Business activity and results

January-September

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

15.4
million

BUSINESS ACTIVITY

449,310
in total assets (€ million)

404,422
in customer funds (€ million)

241,877
in loans and advances to customers (€ million)

Balance sheet indicators

RISK MANAGEMENT

3.5%
NPL ratio

65%
NPL coverage ratio

0.67%
Cost of risk (12 months)

CAPITAL ADEQUACY pro-forma[1]

12.7%
CET1

17.0%
Total capital

24.4%
MREL

LIQUIDITY

110,729
in total liquid assets (€ million)

224%
liquidity coverage ratio (LCR), trailing 12 months

141%
NSFR

Profitability and cost-to-income

726
profit attributable to the Group (€ million)

558 Banking and insurance

68 Equity Investments

101 BPI

56.4%
cost-to-income ratio (last 12 months)

5.0%
12-month ROTE

4.3%
12-month ROTE for the banking and insurance business

[1] *Pro-forma ratios considering the partial sale of Comercia and the AT1 issue completed after 30 September 2020.*

Key Group figures

€ million / %	January - September 2020	January - September 2019	Change	3Q20	Quarter-on-quarter
PROFIT/(LOSS)					
Net interest income	3,647	3,720	(2.0%)	1,222	(0.2%)
Net fee and commission income	1,905	1,904	0.0%	638	4.9%
Core income	6,158	6,201	(0.7%)	2,094	3.7%
Gross income	6,260	6,610	(5.3%)	2,143	0.4%
Recurring administrative expenses, depreciation and amortisation	(3,485)	(3,597)	(3.1%)	(1,140)	(1.5%)
Pre-impairment income	2,776	2,035	36.4%	1,004	2.8%
Pre-impairment income stripping out extraordinary expenses	2,776	3,013	(7.9%)	1,004	2.8%
Profit/(loss) attributable to the Group	726	1,266	(42.6%)	522	-
INDICATORS OF PROFITABILITY (Last 12 months)					
Cost-to-income ratio	56.4%	67.9%	(11.5)	56.4%	(0.4)
Cost-to-income ratio stripping out extraordinary expenses	56.4%	56.2%	0.2	56.4%	(0.4)
ROE	4.2%	5.5%	(1.3)	4.2%	(0.5)
ROTE	5.0%	6.7%	(1.7)	5.0%	(0.6)
ROA	0.2%	0.3%	(0.1)	0.2%	(0.1)
RORWA	0.7%	0.9%	(0.2)	0.7%	(0.1)

	September 2020	December 2019	Change	June 2020	Quarter-on-quarter
BALANCE SHEET					
Total assets	449,310	391,414	14.8%	445,572	0.8%
Equity	24,551	25,151	(2.4%)	24,393	0.6%
Customer funds	404,422	384,286	5.2%	400,675	0.9%
Loans and advances to customers, gross	241,877	227,406	6.4%	242,956	(0.4%)
RISK MANAGEMENT					
Non-performing loans (NPL)	9,078	8,794	284	9,220	(141)
Non-performing loan ratio	3.5%	3.6%	(0.1)	3.5%	0.0
Cost of risk (last 12 months)	0.67%	0.15%	0.52	0.61%	0.06
Provisions for insolvency risk	5,883	4,863	1,020	5,786	97
NPL coverage ratio	65%	55%	10	63%	2
Net foreclosed available for sale real estate assets[1]	973	958	15	973	0
Foreclosed available for sale real estate assets coverage ratio	40%	39%	1	40%	0
LIQUIDITY					
Total Liquid Assets	110,729	89,427	21,302	106,609	4,120
Liquidity Coverage Ratio (last 12 months)	224%	186%	38	198%	26
Net Stable Funding Ratio (NSFR)	141%	129%	12	140%	1
Loan to deposits	98%	100%	(2)	99%	(1)
CAPITAL ADEQUACY[2]					
Common Equity Tier 1 (CET1)	12.7%	12.0%	0.7	12.3%	0.4
Tier 1	14.7%	13.5%	1.2	13.8%	0.9
Total capital	17.0%	15.7%	1.3	16.0%	1.0
MREL[3]	24.4%	21.8%	2.6	23.3%	1.1
Risk-Weighted Assets (RWAs)	145,603	147,880	(2,277)	147,499	(1,896)
Leverage ratio	5.3%	5.9%	(0.6)	5.1%	0.2
SHARE INFORMATION					
Share price (€/share)	1.813	2,798	(0.985)	1.901	(0.088)
Market capitalisation	10,837	16,727	(5,890)	11,360	(523)
Book value per share (€/share)	4.10	4.20	(0.10)	4.08	0.02
Tangible book value per share (€/share)	3.38	3.49	(0.11)	3.36	0.02
Net income attributable per share (€/share) (12 months)	0.17	0.26	(0.09)	0.19	(0.02)
PER (Price/Profit) times)	10.49	10.64	(0.15)	9.83	0.66
Tangible PBV (Market value/ book value of tangible assets)	0.54	0.80	(0.26)	0.57	(0.03)
OTHER DATA (units)					
Employees	35,617	35,736	(119)	35,589	28
Branches[4]	4,315	4,595	(280)	4,460	(145)
Of which: retail branches in Spain	3,672	3,918	(246)	3,797	(125)

(1) Exposure in Spain.

(2) Pro-forma ratios at 30 September 2020 considering the partial sale of Comercia and the AT1 issue of €750 million completed at the beginning of the fourth quarter.

(3) Pro-forma ratio at June 2020 including the new issue of the social bond carried out in July for €1,000 million in Senior preferred debt (22.6 % excluding this issue).

(4) 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 13.5 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.

  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%	17.6%	28.7%	26.3%	23.4%	16.2%

- BPI boasts a customer base of over **1.9 million clients in Portugal**, with a market share[2] of 10.5% in lending activity and 11.2% in customer funds.

  BPI obtained in 2020 the four mayor 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** 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.

