Business activity and results

January-December

2020

Contents

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

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

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

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

In accordance with the Amendments to IFRS 4, 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 2021. This date is currently being reviewed by the European Commission as it awaits its alignment with the entry into force of the new IFRS 17: Insurance Contracts (expected on 1 January 2023), which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, the information shown below does not consider the application of IFRS 9 in relation to the investments undertaken by the Group's insurance firms, which are grouped under the heading 'Assets under the insurance business' on the balance sheet. In accordance with this presentation, the balances of the technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed) are also included under the heading "Liabilities under the insurance business".

Commercial positioning

CLIENTS

15.2
million

BUSINESS ACTIVITY

451,520
in total assets (€ million)

415,408
in customer funds (€ million)

243,924
in loans and advances to customers (€ million)

Balance sheet indicators

RISK MANAGEMENT

3.3%
NPL ratio

67%
NPL coverage ratio

0.75%
Cost of risk (12 months)

CAPITAL ADEQUACY

13.6%
CET1

18.1%
Total capital

26.3%
MREL

LIQUIDITY

114,451
in total liquid assets (€ million)

248%
liquidity coverage ratio (LCR), trailing 12 months

145%
NSFR

Profitability and cost-to-income

1,401
Banking and insurance

1,381
profit attributable to the Group (€ million)

-194
Equity Investments

174
BPI

54.5%
cost-to-income ratio (last 12 months)

6.1%
12-month ROTE

5.1%
12-month ROTE for the banking and insurance business stripping out extraordinary events

Key Group figures

€ million / %	January - December 2020	January - December 2019	Change	4Q20	Quarter-on-quarter
PROFIT/(LOSS)					
Net interest income	4,900	4,951	(1.0%)	1,253	2.5%
Net fee and commission income	2,576	2,598	(0.9%)	671	5.1%
Core income	8,310	8,316	(0.1%)	2,152	2.8%
Gross income	8,409	8,605	(2.3%)	2,149	0.3%
Recurring administrative expenses, depreciation and amortisation	(4,579)	(4,771)	(4.0%)	(1,095)	(3.9%)
Pre-impairment income	3,830	2,855	34.2%	1,055	5.1%
Pre-impairment income stripping out extraordinary expenses	3,830	3,834	(0.1%)	1,055	5.1%
Profit/(loss) attributable to the Group	1,381	1,705	(19.0%)	655	25.6%
INDICATORS OF PROFITABILITY (Last 12 months)					
Cost-to-income ratio	54.5%	66.8%	(12.3)	54.5%	(1.9)
Cost-to-income ratio stripping out extraordinary expenses	54.5%	55.4%	(0.9)	54.5%	(1.9)
ROE	5.0%	6.4%	(1.4)	5.0%	0.8
ROTE	6.1%	7.7%	(1.6)	6.1%	1.1
ROA	0.3%	0.4%	(0.1)	0.3%	0.1
RORWA	0.8%	1.1%	(0.3)	0.8%	0.1

	December 2020	December 2019	Change	September 2020	Quarter-on-quarter
BALANCE SHEET					
Total assets	451,520	391,414	15.4%	449,310	0.5%
Equity	25,278	25,151	0.5%	24,551	3.0%
Customer funds	415,408	384,286	8.1%	404,422	2.7%
Loans and advances to customers, gross	243,924	227,406	7.3%	241,877	0.8%
RISK MANAGEMENT					
Non-performing loans (NPL)	8,601	8,794	(193)	9,078	(477)
Non-performing loan ratio	3.3%	3.6%	(0.3)	3.5%	(0.2)
Cost of risk (last 12 months)	0.75%	0.15%	0.60	0.67%	0.08
Provisions for insolvency risk	5,755	4,863	892	5,883	(128)
NPL coverage ratio	67%	55%	12	65%	2
Net foreclosed available for sale real estate assets[1]	930	958	(28)	973	(43)
Foreclosed available for sale real estate assets coverage ratio	42%	39%	3	40%	2
LIQUIDITY					
Total Liquid Assets	114,451	89,427	25,024	110,729	3,722
Liquidity Coverage Ratio (last 12 months)	248%	186%	62	224%	24
Net Stable Funding Ratio (NSFR)	145%	129%	16	141%	4
Loan to deposits	97%	100%	(3)	98%	(1)
CAPITAL ADEQUACY[2]					
Common Equity Tier 1 (CET1)	13.6%	12.0%	1.6	12.5%	1.1
Tier 1	15.7%	13.5%	2.2	14.0%	1.7
Total capital	18.1%	15.7%	2.4	16.3%	1.8
MREL	26.3%	21.8%	4.5	23.7%	2.6
Risk-Weighted Assets (RWAs)	144,059	147,880	(3,821)	145,731	(1,672)
Leverage ratio	5.6%	5.9%	(0.3)	5.1%	0.5
SHARE INFORMATION					
Share price (€/share)	2.101	2,798	(0.697)	1.813	0.288
Market capitalisation	12,558	16,727	(4,169)	10,837	1,721
Book value per share (€/share)	4.22	4.20	0.02	4.10	0.12
Tangible book value per share (€/share)	3.49	3.49	-	3.38	0.11
Net income attributable per share (€/share) (12 months)	0.21	0.26	(0.05)	0.17	0.04
PER (Price/Profit) times)	10.14	10.64	(0.50)	10.49	(0.35)
Tangible PBV (Market value/ book value of tangible assets)	0.60	0.80	(0.20)	0.54	0.06
OTHER DATA (units)					
Employees	35,434	35,736	(302)	35,617	(183)
Branches[3]	4,208	4,595	(387)	4,315	(107)
Of which: retail branches in Spain	3,571	3,918	(347)	3,672	(101)

(1) Exposure in Spain.
(2) Figures at September 2020 updated with the COREP.
(3) Does not include branches outside Spain and Portugal or representative offices.

Key information

Our Bank

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

Customer experience

- With a basis of **13.4 million customers in Spain**, CaixaBank provides a unique omnichannel distribution platform with multi-product capabilities that continuously evolves to anticipate customer needs and preferences.

  In 2020 US magazine Global Finance named CaixaBank the **Best Retail Bank in the world** for the second time, **Best Bank in Spain** for the sixth consecutive year and **Best Bank in Western Europe** for the second consecutive time. In addition, CaixaBank has revalidated its acknowledgement as **Best Private Bank in Spain**, at the *Global Private Banking Awards* that are held by UK magazines *The Banker and PWM (Financial Times Group)*.

  Our service vocation helps us establish solid market shares[1]:

Loans	Deposits	Investment funds	Life insurance	Pension plans	Card turnover	Consumer lending
16.2%	15.6%	17.5%	29.3%	26.3%	23.3%	16.3%

- BPI boasts a customer base of over **1.9 million clients in Portugal**, with a market share[2] of 10.7% in lending activity and 11.3% in customer funds.

  BPI was acknowledged as **bank of the year in Portugal** by the UK magazine *The Banker* for its solid financials, as well as for its response against the pandemic and the support provided to customers and society in general. In addition, BPI obtained in 2020 the four major brand recognition awards in Portugal: the **Five Stars Award** in the category of major banks for its customer satisfaction and acknowledgement, the **Consumer Choice Award** in the category of major banks for the highest rating in the aspects that matter the most to consumers, the **Superbrands Award** for the seventh consecutive year recognising it as the brand of excellence, and the **award as brand of confidence in Portugal** awarded by *Reader's Digest*.

  PWM and *The Banker* have acknowledged BPI as **Best Private Bank in Portugal** at the *2020 Global Private Banking Awards* and **Best Private Bank in Europe** for the digitisation of its customer portfolio management 2020 at the *Wealth Tech Awards*. *World Agility Forum* has awarded BPI with the *Best Agile Leadership*.

Digital transformation

- CaixaBank continues to strengthen its **leadership of the digital banking market**, with a proportion of digital customers[3] of 67.6%, maintaining a firm commitment towards digital transformation and supporting innovative companies with a potential for growth.

- CaixaBank was named the **Best Consumer Digital Bank in Spain** for the fifth consecutive year by the magazine *Global Finance*. In addition, the CaixaBankNow app has been chosen the **Best Consumer Mobile Banking App in Western Europe**. Furthermore, the CaixaBank Pay app was also spotlighted in the *Pay Tech Awards* in 2020 as **best payment method via cell phone for retail customers**.

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

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

(3) Private individual customers between 20-74, with at least one access to CaixaBankNow in the last 12 months.

- Magazines *PWM* and *The Banker* named CaixaBank as **Best Private Bank in Europe** for its digital culture and vision 2020 at the *Wealth Tech Awards*, as a result of its promotion of innovation and the improvement of its service to customers. In addition, the Bank was runner-up in the "Big Data Analysis and Artificial Intelligence" category in the global ranking.
- CaixaBank is the foremost company[1] on *Bizum* by number of customers and transactions made.

People centric culture

- **Our staff** are at the heart of the organisation and employ new working methods that are more flexible and collaborative.
- CaixaBank is included in the ***Bloomberg* Gender-Equality Index**, a selection that acknowledges the companies that are most committed to gender equality, through their policies, and transparency in disseminating their gender-related programmes and data.
- In 2020 CaixaBank has agreed a new **Equality Plan** to promote diversity, increase the presence of women in management roles and strengthen work-life balance. In this context, CaixaBank has **adhered to the international Target Gender Equality programme**, promoted by the United Nations Global Compact.

Responsible management and social commitment

- The CaixaBank Group **is firmly committed to being a key figure in helping alleviate the effects** caused by the **Covid-19 health crisis** by providing all its human, technological and financial resources in awarding loans, as well as other actions to help families, companies and society as a whole.

  Among the main measures implemented throughout 2020, the consumer credit and mortgage legal and sectorial moratoria, as well as the advance of pension, unemployment and temporary employment suspension benefits, particularly stand out within the scope of supporting families. In the scope of businesses, it has promoted the approval of credit with and without State-guarantees (ICO). In support of society several actions have been carried out. As a result of all the above, the UK and US magazines *Euromoney* and *Global Finance*, respectively, have acknowledged CaixaBank with an award for its **leadership and social commitment in its response to the Covid-19 crisis**.

  CaixaBank adopted the following measures at the beginning of the health crisis[2] in an exercise of prudence and responsibility:

  - Reduce the cash dividend for 2019 to 0.07 euros per share from 0.15 euros initially planned.
  - After considering the new regulatory and supervisory aspects, reduce at 11.5% the objective of the CET1 capital adequacy ratio from the 12% laid down in the 2019-2021 Strategic Plan for December 2021.
  - With respect to the dividends policy consisting in the distribution of a cash dividend higher than 50% of the consolidated net profit, the Board of Directors agreed to modify it exclusively for 2020, limiting the distribution to a percentage of no more than 30% of the consolidated net profit.
  - Following a principle of prudence in the variable remuneration, and as an act of joint responsibility between CaixaBank's Senior Management and the Bank, the Chief Executive Officer and members of the Management Committee have decided to waive their variable remuneration for 2020.
- CaixaBank, through its subsidiaries VidaCaixa and CaixaBank Asset Management, has revalidated the **highest rating (A+) in responsible investment according to the Principles for Responsible Investment (PRI)** in recognition of the institution's firm commitment to boost **sustainable investment**, via the integration of social, environmental and good governance criteria in its investment decisions and products. BPI Gestao de Activos has obtained the same rating for the first time.
- Within the environmental scope, the *Carbon Disclosure Project* includes **CaixaBank on its A- list of leading companies fighting climate change**. CaixaBank *is carbon neutral* since 2018.

  For the ninth consecutive year, the *Dow Jones Sustainability Index* has included CaixaBank among the **world's best stock-listed banks in terms of sustainability**, obtaining the highest rating in the areas of financial inclusion and environmental and social information.

(1) Latest available information. Source: Sociedad de Procedimientos de Pago, S.L. (Bizum).

(2) See Inside Information # 119 in CNMV (26 March 2020) for further detail

CaixaBank has **joined the United Nations Collective Commitment to Climate Action**, encouraging the financial sector to facilitate the economic transition towards a sustainable model. In 2020 CaixaBank closed **sustainable financing operations**, which has positioned it as one of **Europe's leading banks** according to the *Refinitiv* ranking.

Attractive return and solid financials

Results and business activity

- **Attributable profit for the year 2020 reached €1,381 million** (-19.0% compared to 2019).

  The 2020 result includes the recognition of an extraordinary provision to anticipate future impacts associated with Covid-19 (€1,252 million), among other one-off aspects. The 2019 result was impacted by the labour agreement (€978 million, gross).

- **Total loans and advances to customers, gross** stands at €243,924 million, up 7.3% in the year, essentially because of the increase of loans to business (+16.6%).

- **Customer funds** increased by 8.1% in the year, boosted by the strong growth of demand deposits. Assets under management increased due to the rise in subscriptions and to the market's recovery throughout the year, following the collapse experienced in the first quarter.

Risk management

- The **NPL ratio** stands at **3.3%**, down 30bp in the year, and the **coverage ratio** rose 12pp in the same period to **67%** following the increase in provisions.

- The **cost of risk (last 12 months)** came to **0.75%** following the aforementioned provisions.

Liquidity management

- **Total liquid assets** amounted to **€114,451 million**, up €25,024 million in the year, mainly due to the generation and provision of collateral in the ECB facility.

- The Group's **Liquidity Coverage Ratio** (LCR) was at 31 December 2020 **276%**, showing an ample liquidity position (248% LCR average last 12 months) well clear of the minimum requirement of 100%.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 13.6%**.

  The increase of 161 basis points in the year includes +32 basis points from the one-off impact of reducing the established dividend against 2019 earnings, as one of the measures adopted by the Board of Directors following Covid-19, plus +55 basis points due to the adoption of the transitional period of IFRS 9.

  The remaining accumulated performance is explained by +99 basis points due to the organic variation, -15 basis points from the forecast of dividends for the year and -10 basis points caused by the performance of the markets and other, which includes the impact of the partial sale of Comercia, the provision established on the interest held in Erste Group Bank and the new treatment of software coming into effect.

- The CET1 ratio without applying the IFRS 9 transitional period stands at 13.1%.
- The **Tier 1** ratio reaches **15.7%**, the **Total Capital** ratio **18.1%** and the **leverage** ratio **5.6%**.
- As for the MREL requirement (22.09% of RWAs at a consolidated level as of January 2022), CaixaBank had a ratio of 26.3% on RWA, including all liabilities currently classified as eligible by the Single Resolution Board. At a subordinated level, excluding the Senior preferred debt and other pari-passu liabilities, the MREL ratio reached 22.7% of RWAs, comfortably above the regulatory requirement of 16.26% of RWA for January 2022.

Merger agreement with Bankia

On 17 September 2020, the Board of Directors of CaixaBank and Bankia, S.A. agreed to approve and enter the shared project involving the takeover merger of Bankia, S.A. by CaixaBank with an exchange ratio of 0.6845 shares of CaixaBank for each share of Bankia. The exchange will be carried out by means of newly issued CaixaBank shares.

This shared merger project was approved by the General Shareholders' Meetings of CaixaBank and Bankia, which were held in the beginning of December 2020. The appointment of the new Directors for the post fusion era was approved by the General Shareholders' Meeting of CaixaBank.

The merger is expected to take place during the first quarter of 2021 —subject to obtaining the necessary regulatory and administrative clearance—, while the process of operational integration between both banks will be carried out before the end of 2021.

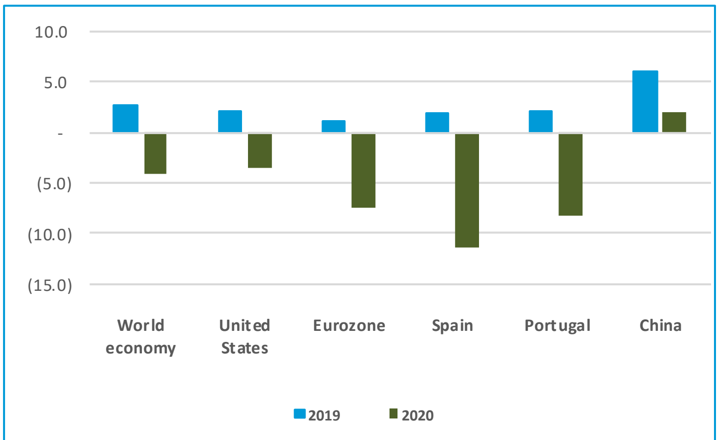
As a result of this operation:

- The generation of annual synergy costs of approximately €770 million and new annual revenue of around €290 million is expected.
- The entity's adequacy targets will set a buffer between of 250 and 300 basis points over the regulatory SREP requirement and a CET1 ratio between 11.0% and 11.5%, without considering IFRS 9 transitional adjustments.

Macroeconomic trends
and state of the financial markets

Global economic outlook

In 2020 Covid-19 and the activity restrictions needed to contain it plunged the **world** into an unusually abrupt and widespread recession (an estimated world GDP drop of 3.9%). Its economic impact was severely noticed throughout the first half of the year. Among the emerging economies, the Chinese GDP contracted 10.0% (qoq) in the first quarter, whereas the advanced economies experienced severe drops in the second quarter (United States: -9.0% qoq; eurozone: -11.8%; Japan: -8.2%; United Kingdom: -19.8%). Following these downfalls, lifting the restrictions on mobility reactivated the economy, and the GDP of the main international economies bounced back significantly in the third quarter (United States: +7.4% qoq; eurozone: +12.7%; Japan: +5.0%; United Kingdom: +15.5%). However, the economic activity is still far from reaching its pre-pandemic levels (China being the exception), and, in fact, indicators suggest that its recovery slowed down in the last stretch of the fourth quarter as Covid-19 infections rose again. All in all, the new outbreaks are being dealt with control measures and the situation is different, in a positive sense, than the one experienced last spring. However, the world economy will continue to operate in a highly uncertain environment.



GDP[1] , main economies
Annual change (%)

The evolution of the pandemic and the medical advances will continue to be the main determining factor of this scenario in the coming quarters. On the one hand, the uncertainty and the restrictions on mobility taken locally to control the outbreaks will limit the capacity of the economic activity's capacity to recover in upcoming months. On the other hand, the latest medical advances, and, in particular, the development of highly effective vaccinations should drive progressive vaccinations in significant segments of the population in the first half of 2021, which would improve investor sentiment and help the economic recovery gain traction. As a result, a substantial rebound of the economic activity is expected for 2021 (worldwide growth of 5.6%).

In this context, all spheres of the economic policy reacted strongly to this situation in 2020. The United States implemented a significant number of measures within the monetary and fiscal scopes, which will be active in the next quarters. Specifically, after aggressively cutting rates to between 0.00% and 0.25% and launching a broad range of measures (specifically, high asset purchases stand out), the Fed stated in August that it would maintain an accommodative policy for a long period of time (beyond the consolidation of the economy's reactivation). In fact, it modified its strategic framework and indicated that it will tolerate inflation rates above 2% in the future.

