The Board proposes a dividend of €0.1463 per share against 2021 profit

CaixaBank posts a recurring profit of €2.36 billion and reinforces its commercial leadership and financial strength

- **Attributable net profit for 2021 comes to €5.23 billion, including the extraordinary impacts arising from the merger with Bankia** (recognition of €4.3 billion in negative goodwill, and a net cost of €1.43 billion, mainly on account of the labour restructuring process).

- **José Ignacio Goirigolzarri, Chairman of CaixaBank**, highlights that the Bank's profit and strong capital position "will allow us to return more than €1.1 billion in dividends to our shareholders in the coming months, which represents a 50% payout. And moving forward, we are planning to set our payout at between 50% and 60%. Moreover, shareholders will also benefit from CaixaBank's intention to implement a share buy-back programme, in order to bring our CET1 capital ratio closer to our target level."

- **Gonzalo Gortázar, CEO of CaixaBank**, stated that "We have successfully completed the integration of CaixaBank and Bankia while at the same time concluding a very positive year, especially in the management of long-term savings. In 2021, we have also managed to further improve our already excellent financial position. This has allowed us to not only support families and business in an effective way in terms of helping them overcome the ongoing crisis, but to also lead the economic recovery".

- **In the year of the merger, the CaixaBank Group's total business volumes (customer funds, and gross loans and advances to customers) amount to €972.92 billion**, while customer funds amount to €619.97 billion, up 49.2% in the year (+10.5% of organic growth). Consumer loans are up 1% and lending to companies grows 1.9% in the fourth quarter when compared with the third quarter.

- **CaixaBank ends 2021 with a long-term savings market share of 29.4% and assets under management total €158.02 billion**, up 48.2% in the year (+16.5% in organic growth), thanks to an excellent year for net sales and to the favourable market effect.

- **In the fourth quarter, core revenues rise 2.8%** to reach €2.89 billion.

- **Both capital and liquidity levels remain high.** The CET1 capital ratio rises to 13.2% and total liquid assets amounted to €168.35 billion.

- **The NPL ratio remain at 3,6%, stable over the previous quarter**, with a coverage ratio of 63%, while the non-performing loans portfolio falls in the quarter.

Valencia, 28 January 2022. The CaixaBank Group posted a net adjusted profit without extraordinary items relating to the Bankia merger of €2.36 billion in 2021, compared with €1.38 billion in the previous year, which was affected by heavy provisioning to anticipate the potential impacts of the pandemic.

Meanwhile, attributable net profit in 2021 totalled €5.23 billion, including the extraordinary impacts arising from the merger (accounting recognition of €4.3 billion in negative goodwill, and a net cost of €1.43 billion, mainly on account of the labour restructuring process and other expenses associated with the integration).

In this context, profitability (ROTE on a trailing 12 months basis excluding extraordinary merger items) rose to 7.6% at the end of 2021, while the cost-to-income ratio ended the year at 57.7%.

In 2021, the year marked by the completion of the Bankia integration —the largest in the history of the Spanish banking sector—, CaixaBank maintained strong commercial momentum and achieved its goals in terms of business activity, financial strength and income statement.

José Ignacio Goirigolzarri, Chairman of CaixaBank, highlighted: "It has been a year in which not only have we completed the largest integration process in the Spanish banking sector, but we have also reinforced our commercial position. In terms of the merger process, we have successfully achieved our goals, integrating our teams, our technological platforms and also our distribution models".

Goirigolzarri explained that the Bank's profits and strong capital position "will allow us to return more than €1.1 billion in dividends to our shareholders over the coming months, which represents a 50% payout. And moving forward, we are planning to set our payout at between 50% and 60%. What is more, our shareholders will also benefit from CaixaBank's intention, subject to the appropriate regulatory approval, to implement an open-market share buy-back programme during 2022 fiscal year, in order to bring our CET1 capital ratio closer to our target level."

"We continue to support families and businesses during the ongoing recovery from the pandemic. We are confident that this is the best contribution that we, as CaixaBank, can make to our country's social and economic recovery" added the Bank's Chairman.

Gonzalo Gortázar, CEO of CaixaBank, stated that "We have successfully completed the integration of CaixaBank and Bankia while at the same time concluding a very positive year, especially in the management of long-term savings."

Gortázar also remarked that "In 2021 we have also managed to further improve our already excellent financial position. This has allowed us to not only support families and business in an effective way in terms of helping them overcome the ongoing crisis, but to also lead the economic recovery."