  The magazine *PWM* acknowledged BPI as Best Private Bank in Europe for the digitisation of its customer portfolio management 2020, and *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 66.1%, 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** for the third consecutive year. The app was also spotlighted in the Pay Tech Awards in 2020 as **best payment method via cell phone for retail customers**.
- The magazine *PWM* named CaixaBank as **Best Private Bank in Europe** for its digital culture and vision, 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[4] on *Bizum* by number of customers and transactions made.

(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.

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

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, 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 worthy of the **2020 Excellence in Leadership in Western Europe** prize, awarded by the UK magazine *Euromoney*, for its **social commitment** in its response to the Covid-19 crisis.

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

  - Reduce the cash dividend for 2019 to 0.07 euros per share from 0.15 euros.
  - After considering the new regulatory and supervisory aspects, reduce to 11.5% the objective of the CET1 capital adequacy ratio from the 12% laid down in the 2019-2021 Strategic Plan for December 2021.
  - Modify the dividend policy for 2020, distributing a cash dividend of no more than 30% of the reported consolidated net profit. The Board of Directors in March also stated its intention of allocating at least an amount above 50% of consolidated net profit to the cash remuneration for future financial years, once the circumstances that have brought about this amendment have ceased.
  - It has announced future plans to distribute any capital that exceeds the CET1 capital adequacy ratio of 12% as a final dividend and/or buy-back shares. This extraordinary payout of excess capital will be conditional on the macroeconomic situation in which the Group operates returning to normal and will not take place in any event before 2021.

    In no case will the remuneration of preference shares eventually convertible into outstanding shares (Additional Tier 1) be affected by prior agreements, and it will continue to be paid in accordance with the regulatory and supervisory and regulatory framework in force.
  - 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* has included **CaixaBank on its A- list of leading companies fighting climate change**. CaixaBank is carbon neutral since 2018. In addition, CaixaBank has launched the first credit card in Spain made from 100% recycled plastic.

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, it has signed **the first sustainable factoring agreement** in Spain, and has turned 'green' a guarantee facility for an amount of €1,000 million.

Attractive return and solid financials

Results and business activity

- **Attributable profit for the first nine months of 2020 reached €726 million** (-42.6% compared to 2019).

  The 2020 result includes the recognition of an extraordinary provision to anticipate future impacts associated with Covid-19 (€1,161 million) and the cost associated with the early retirements (€109 million). Noteworthy in the 2019 results is the impact of the labour agreement (€978 million).

  The result of the first nine months of the year does not include the recognition of the gains on the sale of the 29% stake of Comercia, which amounts to €420 million and generates 20 basis points of CET1 ratio (adjusted by dividend accrual), since the agreement[1] reached with Global Payments Inc. on 30 July 2020 was materialised in fourth quarter of 2020.

- **Total loans and advances to customers, gross** stands at €241,877 million, up 6.4% in the year, essentially because of the increase of loans to business (+17.6%).
- **Customer funds** increased by 5.2% in the year, boosted by the strong growth of demand deposits. Assets under management dropped in the year, due to the reduction recorded in the first quarter, which has partially recovered in the following months.

Risk management

- The **NPL ratio** stands at **3.5%**, down 10bp in the year, and the **coverage ratio** rose 10pp in the same period to **65%** following the increase in provisions.
- The **cost of risk (last 12 months)** came to **0.67%** following the aforementioned provisions.

(1) See further information in 'Appendices – Investment portfolio'.

Liquidity management

- **Total liquid assets** amounted to **€110,729 million**, up €21,302 million in the year, mainly due to the generation and provision of collateral in the ECB facility.
- The Group's **Liquidity Coverage Ratio** (LCR) at 30 September 2020 was **280%**, showing an ample liquidity position (224% LCR average last 12 months) well clear of the minimum requirement of 100%.
- In the third quarter CaixaBank issued a social Senior Preferred bond for €1,000 million to curb the effects of Covid-19 by funding SMEs and micro-enterprises located in Spain's most disadvantaged areas.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 12.7%** pro-forma the partial sale of Comercia materialised at the beginning of the fourth quarter (12.5% without considering it).

  The increase of +65 basis points in the first nine months, 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 as a result of Covid-19, plus +51 basis points due to the adoption of the transitional period of IFRS 9 and +20 basis points due to the partial sale of Comercia.

  The remaining accumulated performance up to September is explained by +45 basis points due to the organic variation of capital, -21 basis points from the forecast of dividends for the year and -62 basis points caused by the performance of the markets and other.

- The CET1 ratio without applying the IFRS 9 transitional period stands at 12.2% pro-forma the partial sale of Comercia (12.0% without considering it).
- The **Tier 1** ratio reaches **14.7%**, the **Total Capital** ratio **17.0%** and the **leverage** ratio **5.3%** (pro-forma ratios considering the partial sale of Comercia and the AT1 issue of €750 million).
- As for the MREL requirement (22.7% of RWAs and 10.6% on TLOF at a consolidated level as of 31 December 2020), CaixaBank had a ratio of 24.4% on RWA and 9.6% on TLOF at 30 September pro-forma (considering the partial sale of Comercia and the AT1 issue) 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 pro-forma **MREL** ratio reached **20.9% of RWAs**, comfortably above the regulatory requirement of 16.8% of RWA.

Merger agreement with Bankia

On 17 September 2020, CaixaBank's Board of Directors 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 was agreed. The exchange will be carried out by means of newly issued CaixaBank shares

This shared merger project will be submitted for approval by the General Shareholders' Meetings of CaixaBank and Bankia, which have been called accordingly on 23 October 2020 by both entities and will be celebrated in the beginning of December. The appointment of the new Directors for the post fusion era will be presented to the General Shareholders' Meeting of CaixaBank for their approval. Once the merger has been approved and the required administrative authorisations have been obtained, CaixaBank will acquire all the rights and obligations of Bankia through universal succession. The merger is expected to be completed in the first quarter 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.