Economic scenario - Europe, Spain and Portugal

In the **eurozone**, after a considerable rebound in the third quarter, the latest data suggest a slight downturn and a hesitant performance in the fourth quarter, albeit without compromising the recovery in the next quarters. Therefore, estimates suggest that the fall in GDP in 2020 could be around 7.4% (followed by a rebound slightly below 4.5% in 2021), although with significant differences between countries. Economies that have been affected by the pandemic to a lesser extent, and those with an economic structure less sensitive to the restrictions on mobility and/or more able to take action with regard to fiscal policy will respond better to this situation.

(1) CaixaBank Research forecasts for 2020.

In light of the unequal impact among countries, the approval of the Recovery Plan proposed by the European Commission (the NGEU), which will favour a synchronised reactivation at a European level, is particularly noteworthy. The funds (€360,000 million in loans and €390,000 in transfers) are a sufficiently significant amount to support the short-term economic recovery. In addition, the Plan provides incentives aimed at transforming and modernising the economies (paying special emphasis on the environmental and technological transitions) and includes elements, such as issuing a significant amount of common bonds, which could lay the foundations for a leap forward in building Europe.

The **Spanish** economy will follow a dynamic that is similar to the rest of Europe, although due to the importance of sectors that are particularly sensitive to mobility restrictions, it will suffer somewhat more intense declines in activity (the tourism sector represents 12.3% of the GDP and, overall, sectors such as accommodation and food services, trade, leisure and transport represent around 25% of the GDP). Therefore, we forecast that the contraction of GDP for the whole of 2020 will be around 11.5%, the actual figure will depend on the ability to quickly control any new outbreak and minimise its impact on economic activity. In this situation, it is expected that the recovery that began halfway through this year will gain traction in 2021, with a rebound close to 6%. The fiscal stimulus measures, both domestic and EU, and the control of the pandemic thanks to the availability of a vaccine will contribute to this.

Portugal, which also has a significant dependence on tourism (this sector exceeds 14% of the GDP), is faced with a scenario similar to Spain's. Given the difficulties faced by tourism and the expectation that the recovery of the activity will be gradual, it is forecast that there will be a fall in GDP in 2020 of around 8.5% followed by a rebound of around 5% in 2021.

This scenario is subject to an unusually high degree of uncertainty, especially with regard to the evolution of the pandemic and the medical advances that must contribute to controlling it, as well as with respect to the implementation of the European recovery plan. On the one hand, rapid deployment of vaccinations and a swift implementation of the NGEU will contribute to accelerating the economic recovery and reducing the damage to the productive fabric. On the other hand, there is a possibility – particularly in the short term – that the pandemic's evolution will force the tightening of mobility restrictions. Furthermore, any delays in the distribution and administration of vaccines could weaken or slow down the recovery.

State of the financial markets

In the **financial markets**, especially in the first half of 2020, the reactivation of economic activity and support of economic recovery policies on the one hand, but the appearance of Covid-19 outbreaks and a restrained improvement of mobility on the other, instigated investors to pivot between caution and a certain optimism. This balance tipped in favour of greater optimism as from the summer, with stronger intensity in November with the announcement of the successful development of various highly effective vaccines and the result of the US presidential election.

Both factors favoured the performance of risk assets (with soaring stock markets, a recovery of the prices of raw materials and lower sovereign and corporate risk premiums).

In this scenario the main central banks extended their accommodating measures launched throughout spring, which eased the financial stress and fragmentation risk and supported the proper functioning of the markets. In addition, both the Fed and the ECB reaffirmed their commitment towards maintaining an accommodating financial environment, and they will support the economic recovery by sustaining an environment of low interest rates for a long period of time.

Results

The Group's income statement

Year-on-year performance

€ million	2020	2019	Change	Change %
Net interest income	**4,900**	**4,951**	**(51)**	**(1.0)**
Dividend income	147	163	(16)	(9.4)
Share of profit/(loss) of entities accounted for using the equity method	307	425	(118)	(27.9)
Net fee and commission income	2,576	2,598	(22)	(0.9)
Trading income	238	298	(60)	(20.1)
Income and expense under insurance or reinsurance contracts	598	556	42	7.5
Other operating income and expense	(356)	(386)	30	(7.8)
Gross income	**8,409**	**8,605**	**(196)**	**(2.3)**
Recurring administrative expenses, depreciation and amortisation	(4,579)	(4,771)	192	(4.0)
Extraordinary expenses		(979)	979	
Pre-impairment income	**3,830**	**2,855**	**975**	**34.2**
Pre-impairment income stripping out extraordinary expenses	**3,830**	**3,834**	**(4)**	**(0.1)**
Allowances for insolvency risk	(1,915)	(376)	(1,539)	
Other charges to provisions	(247)	(235)	(12)	5.2
Gains/(losses) on disposal of assets and others	(67)	(167)	100	(59.8)
Profit/(loss) before tax	**1,601**	**2,077**	**(476)**	**(22.9)**
Income tax expense	(219)	(369)	150	(40.6)
Profit/(loss) after tax	**1,382**	**1,708**	**(326)**	**(19.1)**
Profit/(loss) attributable to minority interest and others		3	(3)	(93.6)
Profit/(loss) attributable to the Group	**1,381**	**1,705**	**(324)**	**(19.0)**

- **Attributable profit in 2020 amounts to €1,381 million**, down 19.0% with respect to 2019.

Core income[1] remains stable in the year at €8,310 million (-0.1%), in spite of the complicated economic scenario. Lower **Net interest income** (-1.0%) and **Fee and commission income** (-0.9%), and growth of **Income and expenses under insurance or reinsurance contracts** (+7.5%).

The change in Gross income (-2.3%) is mainly due to the reduction in **Trading income** (-20.1%) and lower **Income from equity investments** (-22.8%).

Recurring administrative expenses, depreciation and amortisation show the savings associated with the labour agreement[2] of 2019 and the early retirements of 2020, the active management of the cost base and lower expenses incurred in the context of Covid-19. The reduction in spending (-4.0%) is significantly greater than the drop of core income (-0.1%).

The performance of **Allowances for insolvency risk** is impacted by the increased provisions for credit risk, which include an extraordinary provision to anticipate future impacts associated with Covid-19 for €1,252 million.

Other charges to provisions includes, among other impacts, a total of €109 million in connection with early retirements in the first quarter of 2020.

Gains/losses on disposal of assets and others is impacted by, among other factors, the recognition in 2020 of the gains on the partial sale of Comercia (€420 million) and the provisions associated with the stake in Erste Group Bank (€-311 million).

(1) See definition in 'Appendices – Glossary'.

(2) In the second quarter of 2019 recognition of the cost corresponding the aforementioned labour agreement (€978 million, gross).

Quarterly performance

€ million	4Q20	3Q20	Change %	4Q19	Change %
Net interest income	**1,253**	**1,222**	**2.5**	**1,231**	**1.8**
Dividend income	52	2		2	
Share of profit/(loss) of entities accounted for using the equity method	88	122	(27.4)	81	8.2
Net fee and commission income	671	638	5.1	694	(3.3)
Trading income	56	40	41.4	13	
Income and expense under insurance or reinsurance contracts	156	150	4.3	149	4.8
Other operating income and expense	(127)	(30)		(175)	(27.2)
Gross income	**2,149**	**2,143**	**0.3**	**1,995**	**7.8**
Recurring administrative expenses, depreciation and amortisation	(1,095)	(1,140)	(3.9)	(1,174)	(6.7)
Extraordinary expenses				(1)	(100.0)
Pre-impairment income	**1,055**	**1,004**	**5.1**	**820**	**28.6**
Pre-impairment income stripping out extraordinary expenses	**1,055**	**1,004**	**5.1**	**821**	**28.5**
Allowances for insolvency risk	(321)	(260)	23.4	(88)	
Other charges to provisions	(40)	(23)	74.7	(84)	(52.2)
Gains/(losses) on disposal of assets and others	25	(42)		(85)	
Profit/(loss) before tax	**718**	**678**	**5.9**	**563**	**27.4**
Income tax expense	(62)	(156)	(60.1)	(123)	(49.5)
Profit/(loss) after tax	**656**	**522**	**25.6**	**440**	**49.0**
Profit/(loss) attributable to minority interest and others	1	1	45.1	1	30.4
Profit/(loss) attributable to the Group	**655**	**522**	**25.6**	**439**	**49.0**

- The **change in attributable profit in the fourth quarter of 2020 (€655 million) when compared to the previous quarter (€522 million), was mainly down to the following:**

  - **Gross income** remains stable (+0.3%) with an increase of core income of 2.8%, driven by the good performance of net interest income, fee and commission income and income under insurance contracts.

    Income from equity investments grew 13.6%, and in the last quarter it includes the recognition of Telefónica's dividend for €50 million and a lower attributable profit of entities accounted for using the equity method.

    Other operating income and expense includes, in the fourth quarter, the recognition of the total contribution to the Deposit Guarantee Fund and the income associated with the final earnout of SegurCaixa Adeslas.

  - **Recurring administrative expenses, depreciation and amortisation** was down 3.9%.

  - **Allowances for insolvency risk** was impacted by the increase of provisions in the fourth quarter.

- The **change in attributable profit in the fourth quarter of 2020 (€655 million) when compared to the same quarter in 2019 (€439 million), was largely a result of the following:**

  - The rise of **Gross income by 7.8%**, impacted by the registration of the aforementioned dividend from Telefónica in the fourth quarter of 2020, when compared to the total accrual in the second quarter of 2019.

    Core income grows 1.7% in spite of the current complicated economic scenario.

    Other operating income and expense includes, among others, the higher income associated with SegurCaixa Adeslas' earnout in 2020.

  - The higher coverage for risks in 2020 had an effect on the performance of **Allowances for insolvency risk**.

Returns on average total assets[1]

%	4Q20	3Q20	2Q20	1Q20	4Q19
Interest income	1.50	1.50	1.57	1.70	1.73
Interest expense	(0.41)	(0.42)	(0.41)	(0.49)	(0.53)
Net interest income	**1.09**	**1.08**	**1.16**	**1.21**	**1.20**
Dividend income	0.05	0.00	0.09	0.00	0.00
Share of profit/(loss) of entities accounted for using the equity method	0.07	0.11	0.04	0.06	0.07
Net fee and commission income	0.58	0.56	0.58	0.66	0.68
Trading income	0.05	0.04	0.15	(0.02)	0.01
Income and expense under insurance or reinsurance contracts	0.14	0.13	0.13	0.15	0.15
Other operating income and expense	(0.11)	(0.03)	(0.13)	(0.06)	(0.17)
Gross income	**1.87**	**1.89**	**2.02**	**2.00**	**1.94**
Recurring administrative expenses, depreciation and amortisation	(0.95)	(1.00)	(1.09)	(1.20)	(1.14)
Extraordinary expenses	0.00	0.00	0.00	0.00	0.00
Pre-impairment income	**0.92**	**0.89**	**0.93**	**0.80**	**0.80**
Pre-impairment income stripping out extraordinary expenses	**0.92**	**0.89**	**0.93**	**0.80**	**0.80**
Allowances for insolvency risk	(0.28)	(0.23)	(0.78)	(0.52)	(0.09)
Other charges to provisions	(0.03)	(0.02)	(0.04)	(0.15)	(0.08)
Gains/(losses) on disposal of assets and others	0.02	(0.04)	(0.02)	(0.02)	(0.08)
Profit/(loss) before tax	**0.63**	**0.60**	**0.09**	**0.11**	**0.55**
Income tax expense	(0.06)	(0.14)	0.02	(0.02)	(0.12)
Profit/(loss) after tax	**0.57**	**0.46**	**0.11**	**0.09**	**0.43**
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	**0.57**	**0.46**	**0.11**	**0.09**	**0.43**
Average total net assets (€ million)	456,953	450,730	423,859	398,813	407,407

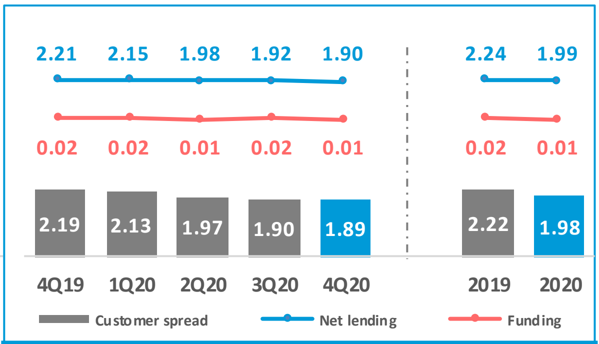
(1) Annualised quarterly income/cost to average total assets.

Gross income

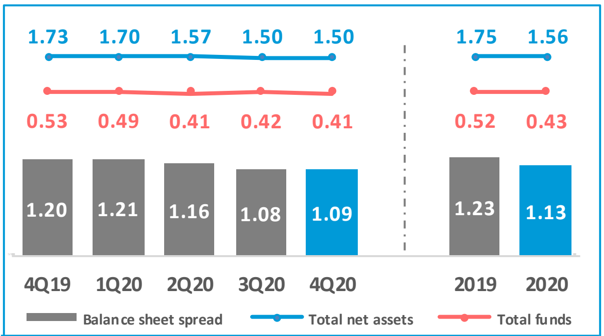
Net interest income

- **Net interest income** totalled €4,900 million (down 1.0% on 2019) and €1,253 million in the fourth quarter (up 1.8% on the same quarter of the previous year). In an environment of negative interest rates, this decrease is due to:
  - Lower income from loans due to the interest rate decline, impacted by the change of structure of the lending portfolio resulting from the increase of ICO loans, the lower income from consumer lending and the drop of the rate curve. This rate reduction has been partially compensated by a higher volume.
  - Lower contribution of the fixed-income portfolio due to the reduction of the average yield as a result of maturities at high interest rates at the end of the fourth quarter of 2019 and partially mitigated by a higher volume.

  These effects have been partially compensated by:
  - Reduction of costs for financial institutions, aided by the increase of financing taken from the ECB at better conditions and the measures taken by the ECB in October 2019 (increasing the excess over the minimum reserve requirement not penalised with negative rates).
  - Savings in the costs of institutional financing due to a lower price mainly as a result of a drop in the curve, which has compensated the impact of higher volumes.
  - Slightly lower retail funding costs due to the drop in the rate.
  - Greater contribution of the insurance business (savings products).



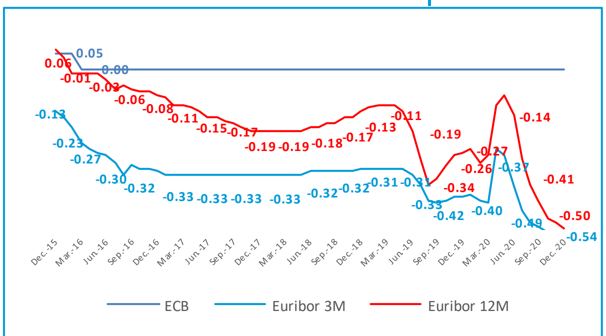
Customer spread, Group
(%)



Balance sheet spread on average total assets, Group
(%)

- Net interest income in the **quarter** increases 2.5% with respect to the previous quarter due to:
  - Lower costs of institutional financing due to a lower price, mainly due to a drop in the curve.
  - Higher contribution from financial intermediaries, particularly after recognising the financing taken from the ECB, which as of the fourth quarter accrues at the interest rate effective in each of its tranches.
  - Lower rate of retail funds.

  These effects have been partially reduced by:
  - Decline in the income of loans and advances due to a lower portfolio interest rate, mainly resulting from the drop of the rate of inflows and the change of structure with greater weight in this quarter of loans to the public sector. This rate reduction has been partially compensated by a higher average volume.



Interest rates
(%)

The **customer spread** fell by 1 basis point in the quarter to 1.89%, due to the reduction in the return on lending activity.

The **balance sheet spread** is 1 basis point above the previous quarter.

Quarterly cost and income

€ million		4Q20 Average balance	4Q20 Income or expense	4Q20 Rate %	3Q20 Average balance	3Q20 Income or expense	3Q20 Rate %	2Q20 Average balance	2Q20 Income or expense	2Q20 Rate %
Financial Institutions		59,461	154	1.03	56,521	130	0.91	29,532	75	1.02
Loans and advances	(a)	229,195	1,094	1.90	227,006	1,097	1.92	224,866	1,110	1.98
Debt securities		42,706	62	0.58	43,819	63	0.57	47,870	74	0.62
Other assets with returns		66,736	412	2.45	65,052	410	2.51	63,272	395	2.51
Other assets		58,855	3	-	58,332	1	-	58,319	3	-
Total average assets	**(b)**	**456,953**	**1,725**	**1.50**	**450,730**	**1,701**	**1.50**	**423,859**	**1,657**	**1.57**
Financial Institutions		64,159	(66)	0.41	64,467	(64)	0.39	48,640	(33)	0.28
Retail customer funds	(c)	240,052	(4)	0.01	237,387	(9)	0.02	228,742	(8)	0.01
Demand deposits		215,294	(5)	0.01	210,743	(8)	0.02	200,528	(8)	0.02
Maturity deposits		24,757	1	(0.02)	26,643	(1)	0.01	28,214	(1)	0.01
Time deposits		21,494	1	(0.01)	23,564	(1)	0.01	25,101	(1)	0.01
Retail repurchase agreements and marketable debt securities		3,263		(0.05)	3,079		(0.01)	3,113	-	0.01
Wholesale marketable debt securities & other		30,433	(47)	0.62	30,621	(59)	0.76	29,965	(56)	0.75
Subordinated liabilities		5,983	(18)	1.18	5,400	(18)	1.36	5,400	(18)	1.37
Other funds with cost		75,884	(322)	1.69	73,730	(318)	1.71	71,373	(304)	1.71
Other funds		40,442	(15)	-	39,125	(11)	-	39,739	(12)	-
Total average funds	**(d)**	**456,953**	**(472)**	**0.41**	**450,730**	**(479)**	**0.42**	**423,859**	**(432)**	**0.41**
Net interest income			**1,253**			**1,222**			**1,225**	
Customer spread (%)	**(a-c)**		**1.89**			**1.90**			**1.97**	
Balance sheet spread (%)	**(b-d)**		**1.09**			**1.08**			**1.16**	

€ million		1Q20 Average balance	1Q20 Income or expense	1Q20 Rate %	4Q19 Average balance	4Q19 Income or expense	4Q19 Rate %
Financial Institutions		23,394	42	0.73	24,410	38	0.62
Loans and advances	(a)	214,295	1,148	2.15	214,376	1,196	2.21
Debt securities		36,055	63	0.70	33,825	69	0.81
Other assets with returns		64,733	423	2.63	64,826	468	2.86
Other assets		60,336	5	-	69,970	3	-
Total average assets	**(b)**	**398,813**	**1,681**	**1.70**	**407,407**	**1,774**	**1.73**
Financial Institutions		32,034	(39)	0.49	30,656	(51)	0.66
Retail customer funds	(c)	215,772	(11)	0.02	217,239	(11)	0.02
Demand deposits		186,265	(8)	0.02	186,470	(7)	0.02
Maturity deposits		29,508	(4)	0.04	30,770	(3)	0.05
Time deposits		26,808	(3)	0.04	27,832	(3)	0.05
Retail repurchase agreements and marketable debt securities		2,700	(1)	0.07	2,938	-	-
Wholesale marketable debt securities & other		30,339	(58)	0.77	29,359	(60)	0.81
Subordinated liabilities		5,400	(18)	1.32	5,400	(18)	1.32
Other funds with cost		73,594	(343)	1.87	74,139	(390)	2.08
Other funds		41,674	(12)	-	50,614	(13)	-
Total average funds	**(d)**	**398,813**	**(481)**	**0.49**	**407,407**	**(543)**	**0.53**
Net interest income			**1,200**			**1,231**	
Customer spread (%)	**(a-c)**		**2.13**			**2.19**	
Balance sheet spread (%)	**(b-d)**		**1.21**			**1.20**	

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

- According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being income from ECB funding measures (TLTRO and MRO). Conversely, the heading financial intermediaries on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.
- "Other assets with returns" and "Other funds with cost" relate largely to the Group's life insurance activity.
- The balances of all headings except "Other assets" and "Other funds" correspond to balances with returns/cost. "Other assets" and "Other funds" incorporate balance items that do not have an impact on the Net interest income and on returns and costs that are not assigned to any other item.
- With regard to compensating the trading derivatives held via clearing houses LCH and EUREX, the compensation criteria established in IAS 32 have been met since 31 December 2019. This compensation gave rise to a reduction in balances of headings "Other assets" and "Other funds" with respect to previous quarters.