"We begin a new financial year in which we will focus not only on delivering the announced cost and revenue synergies arising from the merger, but also on establishing the Bank's strategic pillars for the coming years. We will be doing so in a complex macro environment, but our robust starting position makes us confident that we are on the right path," added the Bank's CEO.

Pro-forma income statement (on a "like-for-like" basis)

The Group's pro-forma recurring profit for the year was €2.42 billion, compared with €1.61 billion in 2020, which saw high provisioning activity due to COVID-19. This profit is compiled by aggregating (for comparison purposes only) Bankia's pre-merger figures for 2020 and the first quarter of 2021, and excluding the extraordinary effects related to the integration.

Core revenues came to €11.34 billion in 2021, down 1% year on year. This performance was partly due to the decline in net interest income and to the bancassurance JV earnings, factors which were partially offset by the growth in fees and commissions and in income and expenses under insurance contracts.

However, core revenues in the fourth quarter grew 2.8% quarter on quarter to reach €2.89 billion, thanks to the Bank's strong commercial activity and the positive performance of the business amid the process of the technological integration with Bankia (successfully completed in mid-November).

Net interest income in the year amounted to €6.42 billion (down 5.8% on 2020) against a backdrop of negative interest rates. Fee and commission income climbed to €3.99 billion, up 6.7% year on year and also performing strongly in the fourth quarter (+14.1% on the third quarter following an increase in business activity).

More precisely, banking fees and commissions remained stable while fees on the sale of insurance products were up on 2020 levels, mainly due to an increase in business activity and the achievement of commercial targets. Fees and commissions from the management of long-term savings products (mutual funds, pension plans and unit-linked products) came to €1.39 billion in 2021 (+17.9%), thanks to an increase in assets under management following the positive sales performance and the favourable market effect during the year.

Dividend income (€192 million) was up in 2021, mainly due to a higher dividend received from BFA (€98 million, which includes an extraordinary dividend of €54.5 million) and also including the dividend received from Telefónica in both years (€90 million in 2021 versus €100 million in 2020).

Meanwhile, attributable earnings from entities accounted for using the equity method (€436 million) recovered amid the ongoing economic recovery context (+19.1% on the previous year).

Recurring administrative expenses, depreciation and amortisation was up 1% in the year, but down 1.9% in the fourth quarter when compared with the previous quarter due to the reduction in staff expenses (-3.2%), following the initial departure of employees under the labour agreement framework.

Business volumes at all-time highs

Business volumes (customer funds, and gross loans and advances to customers) at the CaixaBank Group amounted to €972.92 billion in the period. Customer funds totalled €619.97 billion at 31 December 2021, up 49.2% in the year. Excluding the contribution made by Bankia, customer funds showed organic growth of 10.5% in the year.

Assets under management came to €158.02 billion. The annual growth here (48.2%; and +16.5% in organic terms) was due to positive performance of net sales and the favourable market effect. Long-term savings market share ended the year at 29.4%. Assets under management in mutual funds, portfolios and SICAVs amounted to €110.09 billion, while pension plans came to €47.93 billion, both showing a positive performance in the year and also in the last quarter.

Gross loans and advances to customers stood at €352.95 billion, up 44.7% in the year (-4.9% excluding the balances transferred from Bankia as part of the merger). Credit to private sector remained stable in the fourth quarter when compared with the previous quarter. Across segments, consumer loans and lending to companies stood out in the fourth quarter, and grew 1% and 1.9%, respectively, showcasing the gradual recovery in economic activity and credit demand.

Mortgages balance dropped 1.5% as repayments outpaced new mortgage loan production. However, new mortgage production was up 8% in the fourth quarter when compared to the third quarter.

Oustanding capital and liquidity management

CaixaBank ended 2021 with high levels of liquidity and capital adequacy, confirming the strength of the Group's balance sheet. Total liquid assets amounted to €168.35 billion at 31 December, up €53.9 billion in the year, mainly due to the integration of Bankia. Moreover, the Group's average Liquidity Coverage Ratio (LCR) was 320% at 31 December 2021, revealing a comfortable liquidity position, well clear of the minimum requirement of 100%.

At 31 December, a total of €80.75 billion in TLTRO III financing had been drawn under ECB credit facilities. The drawn balance was up €31.03 billion in the year, mainly due to the incorporation of Bankia drawdowns and further recourse to TLTRO III financing.