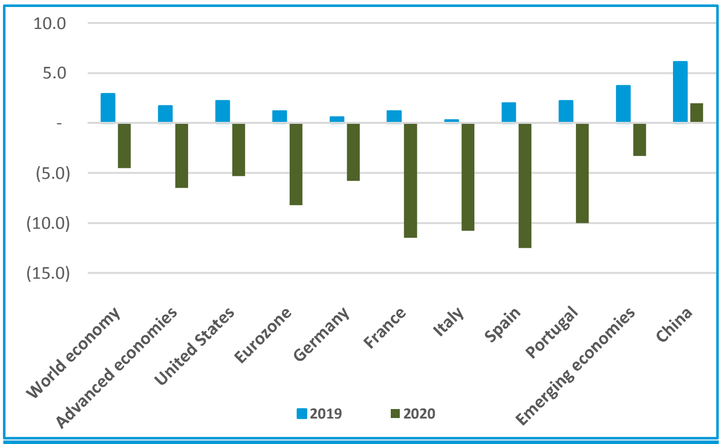
Macroeconomic trends
and state of the financial markets

Scenarios subject to a high degree of uncertainty

The scenarios that follow have been built in an unusual situation of high uncertainty, arising from the many unknown epidemiological and health aspects of the Covid-19 pandemic, and the variety and effectiveness of economic policy responses that can be implemented in the different countries in dealing with this shock.

Global economic outlook

Covid-19 and the activity restrictions needed to contain it have plunged the **world** into an unusually abrupt and widespread recession. 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: -9.1% qoq; eurozone: -11.8%; Japan: -7.9%; United Kingdom: -19.8%). Following these downfalls, lifting the restrictions on mobility reactivated the economy, and everything suggests that the GDP of the main international economies will bounce back significantly in the third quarter. 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 third quarter as Covid-19 infections rose again. The new outbreaks are being dealt with control measures that should avoid a similar situation as 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 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 highlight the possibility of obtaining an effective vaccination in the first half of 2021, which would improve investor sentiment and help the economic recovery gain traction. Subsequently, it is forecast that the global GDP in 2020 will register a fall greater than that of the Great Recession of 2009, but a considerable rebound of economic activity is expected in 2021.

All spheres of the economic policy have reacted strongly to this situation. 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, the Fed stated in August that it would maintain an accommodative policy for a long period of time. 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** the economic activity is still approximately 10% below pre-pandemic levels after a considerable rebound in the third quarter. In addition, the latest data suggest a slight downturn and a hesitant performance in the fourth quarter, albeit without compromising the recovery. Therefore, estimates suggest that the fall in GDP in 2020 could be around 8% (followed by a rebound of over 6% in 2021), although with significant differences between countries. Economies that have been affected by the pandemic to a lesser

(1) CaixaBank Research forecasts for 2020.

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 better ride out this situation.

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, that could lay the foundations for a leap forward in building Europe. However, the flip side of the coin is the difficult negotiations in reaching a trade agreement with the United Kingdom, although it is still expected to reach a minimum agreement that will avoid stringent trade barriers in 2021.

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), as the figures already reflected in the second quarter (GDP drop of 17.8% quarter-on-quarter in Spain, a significantly greater fall than the eurozone's average decline). Therefore, we forecast that the contraction of GDP for the whole of 2020 will be around 12.5%, 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 9%. The fiscal stimulus measures, both domestic and EU, and the control of the pandemic thanks to the availability of a vaccine or effective treatment 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. GDP contracted 13.9% (qoq) in the second quarter and the available indicators suggest a significant economic reactivation throughout the third quarter; however, estimates say that the economic activity remains around 10% below pre-pandemic levels. 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 10% followed by a rebound of around 6% in 2021.

State of the financial markets

In the **financial markets** 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, inspired caution and a certain optimism among investors. In summer, the investor sentiment was generally optimistic. This 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) and reduced the pressure experienced by safe-haven assets following the pandemic outbreak (such as the US dollar or the German sovereign bonds). However, in light of the moderating activity indicators and the prevailing environment of high uncertainty, investor sentiment faced autumn with further caution and the financial markets showed a more hesitant performance, with new volatility in the markets and a drop in risk assets.

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	9M20	9M19	Change	Change %
Net interest income	**3,647**	**3,720**	**(73)**	**(2.0)**
Dividend income	96	161	(65)	(40.7)
Share of profit/(loss) of entities accounted for using the equity method	218	344	(126)	(36.4)
Net fee and commission income	1,905	1,904	1	0.0
Trading income	182	285	(103)	(36.3)
Income and expense under insurance or reinsurance contracts	441	407	34	8.5
Other operating income and expense	(229)	(211)	(18)	8.3
Gross income	**6,260**	**6,610**	**(350)**	**(5.3)**
Recurring administrative expenses, depreciation and amortisation	(3,485)	(3,597)	112	(3.1)
Extraordinary expenses		(978)	978	
Pre-impairment income	**2,776**	**2,035**	**741**	**36.4**
Pre-impairment income stripping out extraordinary expenses	**2,776**	**3,013**	**(237)**	**(7.9)**
Allowances for insolvency risk	(1,594)	(288)	(1,306)	
Other charges to provisions	(207)	(151)	(56)	36.7
Gains/(losses) on disposal of assets and others	(92)	(82)	(10)	11.9
Profit/(loss) before tax	**883**	**1,514**	**(631)**	**(41.7)**
Income tax expense	(157)	(246)	89	(36.2)
Profit/(loss) after tax	**726**	**1,268**	**(542)**	**(42.8)**
Profit/(loss) attributable to minority interest and others	(1)	2	(3)	
Profit/(loss) attributable to the Group	**726**	**1,266**	**(540)**	**(42.6)**

- **Attributable profit for the first nine months of 2020 amounts to €726 million,** down 42.6% with respect to the same period of 2019.

Core income[1] shows a slight drop in the year, standing at €6,158 million (-0.7%), in spite of the complicated current economic scenario. Lower **Net interest income** (-2.0%), where the growth of **Income and expenses under insurance or reinsurance contracts** (+8.5%) and the stability of **Fee and commission income** stand out.

The change in Gross income (-5.3%) is mainly due to the reduction in **Trading income** and lower **Income from equity investments**.

Recurring administrative expenses, depreciation and amortisation drop by 3.1% after the materialisation of savings associated with the labour agreement of 2019 and active management of the cost base, measures that have made possible a reduction in spending greater than the drop of core income.

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

The performance of **Allowances for insolvency risk** is impacted by the increased provisions for credit risk, which includes an extraordinary provision to anticipate future impacts associated with Covid-19 for €1,161 million.