Fees and commissions

- **Fee and commission income stand at €2,576 million in the year** (-0.9% on 2019) and **€671 million in the fourth quarter** (-3.3% on the same quarter of 2019), impacted by the downturn in economic activity. Growth of 5.1% with respect to the third quarter of 2020, supported by the fees and commissions from the sale of insurance products and the management of customer long-term savings (Unit Link and asset management).
  - **Banking services, securities and other fees** includes income on securities transactions, transactions, risk activities, deposit management, payment methods and wholesale banking.

    The change in recurring fees and commissions (-6.0% with respect to 2019 and -6.4% with respect to the same quarter of 2019) is mainly impacted by the lower e-payment fees and commissions, as the rest of items have shown resilience throughout the year. In this quarter, recurring fees and commissions increase slightly with respect to the previous quarter (+1.5%).

    Fees and commissions from wholesale banking show a solid year-on-year performance with a 15.0% growth with respect to 2019, cushioning partially the drop of recurring fees. The fourth quarter registered a lower activity than the previous quarter (-13.9%) and the same quarter of 2019 (-35.2%).
  - **Fees and commissions from the sale of insurance products** dropped when compared to 2019 (-4.7%), mainly due to the lower commercial activity in the second and third quarter. They show a positive trend in the quarter (+14.4%) and with respect to the same quarter of 2019 (+9.3%).
  - **Commissions from mutual funds, managed accounts and SICAVs** came to €546 million, with a year-on-year increase of 1.4%, and reached similar levels as in the previous quarter and the same quarter of 2019.
  - **Commissions from managing pension plans** stand at €235 million, showing a positive performance both in the year (+5.9%) and with respect to the same quarter of 2019 (+15.7%). With respect to the third quarter (+27.7%), they include one-off income obtained from the returns on pension plans finally reached at year-end.
  - Growth in **Unit Link fees and commissions** with respect to 2019 (+19.3%), the previous quarter (+23.0%) and the same quarter of 2019 (+20.5%) is mainly due to managing a higher volume.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Banking services, securities and other fees	1,443	1,500	(3.8)	358	360	347	378	401
of which: Recurring	*1,262*	*1,343*	*(6.0)*	*321*	*317*	*288*	*336*	*344*
of which: Wholesale banking	*181*	*157*	*15.0*	*37*	*43*	*58*	*42*	*57*
Sale of insurance products	203	213	(4.7)	56	49	47	50	52
Mutual funds, managed accounts and SICAVs	546	538	1.4	141	138	129	139	143
Pension plans	235	222	5.9	71	56	52	56	62
Unit Link and other[1]	149	125	19.3	44	36	34	35	36
Net fee and commission income	**2,576**	**2,598**	**(0.9)**	**671**	**638**	**608**	**658**	**694**

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

Income from equity investments

- The **Dividend income** mainly includes the dividend from Telefónica for €100 million and BFA for €40 million (€104 million and €46 million, respectively in 2019).

  In 2019 Telefónica's total dividend paid in the year accrued in the second quarter, whereas in 2020 the total dividend accrued in the second and fourth quarter.

- The **attributable profit** drops 27.9% with respect to 2019 due to the recognition of lower attributable income from investees in the current economic scenario, except for SegurCaixa Adeslas, which significantly improves its annual earnings, especially with respect to the fourth quarter of the same period of 2019 due to a lower claim ratio and extraordinary impacts in the context of Covid-19.

  The previous quarter includes higher attributable income from investees, among them, those of SegurCaixa Adeslas due to the positive seasonal factors typically seen in the third quarter.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Dividend income	147	163	(9.4)	52	2	93	1	2
Share of profit/(loss) of entities accounted for using the equity method	307	425	(27.9)	88	122	41	56	81
Income from equity investments	**454**	**588**	**(22.8)**	**140**	**123**	**134**	**57**	**83**

Trading income

- **Trading income** stands at €238 million (down 20.1%). Its change is partially due to the materialisation of higher unrealised gains from fixed-income assets in the previous year.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Trading income	**238**	**298**	**(20.1)**	**56**	**40**	**162**	**(20)**	**13**

Income and expense under insurance or reinsurance contracts

- The income from the life-risk insurance business stands at €598 million, showing a solid growth of 7.5% with respect to 2019 and 4.3% with respect to the previous quarter (+4.8% on the same quarter of the previous year).

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Income and expense under insurance or reinsurance contracts	**598**	**556**	**7.5**	**156**	**150**	**141**	**150**	**149**

Other operating income and expense

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

  - Recognition in the first quarter of an estimation of the Spanish property tax for €16 million in both years.
  - The second quarter included the contribution to the Single Resolution Fund of €111 million[1] in 2020 (€103 million in 2019).
  - Contribution to the Deposit Guarantee Fund (DGF) of €243 million reported in the fourth quarter of 2020 (€242 million in 2019).

  The line Other includes €135 million due to the recognition in the fourth quarter of 2020 of income associated with the final earnout of SegurCaixa Adeslas (€79 million in 2019).

(1) It includes BPI's contribution to the Portuguese Resolution Fund of €7 million.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
SRF / DGF	(355)	(345)	2.7	(243)		(111)		(242)
Other real estate operating income and expense (including Spanish property tax)	(22)	1		(1)	1	(6)	(17)	12
Other	21	(42)		117	(31)	(19)	(45)	55
Other operating income and expense	**(356)**	**(386)**	**(7.8)**	**(127)**	**(30)**	**(136)**	**(62)**	**(175)**

Administration expenses, depreciation and amortisation

- The year-on-year performance of **Recurring administrative expenses, depreciation and amortisation** (-4.0%) is a result of the cost base management and lower expenses incurred in the context of Covid-19.

  Personnel expenses fell by 4.6%, materialising among others the savings associated with the labour agreement[2] of 2019 and the early retirements[3] of 2020, which compensate the organic increase. General expenses dropped by 3.9% and depreciation and amortisation by 1.0% in the year.

- Lower personnel expenses (-1.3%), administrative expenses (-8.7%) and depreciation and amortisation (-6.9%) with respect to the quarterly performance.

- The effort in reducing costs, with a year-on-year reduction of 4.0%, higher than the drop of core income (-0.1%), has improved the core cost-to-income ratio by 2.3 percentage points.

(2) Agreement reached with the employees' union representatives in the second quarter of 2019 regarding a plan of compensated terminations for €978 million. The majority of the departures were implemented on 1 August 2019.

(3) Departure of employees included in the early retirement scheme effective on 1 April 2020.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Gross income	8,409	8,605	(2.3)	2,149	2,143	2,134	1,983	1,995
Personnel expenses	(2,841)	(2,978)	(4.6)	(689)	(698)	(715)	(739)	(723)
General expenses	(1,198)	(1,247)	(3.9)	(277)	(303)	(310)	(309)	(309)
Depreciation and amortisation	(540)	(546)	(1.0)	(129)	(139)	(132)	(140)	(142)
Recurring administrative expenses, depreciation and amortisation	**(4,579)**	**(4,771)**	**(4.0)**	**(1,095)**	**(1,140)**	**(1,157)**	**(1,188)**	**(1,174)**
Extraordinary expenses		(979)						(1)
Cost-to-income ratio (%) (12 months)	54.5	66.8	(12.3)	54.5	56.4	56.9	67.6	66.8
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	54.5	55.4	(0.9)	54.5	56.4	56.9	56.1	55.4
Core income	8,310	8,316	(0.1)	2,152	2,094	2,019	2,045	2,115
Recurring administrative expenses, depreciation and amortisation	(4,579)	(4,771)	(4.0)	(1,095)	(1,140)	(1,157)	(1,188)	(1,174)
Core cost-to-income ratio (12 months)	**55.1**	**57.4**	**(2.3)**	**55.1**	**56.3**	**56.7**	**57.0**	**57.4**

Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk**[1] stand at €-1,915 million (€-376 million in 2019).

  In 2020 the Group changed the macroeconomic scenarios and the weighting established for each scenario employed in the estimate of expected loss due to credit risk. For this purpose, internal economic projection scenarios based on the impact of the Covid-19 health crisis on the economy and different levels of severity have been used. Combining scenarios and a prudent approach allows reducing the uncertainty of projections in the current context, although these provisions will be updated in coming quarters based on new available information.

  As a result, **a provision for credit risk of €1,252 million was recognised in 2020, anticipating future impacts associated with Covid-19**. This provision, established following a prudent approach given the current context, has been increased by €91 million in the fourth quarter (€1,161 million at the end of September), maintaining the same weight of the updated macroeconomic scenarios as in the end of the previous quarter.

  With regard to the quarterly change, the **Allowances for insolvency in the fourth quarter, established following conservative criteria in light of the current environment of uncertainty, amounted to €321 million**. The previous quarter (€260 million) included the recognition of €6 million made to the provision set to anticipate future impacts associated with Covid-19.

  The **cost of risk (last 12 months)** came to **0.75%** following the aforementioned provisions (26 basis points excluding the above-mentioned provision associated with Covid-19).

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

  The year-on-year performance is mainly affected by the recognition of €109 million associated with the early retirements in 2020. Allowances were recognised for legal contingencies in the last quarter of 2019, employing conservative criteria.

(1) In 2020, the use of funds established at the time BPI was acquired reached €125 million (€45 million, €15 million, €24 million and €41 million in the first, second, third and fourth quarter, respectively), compared to the €153 million in 2019.

€ million	**2020**	**2019**	**Change %**	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Allowances for insolvency risk	(1,915)	(376)		(321)	(260)	(819)	(515)	(88)
Other charges to provisions	(247)	(235)	5.2	(40)	(23)	(41)	(144)	(84)
Allowances for insolvency risk and other charges to provisions	**(2,162)**	**(611)**		**(361)**	**(283)**	**(859)**	**(659)**	**(172)**

Gains/(losses) on disposal of assets and others

- **Gains/(losses) on disposal of assets and others** includes, essentially, the results of completed one-off transactions and proceeds on asset sales and write-downs.

  The real estate results reflected, among others, asset impairment allowances, with extraordinary impacts in the fourth quarter of both years.

  The item Other includes in the fourth quarter of 2020 the recognition of the gains on the partial sale of Comercia, amounting to €420 million.

  In addition, as a result of the impact of Covid-19 on the economic context and the extended scenario of low interest rates, a provision was established, following conservative criteria, for €311 million associated with the Erste Group Bank.

€ million	**2020**	**2019**	**Change %**	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Real estate results	(134)	(84)	59.2	(88)	(23)	(10)	(14)	(61)
Other	67	(83)		112	(19)	(9)	(17)	(24)
Gains/(losses) on disposal of assets and others	**(67)**	**(167)**	**(59.8)**	**25**	**(42)**	**(19)**	**(31)**	**(85)**

Business Activity

Balance sheet

Total assets reached €451,520 million, up 0.5% in the quarter:

€ million	31 Dec. 2020	30 Sep. 2020	Change %	31 Dec. 2019	Change %
- Cash and cash balances at central banks and other demand deposits	51,611	50,009	3.2	15,110	
- Financial assets held for trading	6,357	8,158	(22.1)	7,370	(13.7)
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	317	323	(1.9)	427	(25.8)
Equity instruments	180	180	0.0	198	(9.1)
Debt securities	52	53	(1.9)	63	(17.5)
Loans and advances	85	90	(5.6)	166	(48.8)
- Financial assets at fair value with changes in other comprehensive income	19,309	19,416	(0.6)	18,371	5.1
- Financial assets at amortised cost	267,509	266,760	0.3	244,702	9.3
Credit institutions	5,851	6,486	(9.8)	5,159	13.4
Customers	236,988	235,510	0.6	222,154	6.7
Debt securities	24,670	24,764	(0.4)	17,389	41.9
- Derivatives - Hedge accounting	515	438	17.6	2,133	(75.9)
- Investments in joint ventures and associates	3,443	3,955	(12.9)	3,941	(12.6)
- Assets under the insurance business[1]	77,241	74,363	3.9	72,683	6.3
- Tangible assets	6,957	7,109	(2.1)	7,282	(4.5)
- Intangible assets	3,949	3,903	1.2	3,839	2.9
- Non-current assets and disposal groups classified as held for sale	1,198	1,335	(10.3)	1,354	(11.5)
- Other assets	13,114	13,541	(3.2)	14,202	(7.7)
Total assets	**451,520**	**449,310**	**0.5**	**391,414**	**15.4**
Liabilities	**426,242**	**424,759**	**0.3**	**366,263**	**16.4**
- Financial liabilities held for trading	424	2,377	(82.2)	2,338	(81.9)
- Financial liabilities at amortised cost	342,403	341,463	0.3	283,975	20.6
Deposits from central banks and credit institutions	55,356	57,657	(4.0)	20,656	
Customer deposits	245,167	240,808	1.8	221,079	10.9
Debt securities issued	35,813	35,221	1.7	33,648	6.4
Other financial liabilities	6,067	7,777	(22.0)	8,592	(29.4)
- Liabilities under the insurance business[1]	75,129	72,478	3.7	70,807	6.1
- Provisions	3,195	3,313	(3.6)	3,624	(11.8)
- Other liabilities	5,091	5,128	(0.7)	5,519	(7.8)
Equity	**25,278**	**24,551**	**3.0**	**25,151**	**0.5**
- Shareholders' equity	27,118	26,475	2.4	26,247	3.3
- Minority interest	25	25	0.0	29	(13.8)
- Accumulated other comprehensive income	(1,865)	(1,949)	(4.3)	(1,125)	65.8
Total liabilities and equity	**451,520**	**449,310**	**0.5**	**391,414**	**15.4**

(1) In accordance with the Amendments to IFRS 4, 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 2021. This date is currently being reviewed by the European Commission as it awaits its alignment with the entry into force of the new IFRS 17: Insurance Contracts (expected on 1 January 2023), which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, these investments are grouped under "Assets under the insurance business" on the balance sheet. To make the information more readily comparable, the Group has also grouped together the technical provisions relating to Unit Link and Flexible Investment Annuity (part under management), which are now reported jointly under 'Liabilities under the insurance business'.

Loans and advances to customers

Loans and advances to customers, gross stands at **€243,924 million** (up 7.3% in the year), particularly noteworthy has been the growth of loans to business and to the public sector. The quarterly performance (up 0.8%) is impacted by the growth of loans to the public sector, which dampen the drop of loans to individuals and to business.

- Changes by segment include:

  Loans for home purchases (-3.3% in the year and -0.8% in the quarter) continues to be marked by the deleveraging of families. However, the new production in the third and fourth quarter is at similar levels as those of the previous year.

  Loans to individuals – Other has dropped by 2.2% in the year and 1.1% in the quarter. Its performance is impacted by the reduction of **Consumer lending** of 3.8% due to the downturn in economic activity and a drop of 1.7% in the quarter following further restrictions on mobility in the last months of the year.

  Financing for **Corporates and SMEs was up 16.6%** in the year, in response to the demand of loans in a context where, following the beginning of the healthcare crisis, companies were managing their liquidity requirements for the coming quarters, an effect that has slowed down in the fourth quarter of the year.

  The Group has granted government guaranteed loans to business for an amount of €11,967 million at 31 December 2020, concentrated in the second quarter.

  Loans to the **public sector** grew by 43.2% in the year, mainly from one-off transactions granted in a scenario of high liquidity during the fourth quarter of 2020 (+32.0%).

€ million	31 Dec. 2020	30 Sep. 2020	Change %	31 Dec. 2019	Change %
Loans to individuals	**120,648**	**121,757**	**(0.9)**	**124,334**	**(3.0)**
Home purchases	85,575	86,302	(0.8)	88,475	(3.3)
Other	35,074	35,455	(1.1)	35,859	(2.2)
of which: Consumer lending	14,170	14,409	(1.7)	14,728	(3.8)
Loans to business	**106,425**	**107,351**	**(0.9)**	**91,308**	**16.6**
Corporates and SMEs	100,705	101,453	(0.7)	85,245	18.1
Real estate developers	5,720	5,898	(3.0)	6,063	(5.7)
Public sector	**16,850**	**12,769**	**32.0**	**11,764**	**43.2**
Loans and advances to customers, gross[1]	**243,924**	**241,877**	**0.8**	**227,406**	**7.3**
Of which:					
Performing loans	235,655	233,150	1.1	219,006	7.6
Provisions for insolvency risk	(5,620)	(5,756)	(2.4)	(4,704)	19.5
Loans and advances to customers, net	**238,303**	**236,121**	**0.9**	**222,702**	**7.0**
Contingent liabilities	16,871	17,157	(1.7)	16,856	0.1

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

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:

	31 Dec. 2020			30 Sep. 2020		
Amounts drawn, in € million	**Spain (ICO)**	**Portugal**	**Total**	**Spain (ICO)**	**Portugal**	**Total**
Loans to individuals	**1,196**	**20**	**1,216**	**1,119**	**14**	**1,133**
Other (self-employed workers)	1,196	20	1,216	1,119	14	1,133
Loans to business	**11,437**	**530**	**11,967**	**10,823**	**483**	**11,307**
Corporates and SMEs	11,396	529	11,925	10,782	483	11,264
Real estate developers	41	1	42	41	1	42
Public sector	**6**	**-**	**6**	**2**	**-**	**2**
Loans and advances to customers, gross[1]	**12,640**	**551**	**13,191**	**11,944**	**498**	**12,442**

(1) Refers to the amount of loans and advances granted to and disposed by clients. In addition to those, CaixaBank has granted €1,679 million still to be disposed by clients at 31 December 2020 (€1,092 million at 30 September 2020).