In terms of capital, the Common Equity Tier 1 (CET1) ratio closed the year at 13.2%, up from 13% in September and slightly down from 13.6% in December 2020. Various extraordinary items affected the annual performance, most notably the impact of the integration of Bankia, the recognition of restructuring costs and provisions, and the sale of the stake in Erste Group Bank. For the year as a whole, the Bank generated 106 basis points of organic growth capital.

Meanwhile, the MREL ratio to RWAs was 26.2% at the end of 2021, including the senior preferred debt issued in January 2022, comfortably meeting the Bank's requirements for 2024.

NPL portfolio containment

CaixaBank managed to keep the non-performing loans portfolio and the NPL ratio contained throughout 2021, aside from the increase registered due to the incorporation of Bankia. Non-performing loans totalled €13.63 billion at the end of 2021, compared with €8.6 billion at the end of 2020, although in organic terms they were down €394 million. The reduction came to €322 million in the fourth quarter, partly due to portfolio sales, among other causes.

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This brought the NPL ratio to 3.6% at 31 December 2021, which has therefore remained stable following the integration of Bankia. Moreover, the NPL coverage ratio ended the year at 63%, while the cost of risk (last 12 months) was 0.23%.

Provisions for COVID-19 insolvency risk totalled €1.39 billion at 31 December, thus remaining stable in the quarter.

Dividend policy

CaixaBank's solid post-merger position has allowed it to resume its traditional dividend policy. The Board of Directors has agreed to submit the distribution of a gross cash dividend of €0.1463 per share against 2021 earnings, payable in the second quarter of 2022, for approval by shareholders at the next Annual General Meeting.

Payment of this dividend will bring shareholder remuneration for 2021 to €1.18 billion, which is equivalent to 50% of consolidated net profit adjusted to reflect the extraordinary impacts arising from the merger with Bankia.

Moreover, the Board of Directors has also approved the 2022 Dividend Policy, which envisions the distribution of a cash dividend of between 50% and 60% of consolidated net profit in a single payment in 2023, subject to final approval at the Annual General Shareholders Meeting.

It also announced CaixaBank's plan to implement an open-market share buy-back programme during 2022 fiscal year, subject to the appropiate regulatory approval, with the aim of bringing the CET1 capital ratio closer to the internal target.

CaixaBank, leader in ESG-linked issuances

Given its commitment to sustainability, CaixaBank has started 2022 by issuing a new €1 billion social bond on the wholesale market. The aim of this bond is to finance activities and projects that help fight poverty, promote education and welfare, and foster economic and social development in the most underprivileged areas of Spain.

It is the fourth social bond issued by CaixaBank, and the eighth bond linked to the United Nations' Sustainable Development Goals (SDGs), thus reinforcing CaixaBank's position as a leading European bank in ESG-linked issuances.

The Bank also mobilized €31.37 billion in sustainable financing in 2021, 150% more than the previous year, and ended the year in the sixth position in Refinitiv's ranking of sustainable financing in Europe, and the highest-ranked Spanish bank in the list.

Support for society

Over the last two years, CaixaBank has proven that it is also firmly committed to being a key figure in helping alleviate the impact of the COVID-19 health crisis by bringing all of its resources to bear in granting loans and carrying out many other actions to help society as a whole.

The Bank has also pledged to support its customers affected by the volcanic eruption on La Palma by implementing several measures to help affected families, businesses and companies, including a policy of no-fee cash withdrawals at ATMs for non-customers, and the freezing of debt repayments over 12 months. A total of 850 debt moratoria have been granted and the entire CaixaBank network has worked tirelessly to respond to each and every request received in a bid to alleviate the financial burden on those affected by the eruption.

Moreover, CaixaBank, through a contribution from “la Caixa” Foundation, created an aid programme for families whose children were studying outside La Palma and whose homes or farms were struck by the lava flow to help ensure that these children could continue their studies.