Other charges to provisions includes €109 million in connection with early retirements in the first quarter of 2020.

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

Quarterly performance

€ million	3Q20	2Q20	Change %	3Q19	Change %
Net interest income	**1,222**	**1,225**	**(0.2)**	**1,242**	**(1.6)**
Dividend income	2	93	(98.3)		
Share of profit/(loss) of entities accounted for using the equity method	122	41		135	(9.6)
Net fee and commission income	638	608	4.9	656	(2.7)
Trading income	40	162	(75.6)	24	61.0
Income and expense under insurance or reinsurance contracts	150	141	6.0	143	4.7
Other operating income and expense	(30)	(136)	(77.9)	(35)	(14.7)
Gross income	**2,143**	**2,134**	**0.4**	**2,165**	**(1.0)**
Recurring administrative expenses, depreciation and amortisation	(1,140)	(1,157)	(1.5)	(1,189)	(4.1)
Extraordinary expenses					
Pre-impairment income	**1,004**	**976**	**2.8**	**976**	**2.8**
Pre-impairment income stripping out extraordinary expenses	**1,004**	**976**	**2.8**	**976**	**2.8**
Allowances for insolvency risk	(260)	(819)	(68.2)	(84)	
Other charges to provisions	(23)	(41)	(44.2)	(60)	(62.3)
Gains/(losses) on disposal of assets and others	(42)	(19)		(44)	(4.8)
Profit/(loss) before tax	**678**	**98**		**788**	**(13.9)**
Income tax expense	(156)	15		(142)	9.9
Profit/(loss) after tax	**522**	**113**		**646**	**(19.1)**
Profit/(loss) attributable to minority interest and others	1	(2)		2	(57.2)
Profit/(loss) attributable to the Group	**522**	**115**		**644**	**(19.0)**

- The **change in attributable profit in the third quarter of 2020 (€522 million) when compared to the previous quarter (€115 million), was largely a result of the following:**
  - **Gross income** remains stable (+0.4%), the recovery of core income (+3.7%) particularly standing out, mainly due to the increase of fees and commissions, as well as income under insurance products. **Trading income** drop in the third quarter and recognition in the previous quarter of the contribution paid to the Single Resolution Fund[1] (SRF) for an amount of €111 million.
  - **Recurring administrative expenses, depreciation and amortisation** was down 1.5% on the back of efforts to manage and pare back expenses.
  - **Allowances for insolvency risk** was impacted by the recognition in the second quarter of an insolvency provision for Covid-19 for €755 million.
- The **change in attributable profit in the third quarter of 2020 (€522 million) when compared to the same quarter in 2019 (€644 million), was largely a result of the following:**
  - The drop of **Gross income** by 1.0%, impacted by lower core income (-1.1%) as a consequence of the health crisis, albeit in a more restrained manner than the Recurring administrative expenses, depreciation and amortisation (-4.1%).
  - The increase of provisions in 2020 had an effect on the performance of **Allowances for insolvency risk**.

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

Returns on average total assets[1]

%	3Q20	2Q20	1Q20	4Q19	3Q19
Interest income	1.50	1.57	1.70	1.73	1.71
Interest expense	(0.42)	(0.41)	(0.49)	(0.53)	(0.50)
Net interest income	**1.08**	**1.16**	**1.21**	**1.20**	**1.21**
Dividend income	0.00	0.09	0.00	0.00	0.00
Share of profit/(loss) of entities accounted for using the equity method	0.11	0.04	0.06	0.07	0.13
Net fee and commission income	0.56	0.58	0.66	0.68	0.64
Trading income	0.04	0.15	(0.02)	0.01	0.02
Income and expense under insurance or reinsurance contracts	0.13	0.13	0.15	0.15	0.14
Other operating income and expense	(0.03)	(0.13)	(0.06)	(0.17)	(0.03)
Gross income	**1.89**	**2.02**	**2.00**	**1.94**	**2.11**
Recurring administrative expenses, depreciation and amortisation	(1.00)	(1.09)	(1.20)	(1.14)	(1.16)
Extraordinary expenses	0.00	0.00	0.00	0.00	0.00
Pre-impairment income	**0.89**	**0.93**	**0.80**	**0.80**	**0.95**
Pre-impairment income stripping out extraordinary expenses	**0.89**	**0.93**	**0.80**	**0.80**	**0.95**
Allowances for insolvency risk	(0.23)	(0.78)	(0.52)	(0.09)	(0.08)
Other charges to provisions	(0.02)	(0.04)	(0.15)	(0.08)	(0.06)
Gains/(losses) on disposal of assets and others	(0.04)	(0.02)	(0.02)	(0.08)	(0.04)
Profit/(loss) before tax	**0.60**	**0.09**	**0.11**	**0.55**	**0.77**
Income tax expense	(0.14)	0.02	(0.02)	(0.12)	(0.14)
Profit/(loss) after tax	**0.46**	**0.11**	**0.09**	**0.43**	**0.63**
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	**0.46**	**0.11**	**0.09**	**0.43**	**0.63**
Average total net assets (€ million)	450,730	423,859	398,813	407,407	407,283

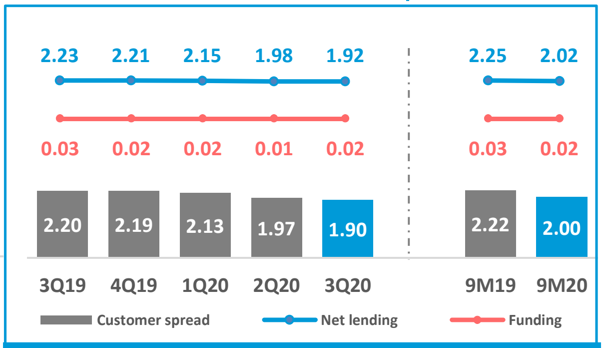
(1) Annualised quarterly income/cost to average total assets.