Customer funds

Customer funds reached €415,408 million on 31 December 2020 (up 8.1% in the year and 2.7% in the quarter).

- On-balance sheet funds stood at €303,650 million (+9.5% in the year and +2.1% in the quarter).
  - **Demand deposits** rose to €220,325 million. Its growth (+16.2% in the year and +3.2% in the quarter) is impacted by the strength of the franchise in a scenario where families and companies have managed their liquidity needs.
  - **Time deposits** totalled €21,909 million (-24.4% in the year). Their performance continues to be marked by the reduction of deposits on the renewal of maturities against a backdrop of rock-bottom interest rates.
  - The increase of **liabilities under insurance contracts**[1], up 3.3% in the year, mainly includes the positive net subscriptions in Unit Links. The quarterly growth of 2.3% is impacted by the positive net subscriptions and the favourable market effect on Unit Links.
- **Assets under management** stand at €106,643 million. Its annual performance (+4.2%) is due to the progressive recovery of the markets throughout the year, especially in the fourth quarter, following the market collapse experienced in the first half of 2020. The positive net inflows in the year and the quarter also stand out.
  - The assets managed in **mutual funds, managed accounts and SICAVs** stood at €71,315 million (+4.0% in the year and +6.2% in the quarter).
  - **Pension plans** reached €35,328 million (+4.7% in the year and +4.9% in the quarter).
- Other accounts mainly includes temporary funds associated with transfers and collections.

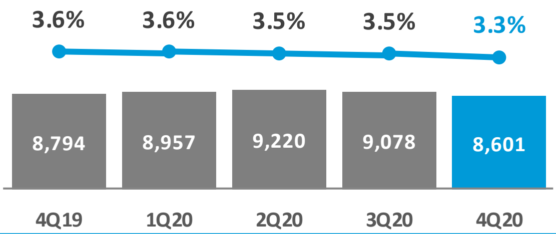
(1) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

€ million	31 Dec. 2020	30 Sep. 2020	Change %	31 Dec. 2019	Change %
Customer funds	242,234	237,860	1.8	218,532	10.8
Demand deposits	220,325	213,473	3.2	189,552	16.2
Time deposits[2]	21,909	24,387	(10.2)	28,980	(24.4)
Insurance contract liabilities	59,360	58,016	2.3	57,446	3.3
of which: Unit Link and other[3]	14,607	12,896	13.3	12,249	19.2
Reverse repurchase agreements and other	2,057	1,584	29.8	1,294	58.9
On-balance sheet funds	**303,650**	**297,460**	**2.1**	**277,272**	**9.5**
Mutual funds, managed accounts and SICAVs	71,315	67,166	6.2	68,584	4.0
Pension plans	35,328	33,662	4.9	33,732	4.7
Assets under management	**106,643**	**100,828**	**5.8**	**102,316**	**4.2**
Other accounts	**5,115**	**6,134**	**(16.6)**	**4,698**	**8.9**
Total customer funds[4]	**415,408**	**404,422**	**2.7**	**384,286**	**8.1**

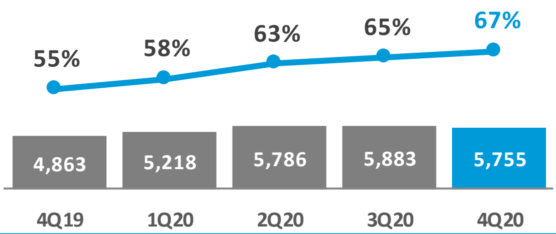
(2) Includes retail debt securities amounting to €1,436 million at 31 December 2020.
(3) Includes technical provisions corresponding to Unit Link and Flexible Investment Life Annuity products (the part managed).
(4) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices - Glossary'.

Risk management

Credit risk quality



Non-performing loans and non-performing loan ratio [1]
(€ million and %)



Provisions and Coverage ratio [1]
(€ million and %)

The **NPL ratio dropped to 3.3%,** down 30 basis points in the year.

Reduction of **non-performing loans** in the year of €193 million, in spite of the lower recovery activity during the healthcare crisis. The **decrease in the quarter of €477 million stands out**, with a drop in all risk segments as a consequence of the recovery activity plus the impact of portfolio sales.

The **coverage ratio** rose to **67% (+12 and +2 pp in the year and the quarter, respectively, following the increase in provisions)**.

(1) Calculations include loans and contingent liabilities.

Changes in non-performing assets

€ million	4Q19	1Q20	2Q20	3Q20	4Q20
Opening balance	**9,953**	**8,794**	**8,957**	**9,220**	**9,078**
Exposures recognized as non-performing (NPL-inflows)	777	793	1,022	672	690
Derecognitions from non-performing exposures	(1,936)	(630)	(760)	(814)	(1,167)
of which: written off	(256)	(105)	(169)	(133)	(199)
Closing balance	**8,794**	**8,957**	**9,220**	**9,078**	**8,601**

NPL ratio by segment

	31 Dec. 2019	30 Sep. 2020	31 Dec. 2020
Loans to individuals	**4.4%**	**4.6%**	**4.5%**
Home purchases	3.4%	3.6%	3.5%
Other	6.7%	7.2%	6.9%
of which: Consumer lending	4.0%	4.6%	4.2%
Loans to business	**3.2%**	**2.9%**	**2.7%**
Corporates and SMEs	2.9%	2.6%	2.4%
Real estate developers	8.0%	8.2%	6.7%
Public sector	**0.3%**	**0.2%**	**0.1%**
NPL Ratio (loans and contingent liabilities)	**3.6%**	**3.5%**	**3.3%**

Changes in provisions for insolvency risk[1]

(1) Including loans and contingent liabilities.

€ million	4Q19	1Q20	2Q20	3Q20	4Q20
Opening balance	**5,330**	**4,863**	**5,218**	**5,786**	**5,883**
Charges to provisions	88	515	819	260	321
Amounts used	(540)	(153)	(247)	(163)	(440)
Transfers and other changes	(15)	(7)	(4)	-	(9)
Closing balance	**4,863**	**5,218**	**5,786**	**5,883**	**5,755**

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.

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

30 Sep. 2020	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	219,686	13,464	8,727	241,877	(996)	(948)	(3,812)	(5,756)
Contingent liabilities	16,173	632	352	17,157	(16)	(14)	(97)	(127)
Total loans and contingent liabilities	**235,859**	**14,097**	**9,078**	**259,034**	**(1,012)**	**(962)**	**(3,909)**	**(5,883)**

31 Dec. 2019	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	203,451	15,555	8,400	227,406	(567)	(708)	(3,429)	(4,704)
Contingent liabilities	15,807	655	394	16,856	(19)	(12)	(128)	(159)
Total loans and contingent liabilities	**219,258**	**16,210**	**8,794**	**244,262**	**(586)**	**(720)**	**(3,557)**	**(4,863)**

In the fourth quarter of 2020 an expert adjustment was carried out proactively and under criteria of prudence that involved migrations within the performing portfolio. The Stage 2 balance increase is a result of this exercise.

Below is a breakdown of the Provisions for insolvency risk assigned to Covid-19 at the end of December and September 2020 according to loan segment and stage:

31 Dec. 2020 € million	Home purchases	Other	Loans to business	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Provisions for insolvency risk COVID-19	**425**	**398**	**428**	**1,252**	**414**	**477**	**361**	**1,252**

30 Sep. 2020 € million	Home purchases	Other	Loans to business	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Provisions for insolvency risk COVID-19	406	409	346	1,161	456	275	429	1,161

Breakdown of moratoria

Total moratoria[1] granted during 2020 amounted to €17,224 million (497,253 operations), of which 11,097 million in Spain (388,641 contracts).

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

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

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

(2) Moratoria in analysis refers to the moratoria requests in process of approval (excluding applications rejected by the Bank or declined by the client).

Out of a total of €14,356 million in moratoria outstanding at 31 December 2020, 65% expires in the first half of 2021.

	30 Sep. 2020					
	Spain		Portugal		Total	
	No. of contracts	€ million	No. of contracts	€ million	€ million	% on portfolio
Moratoria to individuals	**334,971**	**9,473**	**76,940**	**3,215**	**12,687**	**10.4**
Home purchases	72,437	6,572	43,001	2,721	9,293	10.8
Other	262,534	2,901	33,939	493	3,394	9.6
of which: consumer lending	218,995	1,034	31,966	379	1,413	9.8
Moratoria to business	**2,518**	**602**	**31,668**	**2,881**	**3,482**	**3.2**
Corporates and SMEs	2,295	543	29,984	2,604	3,147	3.1
Real estate developers	223	59	1,684	277	336	5.7
Moratoria to the public sector	**-**	**-**	**4**	**32**	**32**	**0.3**
Total moratoria outstanding	**337,489**	**10,074**	**108,612**	**6,127**	**16,201**	**6.7**
Moratoria in analysis[2]	**2,990**	**109**	**-**	**-**	**109**	

NOTE: The details of the moratoria reported in the Third quarter Business Activity and Results Report included moratoria outstanding and moratoria expired.

Below is the **outstanding balance** (i.e. deducting the principal repaid) **of loans that have been in moratoria during the year and that expired on 31 December**:

	31 Dec. 2020		
	Spain	Portugal	Total
Moratoria to individuals	**2,056**	**226**	**2,282**
Home purchases	665	181	846
Other	1,391	45	1,436
of which: consumer lending	1,041	42	1,083
Moratoria to business	**45**	**142**	**187**
Corporates and SMEs	44	140	184
Real estate developers	1	2	3
Moratoria to the public sector	-	-	-
Total moratoria expired	**2,101**	**368**	**2,469**

Breakdown of total moratoria outstanding according to categories of credit risk established in IFRS 9:

	31 Dec. 2020			
€ million	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Individuals	**6,649**	**3,892**	**595**	**11,136**
Business	**2,521**	**587**	**80**	**3,188**
Public sector	**32**	-	-	**32**
Total moratoria outstanding	**9,203**	**4,479**	**675**	**14,356**

	30 Sep. 2020			
€ million	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Individuals	9,776	2,293	618	12,687
Business	2,954	459	69	3,482
Public sector	32	-	-	32
Total moratoria outstanding	**12,761**	**2,752**	**688**	**16,201**

Loan-to-value breakdown at 31 December and 30 September 2020 of the **moratoria outstanding** in the home purchases segment:

	31 Dec. 2020				
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	1,697	3,549	2,717	1,005	8,968

	30 Sep. 2020				
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	1,781	3,595	2,871	1,045	9,293

Out of a total of €8,737 million in moratoria outstanding in Spain at 31 December (€10,074 million in September), 98% (87% in September) correspond to contracts with mortgage guarantee, with an average LTV of 55% (same percentage in September).

Loan-to-value breakdown[1] of the Group's home purchases portfolio

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

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

	30 Sep. 2020				
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	25,400	31,548	21,095	7,547	85,590
of which: Non-performing	277	466	643	1,651	3,036

	31 Dec. 2019				
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	24,342	32,202	23,122	8,082	87,748
of which: Non-performing	245	433	652	1,664	2,994

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

Refinancing

	31 Dec. 2019		30 Sep. 2020		31 Dec. 2020	
€ million	**Total**	**of which: NPL**	**Total**	**of which: NPL**	**Total**	**of which: NPL**
Individuals	5,009	3,179	4,190	3,324	4,093	3,288
Corporates and SMEs	2,617	1,369	2,354	1,356	2,084	1,261
Real estate developers	651	324	565	318	489	243
Public sector	246	15	203	11	209	2
Total	**8,523**	**4,887**	**7,311**	**5,010**	**6,874**	**4,796**
Provisions	1,860	1,693	1,770	1,673	1,648	1,564

Foreclosed real estate assets

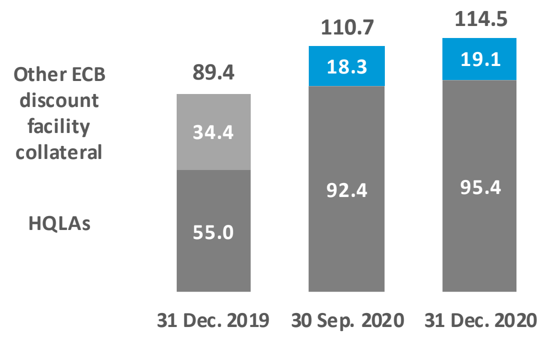
- The portfolio of **Net foreclosed available for sale real estate assets[2]** in Spain amounts to €930 million, down €28 million in 2020. **The coverage ratio[3] is 42%** (+3 pp in the year), while the coverage ratio with accounting provisions[3] is 34% (+4 pp in the year).
- Net foreclosed assets **held for rent** in Spain stand at €1,747 million (€-347 million in 2020).
- **Total properties sold[4] in 2020** amounts to €443 million.

(2) Does not include real estate assets in the process of foreclosure for €98 million at 31 December 2020.

(3) See definition in 'Appendices – Glossary'.

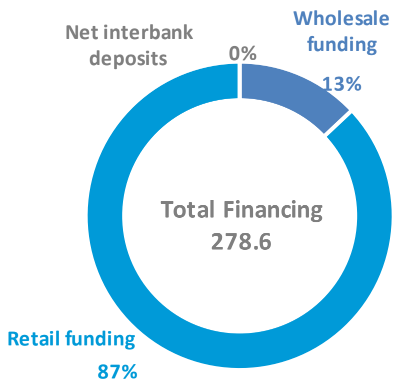
(4) At sale price.

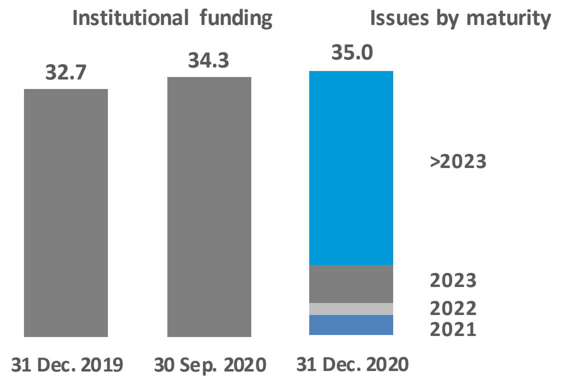
Liquidity
and financing structure



	31 Dec. 2019	30 Sep. 2020	31 Dec. 2020
Punctual LCR	179 %	280 %	276 %
Average LCR[1]	186 %	224 %	248 %
NSFR	129 %	141 %	145 %
LTD	100 %	98 %	97 %

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





Financing structure
(€ thousand million)

- **Total liquid assets amounted to €114,451 million** at 31 December 2020, up €25,024 million in the year, mainly due to the generation and provision of collateral in the ECB facility and the net contribution of liquidity from the loan-deposit gap.
- The Group's **Liquidity Coverage Ratio** (LCR) at 31 December 2020 was 276%, showing an ample liquidity position (**248%** LCR average last 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio** (NSFR)[2] stood at 145% at 31 December 2020, above the 100% regulatory minimum required as of June 2021.
- Solid retail financing structure with a **loan-to-deposit** ratio **of 97%.**
- The **balance drawn** under the ECB facility at 31 December 2020 amounted to €49,725 million, corresponding to TLTRO III. The balance drawn increased by €36,791 million in the year due to the anticipated return of €3,909 million of TLTRO II and drawing €40,700 million of TLTRO III.
- **Wholesale funding[3]** amounted to €35,010 million, diversified by investments, instruments, and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €8,222 million at the end of December 2020.

(1) Trailing 12 months.

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

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

Information on the Group's issuances in 2020

€ million Issue	Amount	Maturity	Cost[1]	Demand	Issuer
Senior preferred debt	1,000	5 years	0.434% (mid-swap +0.58%)	2,100	CaixaBank
Senior preferred debt[2]	1,000	6 years	0.835% (mid-swap +1.17%)	3,000	CaixaBank
Additional Tier 1	750	Perpetual	6.006% (mid-swap +6.346%)	4,100	CaixaBank
Senior non-preferred debt[3]	1,000	6 years	0.429% (mid-swap +0.85%)	4,000	CaixaBank

(1) Meaning the yield on the issuance.
(2) Covid-19 Social Bond.
(3) Green bond.

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

€ million		31 Dec. 2020
Mortgage covered bonds issued	a	48,233
Loans and credits (collateral for mortgage covered bonds)	b	83,422
Collateralisation	**b/a**	**173%**
Overcollateralisation	**b/a -1**	**73%**
Mortgage covered bond issuance capacity[4]		**3,063**

(4) CaixaBank S.A. is also able to issue €5,159 million in regional public-sector covered bonds.

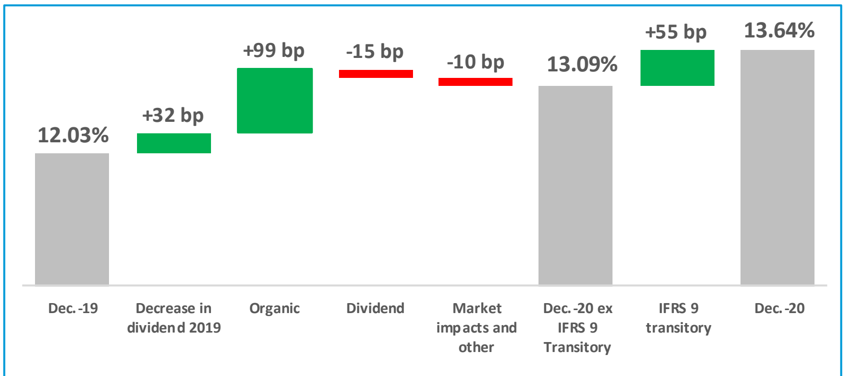
Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 13.6%**.

  The increase of +161 basis points in the year includes +32 basis points from the extraordinary impact of reducing the established dividend against 2019 earnings, as one of the measures adopted by the Board of Directors due to Covid-19[1], plus +55 basis points due to the adoption of the transitional period of IFRS 9[2] (of which +4 in the quarter).

  The remaining accumulated performance is explained by +99 basis points due to the organic variation (+55 generated in the fourth quarter), -15 basis points from the forecast of dividends[3] for the year (of which +6 basis points in the quarter) and -10 basis points caused by the performance of the markets and other (+52 basis points in the quarter), which includes the impact of the partial sale of Comercia, the provision established on the interest held in Erste Group Bank and the new treatment of software coming into effect[4].