Key Group figures

€ million / %	January - December 2021	January - December 2020	Change	4Q21	Quarter-on-quarter
PROFIT/(LOSS)					
Net interest income	5,975	4,900	21.9%	1,559	(1.9%)
Net fee and commission income	3,705	2,576	43.8%	1,101	14.1%
Core income	10,597	8,310	27.5%	2,889	2.8%
Gross income	10,274	8,409	22.2%	2,563	(9.3%)
Recurring administrative expenses, depreciation and amortisation	(5,930)	(4,579)	29.5%	(1,577)	(1.9%)
Pre-impairment income	2,225	3,830	(41.9%)	888	(24.2%)
Pre-impairment income stripping out extraordinary expenses	4,344	3,830	13.4%	987	(19.2%)
Profit/(loss) attributable to the Group	5,226	1,381	-	425	(31.5%)
Profit/(loss) attributable to the Group ex M&A impacts	2,359	1,381	70.8%	337	(54.7%)
MAIN RATIOS (Last 12 months)					
Cost-to-income ratio	78.3%	54.5%	23.9	78.3%	2.6
Cost-to-income ratio stripping out extraordinary expenses	57.7%	54.5%	3.3	57.7%	2.5
Cost of risk[1] (last 12 months)	0.23%	0.75%	(0.52)	0.23%	(0.02)
ROE[1]	6.4%	5.0%	1.4	6.4%	(1.7)
ROTE[1]	7.6%	6.1%	1.5	7.6%	(2.1)
ROA[1]	0.3%	0.3%	0.1	0.3%	(0.1)
RORWA[1]	1.1%	0.8%	0.2	1.1%	(0.3)

	December 2021	December 2020	Change	September 2021	Quarter-on-quarter
BALANCE SHEET					
Total assets	680,036	451,520	50.6%	685,738	(0.8%)
Equity	35,425	25,278	40.1%	35,124	0.9%
BUSINESS ACTIVITY					
Customer funds	619,971	415,408	49.2%	607,331	2.1%
Customer funds, excluding the Bankia integration	*458,980*	*415,408*	*10.5%*	-	-
Loans and advances to customers, gross	352,951	243,924	44.7%	355,929	(0.8%)
Loans and advances to customers, gross, excluding the Bankia integration	*231,935*	*243,924*	*(4.9%)*	-	-
RISK MANAGEMENT					
Non-performing loans (NPL)	13,634	8,601	5,032	13,955	(322)
Non-performing loans (NPL), excluding the Bankia integration	*8,207*	*8,601*	*(394)*	-	-
Non-performing loan ratio	3.6%	3.3%	0.3	3.6%	0.0
Provisions for insolvency risk	8,625	5,755	2,870	8,955	(330)
Provisions for insolvency risk, excluding the Bankia integration	*5,006*	*5,755*	*(748)*	-	-
NPL coverage ratio	63%	67%	(4)	64%	(1)
Net foreclosed available for sale real estate assets	2,279	930	1,349	2,289	(10)
Foreclosed available for sale real estate assets, excluding the Bankia integration	*1,096*	930	*166*	-	-
LIQUIDITY					
Total Liquid Assets	168,349	114,451	53,898	173,125	(4,777)
Liquidity Coverage Ratio (last 12 months)	320%	248%	72	304%	16
Net Stable Funding Ratio (NSFR)	154%	145%	9	151%	3
Loan to deposits	89%	97%	(8)	91%	(2)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	13.2%	13.6%	(0.4)	13.0%	0.2
Tier 1	15.5%	15.7%	(0.2)	15.3%	0.2
Total capital	17.9%	18.1%	(0.2)	17.9%	-
MREL	26.2%	26.3%	(0.1)	25.6%	0.6
Risk-Weighted Assets (RWAs)[2]	215,429	144,073	71,356	220,201	(4,772)
Leverage ratio	5.3%	5.6%	(0.3)	5.2%	0.1
SHARE INFORMATION					
Share price (€/share)	2.414	2.101	0.313	2.684	(0.270)
Market capitalisation	19,441	12,558	6,883	21,615	(2,174)
Book value per share (€/share)	4.39	4.22	0.17	4.36	0.04
Tangible book value per share (€/share)	3.73	3.49	0.24	3.72	0.01
Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.28	0.21	0.07	0.35	(0.07)
PER (Price/Profit, ex M&A impacts ; times)	8.65	10.14	(1.49)	7.74	0.90
Tangible PBV (Market value/ book value of tangible assets)	0.65	0.60	0.05	0.72	(0.07)
OTHER DATA (units)					
Employees[3,4]	49,762	35,434	14,328	50,980	(1,218)
Branches[3]	5,317	4,210	1,107	6,145	(828)
of which: retail branches in Spain	4,615	3,571	1,044	5,415	(800)
ATMs[3]	12,952	10,283	2,669	15,118	(2,166)

(1) These ratios do not include in the numerator the results generated by Bankia before 31 March 2021, which is the recognition date of the merger for accounting purposes or, for consistency, the contribution of the incorporated RWAs or balance items in the denominator. They neither consider the extraordinary impacts associated with the merger.