Gross income

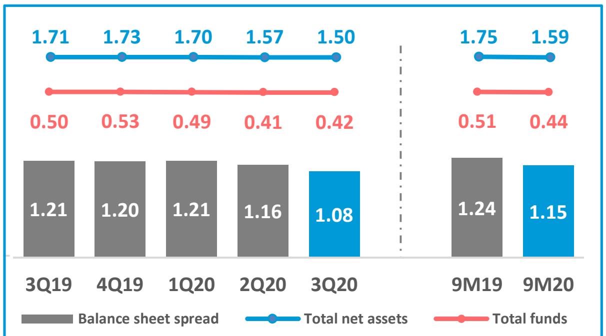
Net interest income

- **Net interest income** totalled €3,647 million at September, ytd (down -2.0% on the same period of 2019) and €1,222 million in the third quarter (down 1.6% with respect to the same quarter of the previous year). In an environment of negative interest rates, this decrease is due to:
  - Lower income from loans following 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 rate 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 non-penalised reserve requirement with negative rates).
  - Savings in the costs of institutional financing due to a lower price, largely 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 on maturity deposits.
  - Greater contribution of the insurance business (savings products).



Customer spread, Group
(%)

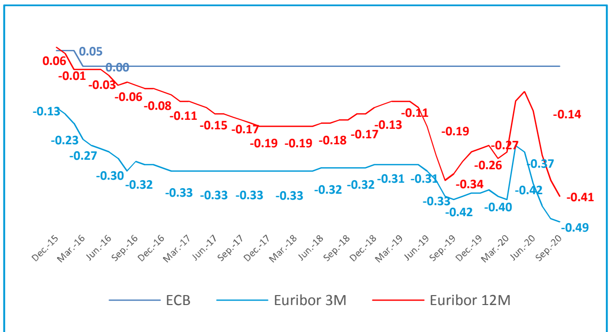


Balance sheet spread on average total assets, Group
(%)

- Net interest income in the **quarter** remains practically the same as in the previous quarter, with a slight drop of 0.2% due to:
  - Decline in the income of loans and advances mainly due to the drop of the rate curve, the lower rate of consumer lending and the change of structure, where the higher impact in the quarter of the ICO loans granted stands out. This rate reduction has been partially compensated by a higher volume.
  - Lower contribution of the fixed-income portfolio due to the reduction of volume and the rate.

  These effects have been partially compensated by:
  - Reduction of costs for financial institutions mainly due to the increase of financing taken from the ECB at lower rates.

  The **customer spread** fell by 7 basis points in the quarter to 1.90%, due to the reduction in the return on lending activity.



Interest rates
(%)

The **balance sheet spread** is 8 basis points below the previous quarter mainly due to a higher outstanding balance not reinvested in assets with returns and penalised with negative rates.

Quarterly cost and income

€ million		3Q20 Average balance	3Q20 Income or expense	3Q20 Rate %	2Q20 Average balance	2Q20 Income or expense	2Q20 Rate %	1Q20 Average balance	1Q20 Income or expense	1Q20 Rate %
Financial Institutions		56,521	130	0.91	29,532	75	1.02	23,394	42	0.73
Loans and advances	(a)	227,006	1,097	1.92	224,866	1,110	1.98	214,295	1,148	2.15
Debt securities		43,819	63	0.57	47,870	74	0.62	36,055	63	0.70
Other assets with returns		65,052	410	2.51	63,272	395	2.51	64,733	423	2.63
Other assets		58,332	1	-	58,319	3	-	60,336	5	-
Total average assets	**(b)**	**450,730**	**1,701**	**1.50**	**423,859**	**1,657**	**1.57**	**398,813**	**1,681**	**1.70**
Financial Institutions		64,467	(64)	0.39	48,640	(33)	0.28	32,034	(39)	0.49
Retail customer funds	(c)	237,387	(9)	0.02	228,742	(8)	0.01	215,772	(11)	0.02
Demand deposits		210,743	(8)	0.02	200,528	(8)	0.02	186,265	(8)	0.02
Maturity deposits		26,643	(1)	0.01	28,214	(1)	0.01	29,508	(4)	0.04
Time deposits		23,564	(1)	0.01	25,101	(1)	0.01	26,808	(3)	0.04
Retail repurchase agreements and marketable debt securities		3,079		(0.01)	3,113	-	0.01	2,700	(1)	0.07
Wholesale marketable debt securities & other		30,621	(59)	0.76	29,965	(56)	0.75	30,339	(58)	0.77
Subordinated liabilities		5,400	(18)	1.36	5,400	(18)	1.37	5,400	(18)	1.32
Other funds with cost		73,730	(318)	1.71	71,373	(304)	1.71	73,594	(343)	1.87
Other funds		39,125	(11)	-	39,739	(12)	-	41,674	(12)	-
Total average funds	**(d)**	**450,730**	**(479)**	**0.42**	**423,859**	**(432)**	**0.41**	**398,813**	**(481)**	**0.49**
Net interest income			**1,222**			**1,225**			**1,200**	
Customer spread (%)	**(a-c)**		**1.90**			**1.97**			**2.13**	
Balance sheet spread (%)	**(b-d)**		**1.08**			**1.16**			**1.21**	

€ million		4Q19 Average balance	4Q19 Income or expense	4Q19 Rate %	3Q19 Average balance	3Q19 Income or expense	3Q19 Rate %
Financial Institutions		24,410	38	0.62	21,353	35	0.65
Loans and advances	(a)	214,376	1,196	2.21	215,173	1,207	2.23
Debt securities		33,825	69	0.81	35,137	81	0.91
Other assets with returns		64,826	468	2.86	64,955	429	2.62
Other assets		69,970	3	-	70,665	5	-
Total average assets	**(b)**	**407,407**	**1,774**	**1.73**	**407,283**	**1,757**	**1.71**
Financial Institutions		30,656	(51)	0.66	29,129	(58)	0.78
Retail customer funds	(c)	217,239	(11)	0.02	219,137	(15)	0.03
Demand deposits		186,470	(7)	0.02	186,901	(9)	0.02
Maturity deposits		30,770	(3)	0.05	32,237	(5)	0.07
Time deposits		27,832	(3)	0.05	28,893	(5)	0.08
Retail repurchase agreements and marketable debt securities		2,938	-	-	3,344	-	-
Wholesale marketable debt securities & other		29,359	(60)	0.81	28,553	(64)	0.89
Subordinated liabilities		5,400	(18)	1.32	5,400	(19)	1.36
Other funds with cost		74,139	(390)	2.08	73,771	(347)	1.87
Other funds		50,614	(13)	-	51,293	(12)	-
Total average funds	**(d)**	**407,407**	**(543)**	**0.53**	**407,283**	**(515)**	**0.50**
Net interest income			**1,231**			**1,242**	
Customer spread (%)	**(a-c)**		**2.19**			**2.20**	
Balance sheet spread (%)	**(b-d)**		**1.20**			**1.21**	