- The CET1 ratio without applying the IFRS 9 transitional period stands at **13.1%**.
- After considering the new regulatory and supervisory aspects resulting from the Covid-19 crisis, the Board of Directors agreed to reduce to 11.5% the objective of the solvency rate CET1.
- The **Tier 1** ratio reached **15.7%**. A new AT1[5] issue of €750 million was carried out in October. After this issue, the Group completely covers the AT1 bucket, in terms of both the Pillar 1 requirements (1.5%) and the corresponding part of the P2R (0.28%).
- The **Total Capital** ratio reached **18.1%**.
- The leverage ratio stood at 5.6%.



Change in CET1

- As for the **MREL requirement, the new recovery and resolution directive (BRRD2), which came into effect in December**, has set 1 January 2024 as the deadline to comply with the MREL requirements, including an interim requirement that must be met on 1 January 2022. It also established that the Total and Subordinated MREL requirements must be expressed as a percentage of RWAs and leverage ratio exposure (LRE). As of 1 January 2024 the CaixaBank Group must achieve a minimum volume of shareholder equity and eligible liabilities[6], MREL Total, of 22.95% of RWAs. With regard to the interim requirement, the SRB has established that as of 1 January 2022, CaixaBank must reach a Total MREL requirement of 22.09% of RWAs. Similarly, as of 1 January 2022, CaixaBank must meet a Total MREL requirement of 6.09% of LRE. In December CaixaBank had a ratio of **26.3% on RWA** and 9.4% on LRE, reaching the level required for 2024. At a subordinated level, excluding the Senior preferred debt and other pari-passu liabilities, the MREL ratio reached **22.7% of RWAs and 8.1% of LRE**, comfortably above the regulatory requirements of 16.26% of

(1) See detailed information in the section 'Responsible management and social commitment'.

(2) In March CaixaBank availed itself to the IFRS9's transitional provisions, which permits partially mitigating in its capital adequacy calculations the pro-cyclicality associated with the provisions model under IFRS 9 throughout the established transitional period.

(3) Correction of expected dividend percentage. See information 'Shareholder returns'.

(4) The European Commission approved in December the RTS on the treatment of software to calculate the CET1.

(5) See section 'Liquidity'.

(6) Among the liabilities eligible by the Single Resolution Board are the senior non-preferred debt, senior preferred debt and other pari-passu liabilities.

RWAs and 6.09% of LRE. An issue of €1,000 million of Senior non-preferred debt was made this quarter, improving the MREL ratios.

- Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The CET1 ratio under this perimeter reached 15.1%.
- **BPI** is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 13.9%, Tier1 of 15.4% and Total Capital of 17.1%.
- The decisions of the European Central Bank and the national supervisor, including the measures adopted following the Covid-19 health crisis, required the Group to maintain, during 2020, CET1, Tier1 and Total Capital ratios of 8.10%, 9.88% and 12.26%, respectively. At 31 December CaixaBank has a margin of 554 basis points, equating to €7,985 million, until the Group's MDA trigger.
- The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities. On 26 March 2020 the Board of Directors amended the dividends policy exclusively for 2020, limiting the distribution of a cash dividend of no more than 30% of the reported consolidated net profit. However, the European Central Bank published on 15 December 2020 a recommendation concerning the distribution of dividends by banks during the Covid-19 pandemic. According to this recommendation, the maximum dividend to pay out against 2020 earnings is estimated at €216 million[1]. Furthermore, the Board of Directors has agreed to revoke the former dividend policy, from allocating at least an amount higher than 50% of consolidated net profit to dividends, and made it such that the policy corresponding to 2021 onwards would be announced in due time, after the expected merger with Bankia, and once the new Board had reviewed and approved the 2021 budget.

(1) See information 'Shareholder returns'.

Performance and key capital adequacy indicators

€ million	31 Dec. 2019	31 Mar. 2020	30 Jun. 2020	30 Sep. 2020	31 Dec. 2020	Quarter-on-quarter
CET1 Instruments	24,114	24,080	24,621	24,657	25,546	889
Shareholders' equity	26,247	25,876	25,996	26,475	27,118	643
Capital	5,981	5,981	5,981	5,981	5,981	
Profit/(loss) attributable to the Group	1,705	90	205	726	1,381	655
Reserves and other	18,561	19,806	19,811	19,768	19,756	(12)
Other CET1 instruments[1]	(2,133)	(1,796)	(1,375)	(1,818)	(1,572)	246
Deductions from CET1	(6,327)	(6,333)	(6,538)	(6,464)	(5,891)	573
CET1	**17,787**	**17,747**	**18,083**	**18,192**	**19,655**	**1,463**
AT1 instruments[2]	2,236	2,236	2,237	2,237	2,984	747
AT1 Deductions						
TIER 1	**20,023**	**19,983**	**20,320**	**20,430**	**22,639**	**2,209**
T2 instruments	3,224	3,329	3,208	3,324	3,407	83
T2 Deductions						
TIER 2	3,224	3,329	3,208	3,324	3,407	83
TOTAL CAPITAL	**23,247**	**23,312**	**23,528**	**23,754**	**26,046**	**2,292**
Other computable subordinated instruments MREL[3]	5,680	5,680	5,667	5,664	6,665	1,001
MREL, subordinated	**28,927**	**28,993**	**29,195**	**29,417**	**32,711**	**3,294**
Other computable instruments MREL[4]	3,362	4,342	4,111	5,111	5,111	
MREL	**32,289**	**33,335**	**33,306**	**34,528**	**37,822**	**3,294**
Risk-weighted assets	147,880	147,808	147,499	145,731	144,059	(1,672)
CET1 Ratio	12.0%	12.0%	12.3%	12.5%	13.6%	1.1%
Tier 1 Ratio	13.5%	13.5%	13.8%	14.0%	15.7%	1.7%
Total Capital Ratio	15.7%	15.8%	16.0%	16.3%	18.1%	1.8%
MDA Buffer[5]	4,805	5,193	5,449	5,891	7,985	2,094
MREL Ratio, subordinated	19.6%	19.6%	19.8%	20.2%	22.7%	2.5%
MREL Ratio	21.8%	22.6%	22.6%	23.7%	26.3%	2.6%
Leverage ratio	5.9%	5.4%	5.1%	5.1%	5.6%	0.5%
CET1 Ratio - CABK (non-consolidated basis)	13.8%	13.6%	14.1%	14.1%	15.1%	1.0%
Tier 1 Ratio CABK (non-consolidated basis)	15.4%	15.3%	15.7%	15.7%	17.4%	1.7%
Total Capital Ratio - CABK (non-consolidated basis)	17.8%	17.7%	18.1%	18.2%	20.0%	1.8%
Risk-weighted assets (non-consolidated basis)	135,725	136,395	135,465	134,979	132,611	(2,368)
Profit/loss (non-consolidated basis)	2,074	(141)	(135)	254	688	434
ADIs[6]	3,161	2,567	2,565	2,919	3,308	389
MDA Buffer - CABK (non-consolidated basis)[5]	9,139	9,041	9,543	9,541	10,792	1,251
Leverage Ratio - CABK (non-consolidated basis)	6.6%	6.1%	5.8%	5.7%	6.2%	0.5%

Data at September 2020 updated using the latest official information

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

(2) An AT1 issue of €750 million was completed in October.

(3) An issue of €1,000 million of Senior non-preferred debt was made in November.

(4) Two issues of €1,000 million each of Senior preferred debt were made in 2020 (in January and July).

(5) 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.

(6) Does not include the share premium.

Segment reporting

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

- **Banking and Insurance:** shows earnings from the Group's banking, insurance and asset management activity mainly in Spain, as well as liquidity management, ALCO, income from financing the other businesses and the Group-wide corporate centre. It also includes the business acquired by CaixaBank from BPI during 2018 (insurance, asset management and cards) as well as the remaining non-core real estate business (with the exception of Coral Homes) after the sale of 80% of this business in 2018.
- **Equity investments:** This line of business essentially shows earnings on dividends and/or equity-accounted profits, as well as the trading income, from the stakes held in Erste Group Bank, Telefónica, BFA, BCI and Coral Homes. Similarly, it includes the significant impacts on income of other relevant stakes acquired in various sectors.
- **BPI:** covers the income from BPI's domestic banking business. The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination and excludes the results and balance sheet figures associated with the assets of BPI assigned to the equity investments business (essentially BFA and BCI).

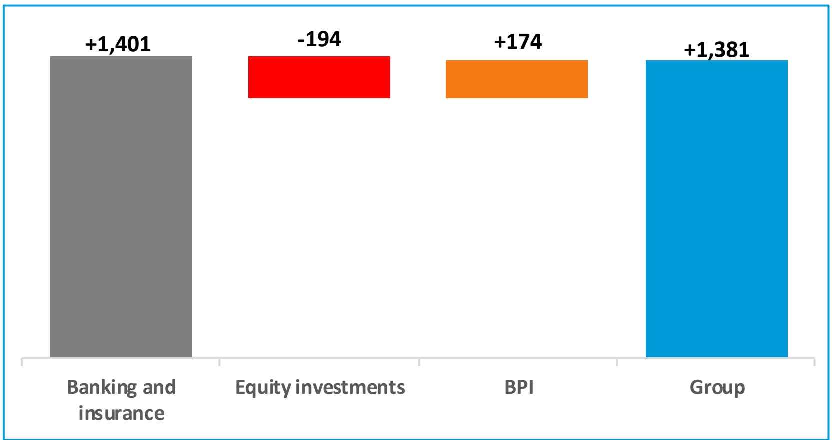
The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

In 2020, the allocation of capital to the investment businesses has been adapted to the Group's new capital corporate objective of maintaining a Common Equity Tier 1 (CET1) ratio of 11.5% (12% in 2019), taking into account both the 11.5% consumption of capital for risk-weighted assets and any applicable deductions.

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

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

Results for the year 2020 arranged by business are as follows:



Contribution to the result of 2020 (€ million)

€ million	Banking & insurance	Equity Investments	BPI	Group
Net interest income	**4,533**	**(78)**	**444**	**4,900**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	250	186	18	454
Net fee and commission income	2,330		245	2,576
Trading income	249	(9)	(2)	238
Income and expense under insurance or reinsurance contracts	598			598
Other operating income and expense	(338)	(3)	(15)	(356)
Gross income	**7,623**	**97**	**690**	**8,409**
Recurring administrative expenses, depreciation and amortisation	(4,137)	(4)	(439)	(4,579)
Extraordinary expenses				
Pre-impairment income	**3,486**	**93**	**252**	**3,830**
Pre-impairment income stripping out extraordinary expenses	**3,486**	**93**	**252**	**3,830**
Allowances for insolvency risk	(1,895)		(21)	(1,915)
Other charges to provisions	(228)		(19)	(247)
Gains/(losses) on disposal of assets and others	216	(311)	28	(67)
Profit/(loss) before tax	**1,580**	**(218)**	**239**	**1,601**
Income tax expense	(178)	24	(65)	(219)
Profit/(loss) after tax	**1,402**	**(194)**	**174**	**1,382**
Profit/(loss) attributable to minority interest and others	0			0
Profit/(loss) attributable to the Group	**1,401**	**(194)**	**174**	**1,381**

Banking and insurance business

The performance of the banking and insurance business in 2020 stands at €1,401 million (up 32.2% with respect to 2019).

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
INCOME STATEMENT								
Net interest income	**4,533**	**4,659**	**(2.7)**	**1,149**	**1,130**	**1,138**	**1,116**	**1,149**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	250	232	7.6	75	89	44	42	44
Net fee and commission income	2,330	2,340	(0.4)	603	579	551	597	629
Trading income	249	239	4.3	51	38	164	(4)	14
Income and expense under insurance or reinsurance contracts	598	556	7.5	156	150	141	150	149
Other operating income and expense	(338)	(369)	(8.5)	(131)	(29)	(125)	(53)	(176)
Gross income	**7,623**	**7,657**	**(0.5)**	**1,905**	**1,957**	**1,913**	**1,848**	**1,809**
Recurring administrative expenses, depreciation and amortisation	(4,137)	(4,304)	(3.9)	(995)	(1,024)	(1,047)	(1,071)	(1,058)
Extraordinary expenses		(978)						
Pre-impairment income	**3,486**	**2,375**	**46.8**	**910**	**933**	**866**	**777**	**751**
Pre-impairment income stripping out extraordinary expenses	**3,486**	**3,353**	**4.0**	**910**	**933**	**866**	**777**	**751**
Allowances for insolvency risk	(1,895)	(573)		(313)	(267)	(787)	(528)	(221)
Other charges to provisions	(228)	(238)	(4.0)	(22)	(23)	(40)	(143)	(87)
Gains/(losses) on disposal of assets and others	216	(169)		311	(44)	(19)	(31)	(84)
Profit/(loss) before tax	**1,580**	**1,395**	**13.2**	**886**	**599**	**19**	**75**	**359**
Income tax expense	(178)	(332)	(46.4)	(42)	(146)	17	(8)	(85)
Profit/(loss) after tax	**1,402**	**1,063**	**31.9**	**844**	**454**	**36**	**67**	**274**
Profit/(loss) attributable to minority interest and others	0	3	(93.7)	1	1	(2)	0	1
Profit/(loss) attributable to the Group	**1,401**	**1,060**	**32.2**	**843**	**453**	**38**	**67**	**273**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	1.99	2.25	(0.26)	1.90	1.92	1.99	2.17	2.22
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	1,301	1,347	(3.4)	322	325	313	341	361
Sale of insurance products	146	160	(8.6)	37	36	35	38	40
Mutual funds, managed accounts and SICAVs	514	502	2.5	133	130	121	130	134
Pension plans	234	221	5.9	71	56	51	56	62
Unit Link and other	135	110	22.2	41	32	30	32	32
Net fee and commission income	**2,330**	**2,340**	**(0.4)**	**603**	**579**	**551**	**597**	**629**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(2,597)	(2,728)	(4.8)	(633)	(635)	(653)	(676)	(660)
General expenses	(1,061)	(1,097)	(3.3)	(249)	(265)	(273)	(273)	(273)
Depreciation and amortisation	(479)	(479)	(0.0)	(113)	(123)	(121)	(121)	(125)
Recurring administrative expenses, depreciation and amortisation	**(4,137)**	**(4,304)**	**(3.9)**	**(995)**	**(1,024)**	**(1,047)**	**(1,071)**	**(1,058)**
Extraordinary expenses		**(978)**						
OTHER INDICATORS								
Core income	7,680	7,746	(0.9)	1,976	1,937	1,871	1,896	1,964
ROTE stripping out one-off impacts[1]	5.1%	9.5%	(4.4)	5.1%	4.3%	4.5%	7.3%	9.5%
Cost-to-income ratio stripping out ext. exp. (12 months)	54.3%	56.2%	(1.9)	54.3%	55.8%	56.4%	56.2%	56.2%
Cost of risk[2]	0.83%	0.26%	0.6	0.83%	0.80%	0.74%	0.44%	0.26%
Customers	13.4	13.7	(2.2)	13.4	13.5	13.6	13.6	13.7
Employees[3]	30,812	30,896	(0.3)	30,812	30,851	30,772	30,738	30,896
Branches	3,786	4,118	(8.1)	3,786	3,886	4,012	4,061	4,118
of which Retail	3,571	3,918	(8.9)	3,571	3,672	3,797	3,846	3,918
ATMs	8,827	9,111	(3.1)	8,827	8,851	8,982	9,041	9,111

(1) The ratio in 2020 excludes the gains on the partial sale of the stake in Comercia Global payments (€+420 million), and in 2019, the extraordinary expenses related to the labour agreement in 2Q19 (€-685 million, net).
The coupon for the part of the AT1 issue assigned to this business has also been deducted.
(2) Cost of risk 12 months.
(3) The number of employees in 1Q20 is deducted by the departures that took place on 1 April within the early retirement scheme.

The following highlights shaped the performance of the banking and insurance business (+ 32.2% on 2019):

- **Gross income stands at €7,623 million (-0.5%)**, practically stable despite the difficult economic scenario:
  - Core income dropped 0.9% with respect to 2019:
    - **Net interest income reached €4,533 million** (-2.7% with respect to 2019) due to, among other factors, the lower return on loans and on the fixed-income portfolio and lower income from financing the Equity investments business, which are partially offset by higher income from the measures established by the ECB at the end of 2019, a higher volume of loans, lower wholesale funding expenses and higher contribution of the insurance business.
    - **Fee and commission income** reached **€2,330 million** (-0.4% on 2019):
      - The reduction in banking fees and commissions (-3.4%) is mainly due to lower e-payment fees, which are partially compensated by a rise in wholesale banking fees. The rest of lines of banking fees and commissions have shown resilience to the current economic scenario.
      - Lower fees and commissions from the sale of insurance products due to the drop of commercial activity (-8.6%), especially during the second quarter of 2020.
      - Increase in commissions from mutual funds, managed accounts and SICAVs of 2.5% and in commissions from managing pension plans of 5.9% despite the market volatility in 2020.
      - Growth in Unit Link fees and commissions, +22.2%, due to managing considerably more assets as a result of further activity.
    - **Income and expense under insurance or reinsurance contracts** shows a solid growth (+7.5%).
  - **Trading income** stands at €249 million, up 4.3% compared to 2019.
  - **Other operating income and expense** totalled €-338 million in 2020 versus €-369 million in 2019 (down 8.5%), mainly due to higher income associated with SegurCaixa Adeslas' earnout. It includes the contribution paid to the SRF and the DGF in both years.
- **Recurring administrative expenses, depreciation and amortisation** drop with respect to 2019 and amounted to €4,137 million, down 3.9%, after an active management of the cost base and lower expenses incurred in the context of Covid-19. Personnel expenses in particular show a reduction (-4.8%), mainly as a result of the **labour agreement** reached in the second quarter of 2019 (with a cost of €978 million) and the early retirements of the second quarter of 2020.
- **Allowances for insolvency risk** amounted to €-1,895 million after increasing the coverage for credit risk and including provisions made to anticipate future impacts associated with Covid-19 for €1,154.

  The cost of risk (12 months) stands at 0.83%.
- **Other charges to provisions** in the first quarter of 2020 included a total of €-109 million associated with early retirements. In 2019 higher provisions for contingencies with a conservative estimate.
- **Gains/(losses) on disposal of assets and others** stood at €+216 million (€-169 million in the previous year). The performance is mainly impacted by the recognition in 2020 of the gains on the partial sale of the stake in Comercia Global payments for an amount of €420 million.

The performance in the fourth quarter amounts to €843 million (€453 million in the previous quarter), highlighting:

- **Gross income** stood at €1,905 million, down 2.7% on the previous quarter.

  - **Core income rose 2.0%.**

    Net interest income increased 1.6%, partly due to a lower cost of wholesale funding as a consequence of the drop of the rate curve and to a higher contribution from financial intermediaries, particularly after recognising the financing taken from the ECB, which accrues at the interest rate effective in each of its tranches as of the last quarter.

    Fee and commission income grew 4.2%. The better performance of fees and commissions from long-term savings (+12.5%) is partially compensated by the lower banking fees and commissions (-1.0%), especially from wholesale banking (-14.3%).