(2) At 31 March 2021, €66,165 million have been integrated from Bankia.

(3) At 31 March 2021, 15,911 employees, 2,101 branches (of which 2,013 retail) and 5,156 ATMs have been integrated from Bankia. Does not include branches outside Spain and Portugal or representative offices.

(4) Early in the fourth quarter of 2021, 1,201 employees terminated their employment within the framework of the labour agreement (2,721 additional employees at the beginning of 2022).

Results

The Group's Income Statement

Year-on-year accounting performance

€ million	2021	M&A one offs	2021 ex M&A	2020	Change	Chg. %
Net interest income	**5,975**		**5,975**	**4,900**	**1,075**	**21.9**
Dividend income	192		192	147	44	30.1
Share of profit/(loss) of entities accounted for using the equity method	425		425	307	118	38.5
Net fee and commission income	3,705		3,705	2,576	1,129	43.8
Trading income	220		220	238	(18)	(7.6)
Income and expense under insurance or reinsurance contracts	651		651	598	53	8.9
Other operating income and expense	(893)		(893)	(356)	(537)	
Gross income	**10,274**		**10,274**	**8,409**	**1,865**	**22.2**
Recurring administrative expenses, depreciation and amortisation	(5,930)		(5,930)	(4,579)	(1,351)	29.5
Extraordinary expenses	(2,119)	(2,118)	(1)		(1)	
Pre-impairment income	**2,225**	**(2,118)**	**4,343**	**3,830**	**512**	**13.4**
Pre-impairment income stripping out extraordinary expenses	**4,344**		**4,344**	**3,830**	**513**	**13.4**
Allowances for insolvency risk	(838)		(838)	(1,915)	1,078	(56.3)
Other charges to provisions	(478)	(93)	(384)	(247)	(137)	55.6
Gains/(losses) on disposal of assets and others	4,405	4,464	(59)	(67)	8	(12.1)
Profit/(loss) before tax	**5,315**	**2,252**	**3,062**	**1,601**	**1,461**	**91.3**
Income tax expense	(88)	614	(702)	(219)	(483)	
Profit/(loss) after tax	**5,227**	**2,867**	**2,360**	**1,382**	**979**	**70.8**
Profit/(loss) attributable to minority interest and others	1		1	0	1	
Profit/(loss) attributable to the Group	**5,226**	**2,867**	**2,359**	**1,381**	**977**	**70.8**

Year-on-year proforma performance

€ million	2021	2020	Change	Chg. %
Net interest income	**6,422**	**6,816**	**(394)**	**(5.8)**
Dividend income	192	149	43	28.7
Share of profit/(loss) of entities accounted for using the equity method	436	366	70	19.1
Net fee and commission income	3,987	3,736	251	6.7
Trading income	230	398	(168)	(42.2)
Income and expense under insurance or reinsurance contracts	651	598	53	8.9
Other operating income and expense	(934)	(752)	(182)	24.2
Gross income	**10,985**	**11,311**	**(326)**	**(2.9)**
Recurring administrative expenses, depreciation and amortisation	(6,374)	(6,311)	(63)	1.0
Extraordinary expenses	(1)		(1)	
Pre-impairment income	**4,610**	**5,000**	**(390)**	**(7.8)**
Pre-impairment income stripping out extraordinary expenses	**4,611**	**5,000**	**(389)**	**(7.8)**
Allowances for insolvency risk	(961)	(2,959)	1,999	(67.5)
Other charges to provisions	(407)	(213)	(194)	91.0
Gains/(losses) on disposal of assets and others	(82)	(1)	(81)	
Profit/(loss) before tax	**3,160**	**1,826**	**1,334**	**73.0**
Income tax expense	(734)	(215)	(520)	
Profit/(loss) after tax	**2,426**	**1,612**	**814**	**50.5**
Profit/(loss) attributable to minority interest and others	1	0	1	
Comparative proforma Profit/(loss)	**2,424**	**1,611**	**813**	**50.5**
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net	*(65)*	*(230)*	*164*	
+ M&A impacts, net	*2,867*		*2,867*	
Profit/(loss) attributable to the Group (accounting profit/(loss))	***5,226***	***1,381***	***3,844***	