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 remained stable at €1,905 million** on the same period of 2019**.** The downturn in economic activity and the behaviour of the markets have had an effect on its performance with respect to the same quarter of the previous year (down 2.7%); however, they show a positive performance with respect to the second quarter of 2020 (up 4.9%).

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

    The change in recurring fees and commissions (-5.9% with respect to the first nine months of 2019 and -8.2% 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 resisted well to the lower economic activity. Recurring fees and commissions grew 9.8% with respect to the previous quarter in a scenario of some economic recovery mainly as a result of higher e-payment fees and commissions.

    Fees and commissions from wholesale banking show a solid year-on-year performance with a 44.1% growth with respect to the first nine months of 2019 and a 23.9% increase when compared to the same quarter in 2019, cushioning the drop of recurring fees. The usual negative seasonal impact on this type of fees and commissions in the third quarter explains the 25.8% drop with respect to the previous quarter.

  - **Fees and commissions from the sale of insurance products** dropped when compared to 2019 (-9.1%), mainly due to the lower commercial activity in the second quarter. They show a positive trend in the quarter (+4.9%) and slightly lower levels than in the same quarter of 2019.

  - **Commissions from mutual funds, managed accounts and SICAVs** came to €405 million, with a year-on-year and quarter-on-quarter increase of 2.5% and 6.4%, respectively. Similar level as reached in the same quarter of the previous year (-0.7%).

  - **Commissions from managing pension plans** stand at €163 million, showing a similar behaviour as commissions from investment funds (+2.2% year-on-year and +8.3% quarter-on quarter).

  - Growth in **Unit Link fees and commissions** with respect to the first nine months of 2019 (+18.8%), the previous quarter (+5.5%) and the same quarter of 2019 (+15.0%) is mainly due to managing a higher volume.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Banking services, securities and other fees	1,085	1,099	(1.3)	360	347	378	401	380
of which: Recurring	*941*	*999*	*(5.9)*	*317*	*288*	*336*	*344*	*345*
of which: Wholesale banking	*144*	*100*	*44.1*	*43*	*58*	*42*	*57*	*35*
Sale of insurance products	146	161	(9.1)	49	47	50	52	51
Mutual funds, managed accounts and SICAVs	405	395	2.5	138	129	139	143	138
Pension plans	163	160	2.2	56	52	56	62	55
Unit Link and other[1]	105	89	18.8	36	34	35	36	32
Net fee and commission income	**1,905**	**1,904**	**0.0**	**638**	**608**	**658**	**694**	**656**

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

Income from equity investments

- The **Dividend income** includes in the second quarter of 2020 the dividend from Telefónica for €50 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 (€0.40/share). At 30 September 2020, only the scrip dividend approved by the Telefónica Board of Directors for €0.193/share has been recognised, in which CaixaBank opted for cash remuneration.

- The **Share of profit/(loss) of entities accounted for using the equity method** drops 36.4% on the same period of the previous year due to the recognition of lower results attributed in the current economic scenario. The higher earnings of SegurCaixa Adeslas, impacted by the habitual lower claim ratio in the healthcare business in the third quarter, as well as a certain recovery of the estimated results from investees, stand out in the quarterly change.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Dividend income	96	161	(40.7)	2	93	1	2	
Share of profit/(loss) of entities accounted for using the equity method	218	344	(36.4)	122	41	56	81	135
Income from equity investments	**314**	**505**	**(37.8)**	**123**	**134**	**57**	**83**	**135**

Trading income

- **Trading income** stands at €182 million (down 36.3%). Its change is partially due to the materialisation of unrealised gains from fixed-income assets in the previous year. Among other factors, the quarterly change is marked by the markets' recovery in the second quarter in terms of the valuation of credit risk of derivatives, following the negative performance in the first quarter of 2020.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Trading income	**182**	**285**	**(36.3)**	**40**	**162**	**(20)**	**13**	**24**

Income and expense under insurance or reinsurance contracts

- The income from life-risk insurance business stands at €441 million, showing a solid growth of 8.5% with respect to the same period of 2019 and 6.0% with respect to the previous quarter (+4.7% when compared to the same quarter of the previous year).

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Income and expense under insurance or reinsurance contracts	**441**	**407**	**8.5**	**150**	**141**	**150**	**149**	**143**

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 €242 million reported in the fourth quarter of 2019.

  The line Other includes, among other factors, the recognition in the first quarter of 2020 of BPI's annual contribution paid to the Portuguese banking sector (*Contribuição sobre o sector bancário*) of €16 million, which in 2019 was accrued throughout the year. The fourth quarter of 2019 included income from the earn out of SegurCaixa Adeslas.

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

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
SRF / DGF	(111)	(103)	7.3		(111)		(242)	
Other real estate operating income and expense (including Spanish property tax)	(22)	(11)		1	(6)	(17)	12	1
Other	(96)	(97)	(1.4)	(31)	(19)	(45)	55	(36)
Other operating income and expense	**(229)**	**(211)**	**8.3**	**(30)**	**(136)**	**(62)**	**(175)**	**(35)**

Administration expenses, depreciation and amortisation

- The year-on-year performance of **Recurring administrative expenses, depreciation and amortisation** (-3.1%) is a result of the cost base management.

  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 1.7% in the year.

  The increase in depreciation and amortisation (+1.6%) includes investments made in the bank's transformation projects.