  - **Other operating income and expense** includes, in the fourth quarter of 2020, the contribution to the Deposit Guarantee Fund (DGF) of €-243 million and, as in the fourth quarter of the previous year, one-off income associated with the SegurCaixa Adeslas' earnout (€135 million).

- **Operating expenses** dropped 2.8% with respect to the previous quarter.

- Higher **Allowances for insolvency risk** in the fourth quarter of 2020, due to the higher provisions.

- **Gains/(losses) on disposal of assets and others** stood at €311 million (€-44 million in the previous quarter) and includes the aforementioned partial sale of Comercia.

The following table shows business activity and asset quality indicators at 31 December 2020:

- **Loans and advances to customers, gross stood at €218,277 million** (+7.5% in the year), mainly meeting the financing demands of businesses and self-employed workers.
- **Customer funds stood at €382,794 million** (+8.0% in the year). Its performance is impacted by the increase of on-balance sheet funds (+9.2%), especially driven by demand deposits (+15.9%), and by the markets' recovery, which together with the positive subscriptions results in an annual growth of assets under management (+4.4%).
- The **NPL ratio** decreased to 3.4% (-30 basis points) and the **coverage ratio rose to 65%**, up 12pp in the year following the increase of provisions.

€ million	**31 Dec. 2020**	**30 Sep.2020**	**Change %**	**31 Dec. 2019**	**Change %**
BALANCE SHEET					
Assets	410,690	408,955	0.4	355,416	15.6
Liabilities	389,083	388,094	0.3	334,333	16.4
Assigned capital	21,582	20,837	3.6	21,054	2.5
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**106,941**	**108,282**	**(1.2)**	**111,300**	**(3.9)**
Home purchases	73,586	74,513	(1.2)	77,104	(4.6)
Other	33,355	33,768	(1.2)	34,196	(2.5)
of which: Consumer lending	12,753	13,033	(2.1)	13,403	(4.8)
Loans to business	**96,331**	**97,394**	**(1.1)**	**81,835**	**17.7**
Corporates and SMEs	90,767	91,694	(1.0)	75,977	19.5
Real estate developers	5,564	5,700	(2.4)	5,858	(5.0)
Public sector	**15,005**	**11,013**	**36.2**	**9,968**	**50.5**
Loans and advances to customers, gross	**218,277**	**216,688**	**0.7**	**203,103**	**7.5**
of which: Performing loans	210,584	208,617	0.9	195,385	7.8
of which: Non-performing loans	7,693	8,071	(4.7)	7,718	(0.3)
Provisions for insolvency risk	(5,105)	(5,219)	(2.2)	(4,167)	22.5
Loans and advances to customers, net	**213,172**	**211,469**	**0.8**	**198,936**	**7.2**
Contingent liabilities	15,254	15,605	(2.2)	15,281	(0.2)
CUSTOMER FUNDS					
Customer funds	216,432	212,744	1.7	195,723	10.6
Demand deposits	202,980	196,723	3.2	175,077	15.9
Time deposits	13,451	16,021	(16.0)	20,646	(34.8)
Insurance contract liabilities	59,360	58,016	2.3	57,446	3.3
of which: Unit Link and other	14,607	12,896	13.3	12,249	19.2
Reverse repurchase agreements and other	2,044	1,570	30.2	1,278	59.9
On-balance sheet funds	**277,835**	**272,330**	**2.0**	**254,447**	**9.2**
Mutual funds, managed accounts and SICAVs	65,852	62,092	6.1	63,189	4.2
Pension plans	35,328	33,662	4.9	33,732	4.7
Assets under management	**101,180**	**95,754**	**5.7**	**96,921**	**4.4**
Other accounts	**3,778**	**4,732**	**(20.2)**	**3,129**	**20.7**
Total customer funds	**382,794**	**372,816**	**2.7**	**354,497**	**8.0**
ASSET QUALITY					
Non-performing loan ratio (%)	3.4%	3.6%	(0.2)	3.7%	(0.3)
Non-performing loan coverage ratio (%)	65%	63%	2	53%	12

Insurance activity

The banking and insurance business embraces all activity carried out by the Group's various insurance firms, mainly VidaCaixa de Seguros y Reaseguros and BPI Vida e Pensões. These companies offer a highly specialised range of life insurance, pensions and general insurance products, all of which are marketed to the Group's customer base. The following table shows the income statement of the Group's **insurance firms**[1]**, which came to €888 million**, up **11.7%** with respect to 2019.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Net interest income	**342**	**316**	**8.4**	**85**	**87**	**87**	**83**	**78**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	220	192	14.5	68	78	41	33	38
Net fee and commission income	(62)	(68)	(9.5)	8	(24)	(21)	(25)	(7)
Trading income	5	57		2	1	2	0	
Income and expense under insurance or reinsurance contracts	598	556	7.5	156	150	141	150	149
Other operating income and expense	136	79	73.0	136		1		77
Gross income	**1,239**	**1,132**	**9.5**	**455**	**292**	**252**	**241**	**335**
Recurring administrative expenses, depreciation and amortisation	(127)	(121)	5.6	(30)	(32)	(32)	(33)	(30)
Extraordinary expenses								
Pre-impairment income	**1,112**	**1,011**	**10.0**	**424**	**260**	**220**	**208**	**305**
Pre-impairment income stripping out extraordinary expenses	**1,112**	**1,011**	**10.0**	**424**	**260**	**220**	**208**	**305**
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others								
Profit/(loss) before tax	**1,112**	**1,011**	**10.0**	**424**	**260**	**220**	**208**	**305**
Income tax expense	(224)	(216)	3.5	(64)	(54)	(54)	(52)	(56)
Profit/(loss) after tax	**888**	**795**	**11.7**	**360**	**206**	**166**	**156**	**249**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**888**	**795**	**11.7**	**360**	**206**	**166**	**156**	**249**

- **Net interest income** includes the margin on life savings insurance products, which were up 8.4% on the year 2019, mainly due to a higher volume managed.
- **Share of profit/(loss) of entities accounted for using the equity method** shows the contribution made by SegurCaixa Adeslas, 49.9 % of which is owned by VidaCaixa, with a significant improvement of its annual earnings (+14.5%), and especially that of the fourth quarter with respect to the same period of 2019 due to a reduction in the claims ratio and extraordinary impacts in the context of Covid-19. The previous quarter includes higher results attributed due to the positive seasonal factors typically seen in the third quarter.
- **Net fee and commission income**[2] is the net result of:
  - The fees and commissions received by VidaCaixa from managing Unit Linked products and pension plans.
  - The fees and commissions the insurance firms pay the banks for marketing their products.

  Fee and commission income grew in the fourth quarter due to managing more assets, largely as a result of an improvement of the markets, and extraordinary impacts, mainly success fees from Unit Link and pension plans.
- **Trading income** includes in the year 2019 the realisation of gains from fixed-income assets.
- **Income and expense under insurance or reinsurance contracts**, which shows the margin obtained from the difference between premia and the technical provisions, claims and other expenses of life-risk products, consolidated its growth rising to 7.5% on the same period of the previous year.
- **Other operating income and expense** includes, in the fourth quarter of 2020, the one-off income associated with SegurCaixa Adeslas' last earnout for €135 million (€79 million in 2019).

(1) At company level prior to consolidation adjustments.

(2) The commercial network in Spain also receives fees from SegurCaixa Adeslas for distributing its 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.

Equity investments business

In the year 2020, the equity investments business stood at €-194 million (€313 million in 2019):

- The **Net interest income** corresponds to the cost of financing the investee business. The year-on-year fall is mainly due to the reduction of the average balance financed and lower funding expenses due to adapting the rate to market conditions.

- The **Dividend income** amounts to €140 million and includes €100 million from Telefónica (€104 million in the same period of 2019) and €40 million from BFA (€46 million in 2019).

  In 2019 Telefónica's total dividend paid in the year accrued in the second quarter, whereas in 2020 the total dividend accrued in the second and fourth quarter.

- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €46 million (€184 million in 2019) due to the lower results attributed in the current economic scenario.

- **Trading income** in 2019 includes the gains from hedge contracts on investees.

- **Gains/(losses) on disposal of assets and others** includes in 2020 the provision established on the interest held in Erste Group Bank.

- **Income tax** includes in 2019 the reversal of provisions previously set up to address tax liabilities that are not expected to be required.

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
Net interest income	**(78)**	**(124)**	**(37.4)**	**(13)**	**(17)**	**(22)**	**(25)**	**(26)**
Dividend income	140	151	(7.2)	50		90		
Share of profit/(loss) of entities accounted for using the equity method	46	184	(75.0)	10	29	(4)	11	33
Net fee and commission income								
Trading income	(9)	35		(1)	(3)	(4)	(2)	(11)
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(3)			(3)				
Gross income	**97**	**246**	**(60.7)**	**43**	**9**	**60**	**(15)**	**(4)**
Recurring administrative expenses, depreciation and amortisation	(4)	(4)		(1)	(1)	(1)	(1)	(1)
Extraordinary expenses								
Pre-impairment income	**93**	**242**	**(61.7)**	**42**	**8**	**59**	**(16)**	**(5)**
Pre-impairment income stripping out extraordinary expenses	**93**	**242**	**(61.7)**	**42**	**8**	**59**	**(16)**	**(5)**
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others	(311)			(311)				
Profit/(loss) before tax	**(218)**	**242**		**(269)**	**8**	**59**	**(16)**	**(5)**
Income tax expense	24	71	(65.6)	7	5	5	7	11
Profit/(loss) after tax	**(194)**	**313**		**(262)**	**13**	**64**	**(9)**	**6**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**(194)**	**313**		**(262)**	**13**	**64**	**(9)**	**6**
ROTE stripping out one-off impacts[1]	14.4%	26.8%	(12.4)	14.4%	7.8%	13.8%	22.4%	26.8%

(1) In 2020 the provision corresponding to the stake in Erste Group Bank is excluded (€- 311 million, net). In addition, the coupon for the part of the AT1 issue assigned to this business has been deducted in both years.

€ million	31 Dec. 2020	30 Sep. 2020	Change %	31 Dec. 2019	Change %
BALANCE SHEET					
Assets					
Investments (Financial assets at fair value with changes in OCI and Investments in JVs and associates) and other	3,267	3,515	(7.1)	4,554	(28.3)
Liabilities					
Intra-group financing and other liabilities	2,565	2,799	(8.4)	3,533	(27.4)
Assigned capital[1]	**702**	**716**	**(1.9)**	**1,021**	**(31.2)**

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

BPI

Profit from the banking business of BPI amounted to €174 million (-47.6% with respect to 2019).

€ million	2020	2019	Change %	4Q20	3Q20	2Q20	1Q20	4Q19
INCOME STATEMENT								
Net interest income	**444**	**416**	**6.8**	**118**	**109**	**109**	**108**	**108**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	18	21	(13.4)	4	5	4	5	6
Net fee and commission income	245	258	(4.9)	67	59	57	61	65
Trading income	(2)	24		6	4	2	(14)	10
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(15)	(17)	(12.0)	7	(1)	(11)	(9)	1
Gross income	**690**	**702**	**(1.7)**	**201**	**177**	**161**	**151**	**190**
Recurring administrative expenses, depreciation and amortisation	(439)	(463)	(5.2)	(99)	(115)	(109)	(116)	(115)
Extraordinary expenses		(1)						(1)
Pre-impairment income	**252**	**238**	**5.8**	**103**	**62**	**52**	**35**	**74**
Pre-impairment income stripping out extraordinary expenses	**252**	**239**	**5.3**	**103**	**62**	**52**	**35**	**75**
Allowances for insolvency risk	(21)	197		(8)	6	(32)	13	133
Other charges to provisions	(19)	3		(18)	0	(1)	(0)	3
Gains/(losses) on disposal of assets and others	28	2		25	2	1		(1)
Profit/(loss) before tax	**239**	**440**	**(45.6)**	**101**	**71**	**20**	**47**	**209**
Income tax expense	(65)	(108)	(39.4)	(28)	(15)	(7)	(16)	(49)
Profit/(loss) after tax	**174**	**332**	**(47.6)**	**73**	**55**	**13**	**32**	**160**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**174**	**332**	**(47.6)**	**73**	**55**	**13**	**32**	**160**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	1.78	1.89	(0.11)	1.78	1.78	1.77	1.81	1.87
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	142	153	(7.3)	37	35	33	37	40
Sale of insurance products	57	53	7.3	19	13	12	12	12
Mutual funds, managed accounts and SICAVs	32	36	(13.4)	8	8	8	8	9
Pension plans	1	1	3.6	0	0	0	0	
Unit Link and other	14	15	(2.6)	3	4	4	3	4
Net fee and commission income	**245**	**258**	**(4.9)**	**67**	**59**	**57**	**61**	**65**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(239)	(246)	(2.7)	(55)	(61)	(61)	(62)	(62)
General expenses	(138)	(150)	(8.2)	(27)	(37)	(37)	(36)	(36)
Depreciation and amortisation	(61)	(67)	(7.9)	(16)	(16)	(11)	(19)	(17)
Recurring admin. expenses, depreciation and amortisation	**(439)**	**(463)**	**(5.2)**	**(99)**	**(115)**	**(109)**	**(116)**	**(115)**
Extraordinary expenses		**(1)**						**(1)**
OTHER INDICATORS								
Core income	707	695	1.8	189	174	169	174	178
ROTE stripping out one-off impacts[1]	4.2%	7.5%	(3.3)	4.2%	4.3%	5.4%	6.3%	7.5%
Cost-to-income ratio stripping out ext. exp. (12 months)	63.5%	66.0%	(2.4)	63.5%	67.0%	66.3%	67.8%	66.0%
Customers	1.9	1.9	1.4	1.9	1.9	1.9	1.9	1.9
Employees	4,622	4,840	(4.5)	4,622	4,766	4,817	4,831	4,840
Branches	422	477	(11.5)	422	429	448	454	477

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

- *Release of provisions (PPA) corresponding to the quarterly recalculation carried out by the passing of time in relation to the expected credit losses associated with the credit risk adjustments made at the time BPI was acquired (€46 million in 12M20 and €130 million in 12M19)*
- *Extraordinary expenses*
- *Deduction of the coupon for the part of the AT1 issue assigned to this business*

- Gross income stands at €690 million, down 1.7% with respect to the previous year mainly due to lower Trading income.
  - Core income up 1.8%.
    - **Net interest income** totalled €444 million, with a 6.8% and 7.6% increase compared to the previous year and quarter, respectively, mainly due to higher contribution of financial intermediaries as well as the loan and advances portfolio increase.
    - **Fee and commission income** stand at €245 million, down 4.9% year-on-year mainly due to lower banking fees and commissions. With respect to the third quarter of 2020, they grew 13.5%.
  - **Trading income** amounted to €-2 million in 2020 (€+24 million in 2019) and mainly includes the value update of financial assets.
  - **Other operating income and expense** includes the contribution paid to the SRF and the Portuguese Fundo de Resoluçao (€-21 million in 2020 and €-18 million in 2019).
- **Recurring administrative expenses, depreciation and amortisation** dropped 5.2%. The drop in depreciation and amortisation in the second quarter of 2020 is due to, among other factors, the review of the software's depreciable lifecycle[1], including the retroactive impact in the previous quarter.
- **Allowances for insolvency risk** stood at €-21 million and includes the provision recognised anticipating future impacts associated with Covid-19 for **€97 million**. It also includes other charges to provisions made by BPI, net of the use of funds[2] for credit risk established at the time the Portuguese bank was acquired by CaixaBank in February 2017.
- **Other charges to provisions** in the fourth quarter of 2020 included, among other items, the recognition of the cost associated with the early retirement scheme.
- **Gains/(losses) on disposal of assets and others** includes one-off income associated with the release of asset coverage established due to the business combination, which is estimated as unnecessary.

(1) Based on a collaboration with an independent expert in an exercise to adapt the depreciable life of software developed internally.

(2) In 2020 the use of funds reached €125 million, compared to the €153 million in the same period of the previous year.

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 €25,647 million, up 5.5% in the year, boosted by loans to individuals (+5.2%), with an increase in home purchases (+5.4%) and consumer lending (+6.9), and loans to business (6.6%), the latter marked by government guaranteed loans.
- **Customer funds stood at €32,614 million**, up 9.5% in the year as a result of the increase of On-balance sheet funds (+13.1%), especially Demand deposits (+19.8%).
- BPI's **NPL ratio** fell to 2.3% (-70 basis points in the year), as per the CaixaBank Group's NPL classification criteria.
- The NPL coverage ratio, including the provisions posted by CaixaBank due to the business combination, came to 88% (+10 pp).

€ million	**31 Dec. 2020**	**30 Sep. 2020**	**Change %**	**31 Dec. 2019**	**Change %**
BALANCE SHEET					
Assets	37,564	36,840	2.0	31,444	19.5
Liabilities	34,595	33,867	2.2	28,397	21.8
Assigned capital	2,969	2,974	(0.1)	3,047	(2.6)
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**13,708**	**13,475**	**1.7**	**13,034**	**5.2**
Home purchases	11,989	11,788	1.7	11,371	5.4
Other	1,719	1,687	1.9	1,663	3.3
of which: Consumer lending	1,417	1,376	3.0	1,325	6.9
Loans to business	**10,094**	**9,957**	**1.4**	**9,473**	**6.6**
Corporates and SMEs	9,938	9,758	1.8	9,268	7.2
Real estate developers	156	198	(21.5)	205	(24.0)
Public sector	**1,845**	**1,756**	**5.1**	**1,796**	**2.7**
Loans and advances to customers, gross	**25,647**	**25,188**	**1.8**	**24,303**	**5.5**
of which: Performing loans	25,070	24,533	2.2	23,621	6.1
of which: Non-performing loans	576	655	(12.0)	682	(15.5)
Provisions for insolvency risk	(515)	(537)	(4.0)	(537)	(4.0)
Loans and advances to customers, net	**25,131**	**24,652**	**1.9**	**23,766**	**5.7**
Contingent liabilities	1,616	1,551	4.2	1,575	2.6
CUSTOMER FUNDS					
Customer funds	25,802	25,116	2.7	22,809	13.1
Demand deposits	17,344	16,750	3.5	14,475	19.8
Time deposits	8,458	8,366	1.1	8,334	1.5
Reverse repurchase agreements and other	13	14	(9.3)	16	(20.6)
On-balance sheet funds	**25,815**	**25,130**	**2.7**	**22,825**	**13.1**
Mutual funds, managed accounts and SICAVs	5,463	5,074	7.7	5,395	1.3
Assets under management	**5,463**	**5,074**	**7.7**	**5,395**	**1.3**
Other accounts	**1,336**	**1,402**	**(4.7)**	**1,569**	**(14.8)**
Total customer funds	**32,614**	**31,606**	**3.2**	**29,789**	**9.5**
Memorandum items					
Insurance contracts sold[1]	4,334	4,340	(0.1)	4,555	(4.8)
ASSET QUALITY					
Non-performing loan ratio (%)	2.3%	2.7%	(0.4)	3.0%	(0.7)
Non-performing loan coverage ratio (%)	88%	81%	7	78%	10

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

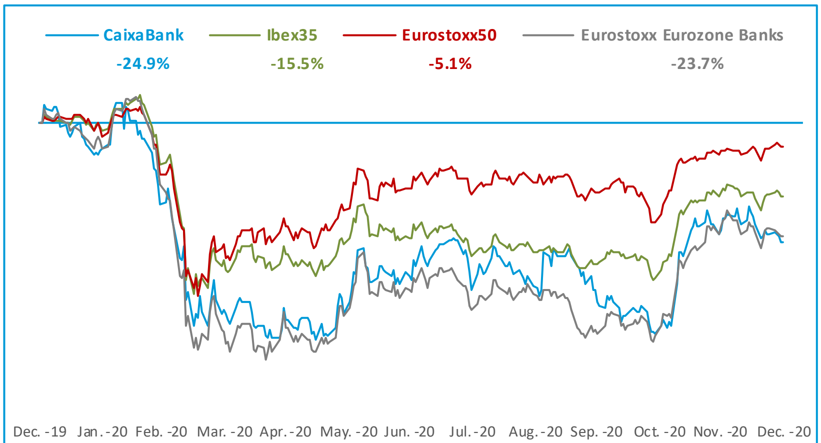
The CaixaBank **share**

- The **CaixaBank share** closed trading on 31 December 2020 at €2.101/share, up 15.9% in the fourth quarter (vs +35.4% of the EURO STOXX Banks European selective and +50.4% of the IBEX 35 Banks), restraining the fall in the year to -24.9% (vs a variation of -23.7% EURO STOXX Banks and -27.3% IBEX 35 Banks). The general indices registered a relatively better performance than the selective bank benchmarks: EURO STOXX 50 decreased by 5.1% (11.2% in the quarter) and IBEX 35 fell by 15.5% (20.2% in the quarter).

