4,383	4,465	(1.8)	4,313	1.6
of which: Unit Linked and other	3,353	3,398	(1.3)	3,407	(1.6)
Reverse repurchase agreements and other	23	11		8	
On-balance sheet funds	32,849	32,645	0.6	34,376	(4.4)
Mutual funds, managed accounts and SICAVs ¹	4,525	5,599	(19.2)	5,510	(17.9)
Pension plans	3,115	3,088	0.9	3,088	0.9
Assets under management	7,641	8,688	(12.1)	8,598	(11.1)
Other accounts	80	80		81	(1.4)
Total customer funds	40,569	41,412	(2.0)	43,055	(5.8)

(1) In April 2023 Banco BPI completed the sale of its stake in BPI Suisse to CaixaBank Wealth Management Luxembourg (wholly-owned subsidiary of CaixaBank, S.A.). This sale entails the balance of June 2023 including the transfer of €1,017 million from Portugal to Spain.

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This report contains a number of the Alternative Performance Measures (APMs) set out in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415) ("the ESMA Guidelines") so as to provide a clearer picture of the company's financial performance and situation. Please be advised that these APMs have not been audited. These measures constitute additional information and should be treated accordingly. In no event are they intended to replace the financial information drawn up in accordance with International Financial Reporting Standards (IFRS). Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. As such, they may not be comparable. Please consult the report's section that includes the details of the APMs used. The report also provides a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS. The Group has applied IFRS 17: "Insurance Contracts" and IFRS 9: "Financial Instruments" to the assets and liabilities under the insurance business as of 1 January 2023 and hence the income statement for the fiscal year 2022 and the balance sheet at 31 December 2022 have been restated for comparative purposes. The Group has also considered the IFRS 9 requirements, an accounting standard that it had already been applying to recognise and measure its financial assets and liabilities in its banking business. The financial information published in the Business Activity and Results Report of the first quarter of 2023 (Other Relevant Information of 5 May 2023) has been restated in the second quarter after obtaining more detailed information. See 'Relevant aspects in the half' and 'IFRS 17 and IFRS 9 Restatement'.

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