- Lower Recurring administrative expenses, depreciation and amortisation with respect to the previous quarter (-1.5%), mainly due lower personnel and general expenses. The increase in depreciation and amortisation is explained by the review carried out in the second quarter by BPI of the software's depreciable lifecycle[4], including the retroactive savings achieved since the beginning of the year.

- The effort in reducing costs, with a year-on-year reduction of 3.1%, higher than the drop of core income (-0.7%), has improved the core cost-to-income ratio by 1.6 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.

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

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Gross income	6,260	6,610	(5.3)	2,143	2,134	1,983	1,995	2,165
Personnel expenses	(2,152)	(2,255)	(4.6)	(698)	(715)	(739)	(723)	(731)
General expenses	(922)	(938)	(1.7)	(303)	(310)	(309)	(309)	(314)
Depreciation and amortisation	(411)	(404)	1.6	(139)	(132)	(140)	(142)	(144)
Recurring administrative expenses, depreciation and amortisation	**(3,485)**	**(3,597)**	**(3.1)**	**(1,140)**	**(1,157)**	**(1,188)**	**(1,174)**	**(1,189)**
Extraordinary expenses		(978)					(1)	
Cost-to-income ratio (%) (12 months)	56.4	67.9	(11.5)	56.4	56.9	67.6	66.8	67.9
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	56.4	56.2	0.2	56.4	56.9	56.1	55.4	56.2

	9M20	9M19	Chg.	3Q20	2Q20	1Q20	4Q19	3Q19
Core income	6,158	6,201	(0.7)	2,094	2,019	2,045	2,115	2,117
Recurring administrative expenses, depreciation and amortisation	(3,485)	(3,597)	(3.1)	(1,140)	(1,157)	(1,188)	(1,174)	(1,189)
Core cost-to-income ratio (12 months)	**56.3**	**57.9**	**(1.6)**	**56.3**	**56.7**	**57.0**	**57.4**	**57.9**

Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk**[1] stand at €-1,594 million (€-288 million in the first nine months of 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 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 €1,161 million was recognised in the first nine months of 2020, anticipating future impacts associated with Covid-19.** This provision has remained practically stable in the third quarter (€1,155 million at the end of June) due to having applied the same method as in the end of the previous quarter and maintaining the same weight of the updated macroeconomic scenarios.

  With regard to the quarterly change, **the Allowances for insolvency in the third quarter, established following conservative criteria in light of the current environment of uncertainty, amounted to €260 million.** The previous quarter included the recognition of €755 million made to the provision set to anticipate future impacts associated with Covid-19 after reviewing the scenarios considered in the first quarter.

  The **cost of risk (last 12 months)** came to **0.67%** following the aforementioned provisions. The annualised cost of risk up to September 2020 stands at 0.84% following the provision made for the expected loss from impacts 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 the first nine months of 2020, the use of funds established at the time BPI was acquired reached €84 million (€45 million, €15 million and €24 million in the first, second and third quarter, respectively), compared to the €46 million in the same period of the previous year.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Allowances for insolvency risk	(1,594)	(288)		(260)	(819)	(515)	(88)	(84)
Other charges to provisions	(207)	(151)	36.7	(23)	(41)	(144)	(84)	(60)
Allowances for insolvency risk and other charges to provisions	**(1,801)**	**(439)**		**(283)**	**(859)**	**(659)**	**(172)**	**(144)**

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 in the fourth quarter of 2019 reflected, among others, the extraordinary adaptation of certain real estate assets to their fair value.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Real estate results	(47)	(23)		(23)	(10)	(14)	(61)	(8)
Other	(45)	(59)	(24.8)	(19)	(9)	(17)	(24)	(36)
Gains/(losses) on disposal of assets and others	**(92)**	**(82)**	**11.9**	**(42)**	**(19)**	**(31)**	**(85)**	**(44)**

Business Activity

Balance sheet

Total assets reached €449,310 million, up 0.8% in the quarter:

€ million	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
- Cash and cash balances at central banks and other demand deposits	50,009	44,304	12.9	15,110	
- Financial assets held for trading	8,158	7,774	4.9	7,370	10.7
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	323	381	(15.2)	427	(24.4)
Equity instruments	180	184	(2.2)	198	(9.1)
Debt securities	53	54	(1.9)	63	(15.9)
Loans and advances	90	143	(37.1)	166	(45.8)
- Financial assets at fair value with changes in other comprehensive income	19,416	20,745	(6.4)	18,371	5.7
- Financial assets at amortised cost	266,760	269,430	(1.0)	244,702	9.0
Credit institutions	6,486	7,109	(8.8)	5,159	25.7
Customers	235,510	236,291	(0.3)	222,154	6.0
Debt securities	24,764	26,030	(4.9)	17,389	42.4
- Derivatives - Hedge accounting	438	392	11.7	2,133	(79.5)
- Investments in joint ventures and associates	3,955	3,928	0.7	3,941	0.4
- Assets under the insurance business[1]	74,363	72,700	2.3	72,683	2.3
- Tangible assets	7,109	7,229	(1.7)	7,282	(2.4)
- Intangible assets	3,903	3,883	0.5	3,839	1.7
- Non-current assets and disposal groups classified as held for sale	1,335	1,257	6.2	1,354	(1.4)
- Other assets	13,541	13,549	(0.1)	14,202	(4.7)
Total assets	**449,310**	**445,572**	**0.8**	**391,414**	**14.8**
Liabilities	**424,759**	**421,179**	**0.8**	**366,263**	**16.0**
- Financial liabilities held for trading	2,377	2,191	8.5	2,338	1.7
- Financial liabilities at amortised cost	341,463	339,710	0.5	283,975	20.2
Deposits from central banks and credit institutions	57,657	57,840	(0.3)	20,656	
Customer deposits	240,808	238,674	0.9	221,079	8.9
Debt securities issued	35,221	34,291	2.7	33,648	4.7
Other financial liabilities	7,777	8,905	(12.7)	8,592	(9.5)
- Liabilities under the insurance business[1]	72,478	70,769	2.4	70,807	2.4
- Provisions	3,313	3,356	(1.3)	3,624	(8.6)
- Other liabilities	5,128	5,153	(0.5)	5,519	(7.1)
Equity	**24,551**	**24,393**	**0.6**	**25,151**	**(2.4)**
- Shareholders' equity	26,475	25,996	1.8	26,247	0.9
- Minority interest	25	25	0.0	29	(13.8)
- Accumulated other comprehensive income	(1,949)	(1,628)	19.7	(1,125)	73.2
Total liabilities and equity	**449,310**	**445,572**	**0.8**	**391,414**	**14.8**

(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 **€241,877 million** (up 6.4% in the year), particularly noteworthy has been the growth of loans to business. The quarterly performance (down 0.4%) is impacted by the negative seasonal effect typical of the third quarter and corresponding to the advance of double payments made to pension holders in June for an amount of €1,824 million. Loans and advances grow 0.3% excluding this effect.