  The year 2020 has been undoubtedly marked by the Covid-19 pandemic, with all its consequences, resulting in historical stock market slumps in the first half of the year and extreme market volatility. However, despite the new outbreaks and restrictions on mobility, investor appetite in the stock markets regained traction in the last quarter, driven by the development of vaccines against Covid-19, the result of the US presidential election, the end of the impasse in the European recovery plan (Next Generation EU) talks and, late in the year, the signing of the Brexit trade agreement and a new US fiscal stimulus package. Specifically in the European banking sector, the partial rectification of the ECB's recommendation of not distributing dividends and the improved conditions of TLTRO III also contributed to a slight recovery of the stock market prices in the last quarter of 2020.

- In the fourth quarter of 2020, the total number of shares traded[1] increased 8.3% with respect to the same period of the previous year and 9.9% on the third quarter of 2020. In addition, the trading volume[1] in euros of the share was 19.6% down on the volume of shares traded in the fourth quarter of 2019 and 8.4% up on the previous quarter.

(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

	31 Dec. 2020
Market capitalisation (€ million)	12,558
Number of outstanding shares[1]	5,977,377
Share price (€/share)	
Share price at the beginning of the period (31 Dec. 2019)	2,798
Share price at closing of the period (31 Dec. 2020)	2.101
Maximum price[2]	2.913
Minimum price[2]	1.522
Trading volume in 2020 (number of shares, excluding special transactions, in thousands)	
Maximum daily trading volume	91,038
Minimum daily trading volume	3,839
Average daily trading volume	23,637
Stock market ratios	
Adjusted profit attributable to the Group (€ million) (12 months)	1,238
Average number of shares (12 months)[1]	5,977,509
Net income attributable per share (EPS) (€/share)	**0.21**
Net equity excluding minority interests (€ million)	25,252
Number of shares at 31 Dec. 2020[1]	5,977,377
Book value (€/share)	**4.22**
Net equity excluding minority interests (tangible) (€ million)	20,889
Number of shares at 31 Dec. 2020[1]	5,977,377
Tangible book value (€/share)	**3.49**
PER (Price/Profit)	**10.14**
P/tangible BV (Market value / tangible book value)	**0.60**
Dividend yield[3]	**3.33%**

(1) Number of shares, in thousands, excluding treasury shares
(2) Price at close of trading.
(3) Calculated by dividing the remuneration for the financial year 2019 (0.07 euros/share) by the closing price at the end of the period (2.101 euros/share).

Shareholder returns

- On 15 April 2020, 0.07 euros were paid per share, resulting in a payout of 24.6%. This was the total shareholder remuneration charged to 2019 profits.
- As regards the dividend policy in force comprising the distribution of a cash dividend above 50% of the consolidated net profit, the Board of Directors agreed to modify it exclusively for 2020 as a show of prudence and social responsibility, limiting the distribution to a cash dividend of no more than 30% of the reported consolidated net profit[4].
- The Board of Directors has agreed to submit the distribution of a 0.0268€ gross cash dividend per share against 2020 Fiscal Year profits for approval at the next Annual General Meeting, which is expected to be paid during the second quarter. The approval of this dividend at the Annual General Meeting, if applicable, as well as the specific payment conditions, among which will be, in any case, the execution of the merger with Bankia, will be disclosed to the market in due time. The payment of this dividend will entail that shareholder remuneration for the 2020[5] Fiscal Year is equivalent to 15% of the proforma adjusted consolidated net profit of Bankia and CaixaBank, and is aligned with the recommendation issued by the European Central Bank. The dividend is payable to all the shares outstanding at the time of payment. Furthermore, it has been agreed to revoke the former dividend policy and to announce a new policy in due time, after the expected merger with Bankia, and once the new Board had reviewed and approved the 2021 budget.

(4) See Inside Information # 119 in CNMV (26 March 2020) for further detail.

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

Appendices

Investment portfolio

Main investees at 31 December 2020:

CaixaBank	%	Business segment
Telefónica[1]	4.9%	Equity Investments
Erste Group Bank	9.9%	Equity Investments
Coral Homes	20.0%	Equity Investments
SegurCaixa Adeslas	49.9%	Banking and insurance
Comercia Global Payments	20.0%	Banking and insurance
BPI	100.0%	BPI
BFA	48.1%	Equity Investments
Banco Comercial e de Investimentos (BCI)	35.7%	Equity Investments

(1) 4.7% after the last scrip dividend payable in cash (as of 5 January 2021, date of registration in the Companies Registry of the capital increase as part of the aforementioned scrip dividend).

Ratings

	Issuer Rating						
Agency	**Long-Term**	**Short-Term**	**Outlook**	**Senior Preferred Debt**	**Last review date**	**Rating mortgage covered bonds**	**Last date review mortgage covered bonds**
S&P Global	BBB+	A-2	Stable	BBB+	23 Sep. 2020	AA	19 Mar. 2019
Fitch Ratings	BBB+	F2	Negative	A-	29 Sep. 2020	-	-
Moody's	Baa1	P-2	Stable	Baa1	22 Sep. 2020	Aa1	17 Apr. 2018
DBRS	A	R-1 (low)	Stable	A	30 Mar. 2020	AAA	15 Jan. 2021

Glossary

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).

Note: The average balances are calculated as the average value of the individual closing balances of each month of the analysed period.

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Annualised quarterly income from loans and advances to customers	4,745	4,617	4,452	4,364	4,352
Denominator	Net average balance of loans and advances to customers	214,376	214,295	224,866	227,006	229,195
(a)	**Average yield rate on loans (%)**	**2.21**	**2.15**	**1.98**	**1.92**	**1.90**
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	44	44	32	36	16
Denominator	Average balance of on-balance sheet retail customers funds	217,239	215,772	228,742	237,387	240,052
(b)	**Average cost rate of retail customer funds (%)**	**0.02**	**0.02**	**0.01**	**0.02**	**0.01**
	Customer spread (%) (a - b)	**2.19**	**2.13**	**1.97**	**1.90**	**1.89**

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 are calculated as the average value of the individual closing balances of each month of the analysed period.

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Annualised quarterly interest income	7,038	6,761	6,664	6,767	6,863
Denominator	Average total assets for the quarter	407,407	398,813	423,859	450,730	456,953
(a)	**Average return rate on assets (%)**	**1.73**	**1.70**	**1.57**	**1.50**	**1.50**
Numerator	Annualised quarterly interest expenses	2,154	1,935	1,737	1,906	1,878
Denominator	Average total funds for the quarter	407,407	398,813	423,859	450,730	456,953
(b)	**Average cost of fund rate (%)**	**0.53**	**0.49**	**0.41**	**0.42**	**0.41**
	Balance sheet spread (%) (a - b)	**1.20**	**1.21**	**1.16**	**1.08**	**1.09**

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.

Note: The average balances are calculated as the average value of the individual closing balances of each month of the analysed period.

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

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Profit/(loss) attributable to the Group 12M	1,705	1,262	1,289	1,166	1,381
(b)	Additional Tier 1 coupon	(133)	(143)	(133)	(133)	(143)
Numerator	**Adjusted profit/(loss) attributable to the Group 12M (a+b)**	**1,572**	**1,119**	**1,156**	**1,033**	**1,238**
(c)	Average shareholder equity 12M	25,575	25,816	25,947	26,144	26,406
(d)	Average valuation adjustments 12M	(843)	(985)	(1,187)	(1,416)	(1,647)
Denominator	**Average shareholder equity + valuation adjustments 12M (c+d)**	**24,732**	**24,831**	**24,760**	**24,728**	**24,759**
	ROE (%)	**6.4%**	**4.5%**	**4.7%**	**4.2%**	**5.0%**
	ROE (%) excluding labour agreement	**9.0%**	**7.1%**	**-**	**-**	**-**

d) ROTE:

Explanation: quotient between:

- Profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon, reported in shareholder equity).
- 12-month average shareholder equity plus valuation adjustments 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).

Note: The average balances are calculated as the average value of the individual closing balances of each month of the analysed period.

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

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Profit/(loss) attributable to the Group 12M	1,705	1,262	1,289	1,166	1,381
(b)	Additional Tier 1 coupon	(133)	(143)	(133)	(133)	(143)
Numerator	**Adjusted profit/(loss) attributable to the Group 12M (a+b)**	**1,572**	**1,119**	**1,156**	**1,033**	**1,238**
(c)	Average shareholder equity 12M	25,575	25,816	25,947	26,144	26,406
(d)	Average valuation adjustments 12M	(843)	(985)	(1,187)	(1,416)	(1,647)
(e)	Average intangible assets 12M	(4,248)	(4,243)	(4,247)	(4,266)	(4,295)
Denominator	**Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)**	**20,484**	**20,587**	**20,513**	**20,462**	**20,463**
	ROTE (%)	**7.7%**	**5.4%**	**5.6%**	**5.0%**	**6.1%**
	ROTE (%) excluding labour agreement	**10.8%**	**8.5%**	**-**	**-**	**-**

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.

Note: The average balances are calculated as the average value of the individual closing balances of each month of the analysed period.

Purpose: measures the level of return relative to assets.

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Profit/(loss) after tax and before minority interest 12M	1,708	1,263	1,287	1,166	1,382
(b)	Additional Tier 1 coupon	(133)	(143)	(133)	(133)	(143)
Numerator	**Adjusted net profit 12M (a+b)**	**1,575**	**1,120**	**1,154**	**1,032**	**1,238**
Denominator	**Average total assets 12M**	**403,842**	**405,070**	**410,410**	**421,331**	**433,785**
	ROA (%)	**0.4%**	**0.3%**	**0.3%**	**0.2%**	**0.3%**
	ROA (%) excluding labour agreement	**0.6%**	**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.

Note: The average balances are calculated as the average value of the individual closing balances of each month of the analysed period.

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

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Profit/(loss) after tax and before minority interest 12M	1,708	1,263	1,287	1,166	1,382
(b)	Additional Tier 1 coupon	(133)	(143)	(133)	(133)	(143)
Numerator	**Adjusted net profit 12M (a+b)**	**1,575**	**1,120**	**1,154**	**1,032**	**1,238**
Denominator	**Risk-weighted assets (regulatory) 12M**	**148,114**	**148,213**	**148,099**	**147,667**	**146,709**
	RORWA (%)	**1.1%**	**0.8%**	**0.8%**	**0.7%**	**0.8%**
	RORWA (%) excluding labour agreement	**1.5%**	**1.2%**	**-**	**-**	**-**

g) Core Income:

Explanation: total of net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

Purpose: measures the recurring income stemming from the traditional business of the Group (banking and insurance).

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Net interest income	1,231	1,200	1,225	1,222	1,253
(b)	Equity method - SCA	37	32	41	78	67
(c)	Equity method - BPI Banca seguros	4	5	3	5	4
(d)	Net fee and commission income	694	658	608	638	671
(e)	Income and expense under insurance or reinsurance contracts	149	150	141	150	156
	Core Income (a+b+c+d+e)	**2,115**	**2,045**	**2,019**	**2,094**	**2,152**

h) Cost-to-income ratio:

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

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Administrative expenses, depreciation and amortisation 12M	5,750	5,734	4,709	4,659	**4,579**
Denominator	Gross income 12M	8,605	8,479	8,277	8,255	**8,409**
	Cost-to-income ratio	66.8%	67.6%	56.9%	56.4%	54.5%

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,771	4,755	4,707	4,658	**4,579**
Denominator	Gross income 12M	8,605	8,479	8,277	8,255	**8,409**
	Cost-to-income ratio stripping out extraordinary expenses	55.4%	56.1%	56.9%	56.4%	54.5%

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M	4,771	4,755	4,707	4,658	**4,579**
Denominator	Core income 12M	8,316	8,334	8,296	8,272	**8,310**
	Core cost-to-income ratio	57.4%	57.0%	56.7%	56.3%	55.1%

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.

Note: The average balances are calculated as the average value of the closing balances of each month of the analysed period.

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Allowances for insolvency risk 12M	376	768	1,506	1,682	**1,915**
Denominator	Average of gross loans + contingent liabilities 12M	243,143	244,477	247,898	251,400	**255,548**
	Cost of risk (%)	0.15%	0.31%	0.61%	0.67%	0.75%

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 and quality of the loan portfolio.

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	Non-performing loans and contingent liabilities	8,794	8,957	9,220	9,078	**8,601**
Denominator	Total gross loans and contingent liabilities	244,262	248,602	260,261	259,034	**260,794**
	Non-performing loan ratio (%)	3.6%	3.6%	3.5%	3.5%	3.3%

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; and

Purpose: indicator used to monitor NPL coverage via provisions.

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	**Provisions on loans and contingent liabilities**	4,863	5,218	5,786	5,883	**5,755**
Denominator	**Non-performing loans and contingent liabilities**	8,794	8,957	9,220	9,078	**8,601**
	Coverage ratio (%)	**55%**	**58%**	**63%**	**65%**	**67%**

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.

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Gross debt cancelled at the foreclosure	1,576	1,597	1,626	1,634	1,613
(b)	Net book value of the foreclosed asset	958	961	973	973	930
Numerator	**Total coverage of the foreclosed asset (a - b)**	**618**	**636**	**653**	**661**	**683**
Denominator	**Gross debt cancelled at the foreclosure**	**1,576**	**1,597**	**1,626**	**1,634**	**1,613**
	Real estate available for sale coverage ratio (%)	**39%**	**40%**	**40%**	**40%**	**42%**

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.

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	**Accounting provisions of the foreclosed assets**	**414**	**430**	**445**	**456**	**488**
(a)	Net book value of the foreclosed asset	958	961	973	973	930
(b)	Accounting provisions of the foreclosed assets	414	430	445	456	488
Denominator	**Gross book value of the foreclosed asset (a + b)**	**1,372**	**1,391**	**1,418**	**1,429**	**1,418**
	Real estate available for sale accounting coverage (%)	**30%**	**31%**	**31%**	**32%**	**34%**

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.

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	**High Quality Liquid Assets (HQLAs)**	55,017	73,624	88,655	92,385	**95,367**
(b)	**Available balance under the ECB facility (non- HQLAs)**	34,410	22,603	17,954	18,344	**19,084**
	Total liquid assets (a + b)	**89,427**	**96,227**	**106,609**	**110,729**	**114,451**

b) Loan-to-deposits:

Explanation: quotient between:

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

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	**Loans and advances to customers, net (a-b-c)**	**218,420**	**222,230**	**233,664**	**232,635**	**234,877**
(a)	Loans and advances to customers, gross	227,406	231,367	242,956	241,877	243,924
(b)	Provisions for insolvency risk	4,704	5,061	5,655	5,756	5,620
(c)	Brokered loans	4,282	4,076	3,637	3,485	3,426
Denominator	**On-balance sheet customer funds**	**218,532**	**221,092**	**234,922**	**237,860**	**242,234**
	Loan to Deposits (%)	**100%**	**101%**	**99%**	**98%**	**97%**

4- Stock market ratios

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

*Note: The **average number of shares outstanding** is calculated as average number of shares less the average number of treasury shares. The average is calculated as the average number of shares at the closing of each month of the analysed period*

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Profit/(loss) attributable to the Group 12M	1,705	1,262	1,289	1,166	1,381
(b)	Additional Tier 1 coupon	(133)	(143)	(133)	(133)	(143)
Numerator	**Adjusted profit attributable to the Group (a+b)**	**1,572**	**1,119**	**1,156**	**1,033**	**1,238**
Denominator	**Average number of shares outstanding, net of treasury shares**	**5,978**	**5,978**	**5,978**	**5,978**	**5,978**
	EPS (Earnings per share)	**0.26**	**0.19**	**0.19**	**0.17**	**0.21**

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	**Share price at the end of the period**	2,798	1.700	1.901	1.813	**2.101**
Denominator	**Earnings per share (EPS)**	0.26	0.19	0.19	0.17	**0.21**
	PER (Price-to-earnings ratio)	**10.64**	**9.09**	**9.83**	**10.49**	**10.14**

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

		4Q19	1Q20	2Q20	3Q20	4Q20
Numerator	**Dividends paid (in shares or cash) last year**	0.17	0.07	0.07	0.07	**0.07**
Denominator	**Share price at the end of the period**	2,798	1.700	1.901	1.813	**2.101**
	Dividend yield	**6.08%**	**4.12%**	**3.68%**	**3.86%**	**3.33%**

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

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

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

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

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

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

		4Q19	1Q20	2Q20	3Q20	4Q20
(a)	Equity	25,151	24,217	24,393	24,551	25,278
(b)	Minority interests	(28)	(28)	(25)	(26)	(26)
Numerator	**Adjusted equity (c = a+b)**	**25,123**	**24,189**	**24,368**	**24,525**	**25,252**
Denominator	**Shares outstanding, net of treasury shares (d)**	**5,978**	**5,977**	**5,977**	**5,977**	**5,977**
e= (c/d)	**Book value per share (€/share)**	**4.20**	**4.05**	**4.08**	**4.10**	**4.22**
(f)	Intangible assets (reduce adjusted equity)	(4,255)	(4,256)	(4,295)	(4,313)	(4,363)
g=((c+f)/d)	**Tangible book value per share (€/share)**	**3.49**	**3.33**	**3.36**	**3.38**	**3.49**
(f)	Share price at end the period	2,798	1.700	1.901	1.813	2.101
f/e	**P/BV (Share price divided by book value)**	**0.67**	**0.42**	**0.47**	**0.44**	**0.50**
f/g	**P/TBV tangible (Share price divided by tangible book value)**	**0.80**	**0.51**	**0.57**	**0.54**	**0.60**

Adapting the layout of the public income statement to management format

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

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

Trading income. Includes the following line items:

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

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

- Administrative expenses.
- Depreciation and amortisation.

Pre-impairment income.

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

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

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

Of which: Allowances for insolvency risk.

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

Of which: Other charges to provisions.

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

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

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

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

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

Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

December 2020 € million	
Financial assets at amortised cost - Customers (Public Balance Sheet)	**236,988**
Reverse repurchase agreements (public and private sector)	(232)
Clearing houses	(960)
Other, non-retail, financial assets	(481)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	**85**
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	**2,715**
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	**189**
Provisions for insolvency risk	**5,620**
Loans and advances to customers (gross) using management criteria	**243,924**

Liabilities under the insurance business

December 2020 € million	
Liabilities under the insurance business (Public Balance Sheet)	**75,129**
Capital gains/(losses) under the insurance business (excluding unit link and other)	(15,769)
Liabilities under insurance contracts, using management criteria	**59,360**

Customer funds

December 2020 € million	
Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	**245,167**
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	**(2,312)**
Multi-issuer covered bonds and subordinated deposits	(2,553)
Counterparties and other	241
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	**1,436**
Retail issues and other	1,436
Liabilities under insurance contracts, using management criteria	**59,360**
Total on-balance sheet customer funds	**303,650**
Assets under management	**106,643**
Other accounts[1]	**5,115**
Total customer funds	**415,408**

(1) Includes, among others, transitional funds associated with transfers and collection activity, as well as other funds distributed by the Group.

Institutional issuances for banking liquidity purposes

December 2020 € million	
Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)	**35,813**
Institutional financing not considered for the purpose of managing bank liquidity	**(3,356)**
Securitised bonds	(1,077)
Value adjustments	(930)
Retail	(1,436)
Issues acquired by companies within the group and other	88
Customer deposits for the purpose of managing bank liquidity[1]	**2,553**
Institutional financing for the purpose of managing bank liquidity	**35,010**

(1) A total of €2,520 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)

December 2020 € million	
Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	**1,198**
Other non-foreclosed assets	(312)
Inventories under the heading - Other assets (Public Balance Sheet)	**43**
Foreclosed available for sale real estate assets	**930**
Tangible assets (Public Balance Sheet)	**6,957**
Tangible assets for own use	(4,950)
Other assets	(260)
Foreclosed rental real estate assets	**1,747**

Historical income statement figures for the CABK and BPI perimeters

a) Quarterly performance of the income statement and solvency ratios

	CABK				
€ million	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Net interest income	**1,136**	**1,114**	**1,117**	**1,093**	**1,124**
Dividend income	51	2	51	1	1
Share of profit/(loss) of entities accounted for using the equity method	83	112	39	48	72
Net fee and commission income	603	579	551	597	629
Trading income	54	38	162	(2)	14
Income and expense under insurance or reinsurance contracts	156	150	141	150	149
Other operating income and expense	(131)	(29)	(125)	(53)	(176)
Gross income	**1,953**	**1,965**	**1,936**	**1,834**	**1,813**
Recurring administrative expenses, depreciation and amortisation	(996)	(1,025)	(1,048)	(1,072)	(1,059)
Extraordinary expenses					
Pre-impairment income	**957**	**940**	**887**	**762**	**754**
Pre-impairment income stripping out extraordinary expenses	**957**	**940**	**887**	**762**	**754**
Allowances for insolvency risk	(313)	(267)	(787)	(528)	(221)
Other charges to provisions	(22)	(23)	(40)	(143)	(87)
Gains/(losses) on disposal of assets and others		(44)	(19)	(31)	(84)
Profit/(loss) before tax	**623**	**606**	**41**	**60**	**362**
Income tax expense	(38)	(142)	24	(2)	(75)
Profit/(loss) after tax	**585**	**465**	**65**	**58**	**287**
Profit/(loss) attributable to minority interest and others	1	1	(2)		1
Profit/(loss) attributable to the Group	**584**	**464**	**67**	**58**	**286**
Risk-weighted assets	126,081	128,073	129,849	129,979	129,910
Common Equity Tier 1 (CET1)	*13.6%*	*12.3%*	*12.1%*	*11.8%*	*11.8%*
Total capital	*18.2%*	*16.2%*	*15.8%*	*15.6%*	*15.6%*

	BPI				
€ million	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Net interest income	**117**	**109**	**108**	**107**	**107**
Dividend income			42		1
Share of profit/(loss) of entities accounted for using the equity method	6	10	1	8	9
Net fee and commission income	67	59	57	61	65
Trading income	2	2		(18)	(1)
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	4	(1)	(11)	(9)	1
Gross income	**196**	**178**	**198**	**149**	**182**
Recurring administrative expenses, depreciation and amortisation	(99)	(115)	(109)	(116)	(115)
Extraordinary expenses					(1)
Pre-impairment income	**97**	**63**	**89**	**33**	**66**
Pre-impairment income stripping out extraordinary expenses	**97**	**63**	**89**	**33**	**67**
Allowances for insolvency risk	(8)	6	(32)	13	133
Other charges to provisions	(18)		(1)		3
Gains/(losses) on disposal of assets and others	25	2	1		(1)
Profit/(loss) before tax	**95**	**72**	**57**	**46**	**201**
Income tax expense	(24)	(15)	(9)	(14)	(48)
Profit/(loss) after tax	**71**	**57**	**48**	**32**	**153**
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	**71**	**57**	**48**	**32**	**153**
Risk-weighted assets	17,979	17,657	17,650	17,830	17,970
Common Equity Tier 1 (CET1)	*13.9%*	*13.9%*	*13.8%*	*13.8%*	*13.4%*
Total capital	*17.1%*	*17.1%*	*17.0%*	*17.0%*	*16.6%*

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

		CAIXABANK														
		4Q20			3Q20			2Q20			1Q20			4Q19		
€ million		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions		54,169	139	1.02	51,444	122	0.94	26,180	71	1.08	20,743	36	0.70	22,065	32	0.57
Loans and advances	(a)	206,898	996	1.91	204,992	999	1.94	202,946	1,014	2.01	192,759	1,052	2.20	193,221	1,098	2.25
Debt securities		36,598	54	0.59	37,729	56	0.59	41,689	66	0.63	31,051	57	0.74	29,095	62	0.85
Other assets with returns		66,736	412	2.45	65,052	410	2.51	63,272	395	2.51	64,733	423	2.63	64,826	468	2.86
Other assets		59,320	3	-	58,759	1	-	58,689	2	-	60,709	4	-	69,921	1	-
Total average assets	**(b)**	**423,721**	**1,604**	**1.51**	**417,976**	**1,588**	**1.51**	**392,776**	**1,548**	**1.59**	**369,995**	**1,572**	**1.71**	**379,128**	**1,661**	**1.74**
Financial Institutions		58,583	(63)	0.43	58,829	(61)	0.41	43,933	(34)	0.31	28,433	(39)	0.55	27,374	(50)	0.73
Retail customer funds	(c)	214,664	(5)	0.01	212,470	(10)	0.02	204,633	(10)	0.02	192,869	(13)	0.03	194,650	(12)	0.03
Demand deposits		198,329	(5)	0.01	194,129	(8)	0.02	184,622	(8)	0.02	171,593	(8)	0.02	172,200	(7)	0.02
Maturity deposits		16,336		0.01	18,341	(2)	0.04	20,011	(2)	0.03	21,275	(5)	0.09	22,450	(5)	0.10
Time deposits		13,072	(1)	0.03	15,262	(2)	0.04	16,898	(2)	0.04	18,575	(4)	0.09	19,511	(5)	0.10
Retail repurchase agreements and marketable debt securities		3,263		(0.05)	3,079		0.01	3,113		0.01	2,701	(1)	0.07	2,939	-	-
Wholesale marketable debt securities & other		29,382	(45)	0.61	29,569	(56)	0.76	28,912	(54)	0.75	29,283	(56)	0.76	28,302	(56)	0.78
Subordinated liabilities		5,983	(18)	1.18	5,400	(18)	1.36	5,400	(18)	1.37	5,400	(18)	1.32	5,400	(18)	1.32
Other funds with cost		75,884	(322)	1.69	73,730	(318)	1.71	71,373	(304)	1.71	73,594	(343)	1.87	74,139	(390)	2.08
Other funds		39,224	(15)	-	37,978	(11)	-	38,525	(11)	-	40,416	(10)	-	49,263	(11)	-
Total average funds	**(d)**	**423,721**	**(468)**	**0.44**	**417,976**	**(474)**	**0.45**	**392,776**	**(431)**	**0.44**	**369,995**	**(479)**	**0.52**	**379,128**	**(537)**	**0.56**
Net interest income			**1,136**			**1,114**			**1,117**			**1,093**			**1,124**	
Customer spread (%)	(a-c)		**1.90**			**1.92**			**1.99**			**2.17**			**2.22**	
Balance sheet spread (%)	(b-d)		**1.07**			**1.06**			**1.15**			**1.19**			**1.18**	

		BPI														
		4Q20			3Q20			2Q20			1Q20			4Q19		
€ million		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions		5,512	15	1.11	5,264	8	0.60	3,494	5	0.53	2,718	6	0.91	2,423	7	1.12
Loans and advances	(a)	22,298	98	1.75	22,015	98	1.77	21,976	95	1.75	21,696	96	1.78	21,286	99	1.84
Debt securities		7,133	13	0.71	7,115	13	0.72	7,206	14	0.76	5,655	10	0.74	5,305	10	0.78
Other assets with returns				-			-			-	-	-	-	-	-	-
Other assets		2,623		-	2,695		-	2,739		-	2,770	1	-	3,101	1	-
Total average assets	**(b)**	**37,566**	**126**	**1.33**	**37,090**	**119**	**1.27**	**35,415**	**114**	**1.30**	**32,839**	**113**	**1.38**	**32,115**	**117**	**1.44**
Financial Institutions		5,584	(3)	0.23	5,648	(3)	0.22	4,738	1	(0.06)	3,618		0.01	3,299	(1)	0.14
Retail customer funds	(c)	25,588	2	(0.03)	25,099	1	(0.01)	24,312	1	(0.02)	23,120	2	(0.03)	22,793	2	(0.03)
Demand deposits		17,128		-	16,761		-	16,071		-	14,810		-	14,390	-	-
Maturity deposits		8,459	2	(0.08)	8,338	1	(0.04)	8,241	1	(0.06)	8,310	2	(0.08)	8,403	2	(0.08)
Time deposits		8,459	2	(0.08)	8,338	1	(0.04)	8,241	1	(0.06)	8,310	2	(0.08)	8,403	2	(0.08)
Retail repurchase agreements and marketable debt securities				-			-			-	-	-	-	-	-	-
Wholesale marketable debt securities & other		1,500	(3)	0.85	1,502	(3)	0.91	1,503	(3)	0.88	1,132	(3)	0.99	1,057	(4)	1.54
Subordinated liabilities		300	(4)	5.36	300	(4)	5.51	300	(4)	5.52	300	(4)	5.48	300	(4)	5.47
Other funds with cost				-			-			-	-	-	-	-	-	-
Other funds		4,594	(1)	-	4,541	(1)	-	4,562	(1)	-	4,669	(1)	-	4,666	(3)	-
Total average funds	**(d)**	**37,566**	**(9)**	**0.10**	**37,090**	**(10)**	**0.11**	**35,415**	**(6)**	**0.07**	**32,839**	**(6)**	**0.06**	**32,115**	**(10)**	**0.11**
Net interest income			**117**			**109**			**108**			**107**			**107**	
Customer spread (%)	(a-c)		**1.78**			**1.78**			**1.77**			**1.81**			**1.87**	
Balance sheet spread (%)	(b-d)		**1.23**			**1.16**			**1.23**			**1.32**			**1.33**	

c) Quarterly change in fees and commissions

	CAIXABANK				
€ million	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Banking services, securities and other fees	322	325	313	341	361
Sale of insurance products	37	36	35	38	40
Mutual funds, managed accounts and SICAVs	133	130	121	130	134
Pension plans	71	56	51	56	62
Unit Link and other	41	32	30	32	32
Net fee and commission income	**603**	**579**	**551**	**597**	**629**

	BPI				
€ million	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Banking services, securities and other fees	37	35	33	37	40
Sale of insurance products	19	13	12	12	12
Mutual funds, managed accounts and SICAVs	8	8	8	8	9
Pension plans					
Unit Link and other	3	4	4	3	4
Net fee and commission income	**67**	**59**	**57**	**61**	**65**

d) Quarterly change in administrative expenses, depreciation and amortisation

€ million	CAIXABANK 4Q20	3Q20	2Q20	1Q20	4Q19
Gross income	**1,953**	**1,965**	**1,936**	**1,834**	**1,813**
Personnel expenses	(634)	(636)	(654)	(677)	(661)
General expenses	(249)	(265)	(273)	(273)	(273)
Depreciation and amortisation	(113)	(123)	(121)	(121)	(125)
Recurring administrative expenses, depreciation and amortisation	**(996)**	**(1,025)**	**(1,048)**	**(1,072)**	**(1,059)**
Extraordinary expenses					

€ million	BPI 4Q20	3Q20	2Q20	1Q20	4Q19
Gross income	**196**	**178**	**198**	**149**	**182**
Personnel expenses	(55)	(61)	(61)	(62)	(62)
General expenses	(27)	(37)	(37)	(36)	(36)
Depreciation and amortisation	(16)	(16)	(11)	(19)	(17)
Recurring administrative expenses, depreciation and amortisation	**(99)**	**(115)**	**(109)**	**(116)**	**(115)**
Extraordinary expenses					(1)

e) Changes in the NPL ratio

	CAIXABANK			BPI		
	31 Dec. 2020	30 Sep. 2020	31 Dec. 2019	31 Dec. 2020	30 Sep. 2020	31 Dec. 2019
Loans to individuals	**4.7%**	**4.9%**	**4.5%**	**2.5%**	**2.6%**	**3.1%**
Home purchases	3.7%	3.8%	3.5%	2.2%	2.4%	3.0%
Other	7.1%	7.3%	6.9%	4.4%	4.4%	4.0%
Loans to business	**2.7%**	**2.9%**	**3.3%**	**2.4%**	**3.0%**	**2.9%**
Corporates and SMEs	2.4%	2.5%	2.9%	2.4%	2.7%	2.5%
Real estate developers	6.8%	7.8%	7.5%	0.0%	20.2%	19.8%
Public sector	**0.1%**	**0.3%**	**0.4%**	**-**	**-**	**-**
NPL Ratio (loans and contingent liabilities)	**3.4%**	**3.6%**	**3.7%**	**2.3%**	**2.7%**	**3.0%**

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	31 Dec. 2020	30 Sep. 2020	Change %	31 Dec. 2019	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**106,792**	**108,163**	**(1.3)**	**111,164**	**(3.9)**
Home purchases	73,586	74,513	(1.2)	77,104	(4.6)
Other	33,206	33,649	(1.3)	34,060	(2.5)
of which: Consumer lending	12,675	12,980	(2.3)	13,348	(5.0)
Loans to business	**96,115**	**97,063**	**(1.0)**	**81,453**	**18.0**
Corporates and SMEs	90,550	91,364	(0.9)	75,595	19.8
Real estate developers	5,564	5,700	(2.4)	5,858	(5.0)
Public sector	**15,005**	**11,013**	**36.2**	**9,968**	**50.5**
Loans and advances to customers, gross	**217,911**	**216,239**	**0.8**	**202,585**	**7.6**
CUSTOMER FUNDS					
Customer funds	216,432	212,744	1.7	195,723	10.6
Demand deposits	202,980	196,723	3.2	175,077	15.9
Time deposits	13,451	16,021	(16.0)	20,646	(34.8)
Insurance contract liabilities	55,025	53,676	2.5	52,891	4.0
of which: Unit Link and other	11,653	10,151	14.8	9,599	21.4
Reverse repurchase agreements and other	2,044	1,570	30.2	1,278	59.9
On-balance sheet funds	**273,501**	**267,990**	**2.1**	**249,892**	**9.4**
Mutual funds, managed accounts and SICAVs	65,852	62,092	6.1	63,189	4.2
Pension plans	32,168	30,621	5.1	30,637	5.0
Assets under management	**98,020**	**92,713**	**5.7**	**93,826**	**4.5**
Other accounts	**3,778**	**4,732**	**(20.2)**	**3,129**	**20.7**
Total customer funds	**375,300**	**365,435**	**2.7**	**346,847**	**8.2**

Portugal

€ million	31 Dec. 2020	30 Sep. 2020	Change %	31 Dec. 2019	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**13,856**	**13,594**	**1.9**	**13,170**	**5.2**
Home purchases	11,989	11,788	1.7	11,371	5.4
Other	1,867	1,806	3.4	1,799	3.8
of which: Consumer lending	1,495	1,429	4.6	1,380	8.3
Loans to business	**10,311**	**10,287**	**0.2**	**9,855**	**4.6**
Corporates and SMEs	10,155	10,089	0.7	9,650	5.2
Real estate developers	156	198	(21.5)	205	(24.0)
Public sector	**1,845**	**1,756**	**5.1**	**1,796**	**2.7**
Loans and advances to customers, gross	**26,012**	**25,638**	**1.5**	**24,821**	**4.8**
CUSTOMER FUNDS					
Customer funds	25,802	25,116	2.7	22,809	13.1
Demand deposits	17,344	16,750	3.5	14,475	19.8
Time deposits	8,458	8,366	1.1	8,334	1.5
Insurance contract liabilities	4,334	4,340	(0.1)	4,555	(4.8)
of which: Unit Link and other	2,954	2,745	7.6	2,650	11.5
Reverse repurchase agreements and other	13	14	(9.3)	16	(20.6)
On-balance sheet funds	**30,149**	**29,470**	**2.3**	**27,380**	**10.1**
Mutual funds, managed accounts and SICAVs	5,463	5,074	7.7	5,395	1.3
Pension plans	3,160	3,041	3.9	3,095	2.1
Assets under management	**8,623**	**8,115**	**6.3**	**8,490**	**1.6**
Other accounts	**1,336**	**1,402**	**(4.7)**	**1,569**	**(14.8)**
Total customer funds	**40,108**	**38,987**	**2.9**	**37,439**	**7.1**

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