- Changes by segment include:

  Loans for home purchases (-2.5% in the year and -0.6% in the quarter) continues to be marked by the deleveraging of families. However, to a lesser extent than the previous quarter.

  Loans to individuals – Other has dropped by 1.1% in the year. The 5.0% drop in the quarter is mainly due to the advance of double payments made to pension holders in June (stable if not considering this effect).

  The performance of **Consumer lending** (-2.2% in the year) is the result of the contained consumption during the state of alarm, showing signs of recovery after lockdown easing, with a quarterly growth of 0.6%.

  Financing for **Corporates and SMEs was up 17.6%** in the year, in response to the demand of loans in a context where companies were managing their liquidity requirements for the coming quarters.

  Loans to business grew by 1.4% in the third quarter, still impacted by the government guaranteed loans for an amount of €1,435 million (of which €1,268 million in Spain in ICO loans).

  Loans to the **public sector** grew by 8.5% in the year, mainly from one-off transactions granted up to February, dropping in the second and third quarter by 9.7% and 1.3%, respectively.

€ million	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
Loans to individuals	**121,757**	**124,152**	**(1.9)**	**124,334**	**(2.1)**
Home purchases	86,302	86,828	(0.6)	88,475	(2.5)
Other	35,455	37,325	(5.0)	35,859	(1.1)
of which: Consumer lending	14,409	14,320	0.6	14,728	(2.2)
Loans to business	**107,351**	**105,870**	**1.4**	**91,308**	**17.6**
Corporates and SMEs	101,453	99,761	1.7	85,245	19.0
Real estate developers	5,898	6,109	(3.5)	6,063	(2.7)
Public sector	**12,769**	**12,934**	**(1.3)**	**11,764**	**8.5**
Loans and advances to customers, gross[1]	**241,877**	**242,956**	**(0.4)**	**227,406**	**6.4**
Of which:					
Performing loans	233,150	234,083	(0.4)	219,006	6.5
Provisions for insolvency risk	(5,756)	(5,655)	1.8	(4,704)	22.4
Loans and advances to customers, net	**236,121**	**237,301**	**(0.5)**	**222,702**	**6.0**
Contingent liabilities	17,157	17,305	(0.9)	16,856	1.8

(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:

	Sep. 30, 2020			Jun. 30, 2020		
Amounts drawn, in € million	**Spain (ICO)**	**Portugal**	**Total**	**Spain (ICO)**	**Portugal**	**Total**
Loans to individuals	**1,119**	**14**	**1,133**	**1,014**	**7**	**1,021**
Other (self-employed)	1,119	14	1,133	1,014	7	1,021
Loans to business	**10,823**	**483**	**11,307**	**9,555**	**316**	**9,872**
Corporates and SMEs	10,782	483	11,264	9,514	315	9,829
Real estate developers	41	1	42	42	1	42
Public sector	**2**	**-**	**2**	**2**	**-**	**2**
Loans and advances to customers, gross[1]	**11,944**	**498**	**12,442**	**10,572**	**323**	**10,895**

(1) Refers to the amount of loans and advances granted to and disposed by clients. In addition to those, CaixaBank has granted €1,092 million still to be disposed by clients at 30 September 2020 (€455 million at 30 June 2020).

Customer funds

Customer funds reached €404,422 million on 30 September 2020 (up 5.2% in the year and 0.9% in the quarter).

- On-balance sheet funds stood at €297,460 million (+7.3% in the year and +1.1% in the quarter).
  - **Demand deposits** rose to €213,473 million. Its growth (+12.6% in the year and +2.0% 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 €24,387 million (-15.8%). 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 1.0% in the year and 0.5% in the quarter, includes the positive net subscriptions in Unit Links in the year that exceed the negative impact of their revaluation.
- **Assets under management** stand at €100,828 million. Its annual performance (-1.5%) is due to the market collapse experienced in the first quarter and its partial recovery in the following months. The quarterly growth of 2.3% and the positive net subscriptions in the year and in the quarter stand out.
  - The assets managed in **mutual funds, managed accounts and SICAVs** stood at €67,166 million (-2.1% in the year and +2.4% in the quarter).
  - **Pension plans** reached €33,662 million (-0.2% in the year and +2.1% in the quarter).
- Other accounts mainly includes temporary funds associated with transfers and collections. The performance in the third quarter is the result, among other factors, the payment of balances associated with the collection from filed income tax returns, which had a positive impact at the end of the previous quarter.

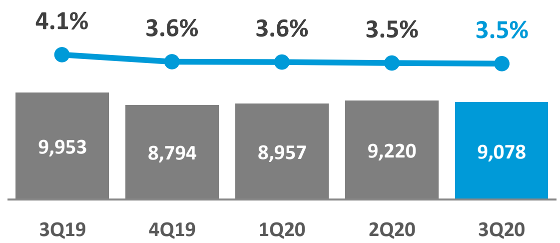
(1) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

€ million	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
Customer funds	237,860	234,922	1.3	218,532	8.8
Demand deposits	213,473	209,341	2.0	189,552	12.6
Time deposits[2]	24,387	25,581	(4.7)	28,980	(15.8)
Insurance contract liabilities	58,016	57,700	0.5	57,446	1.0
of which: Unit Link and other[3]	12,896	12,227	5.5	12,249	5.3
Reverse repurchase agreements and other	1,584	1,666	(4.9)	1,294	22.4
On-balance sheet funds	**297,460**	**294,288**	**1.1**	**277,272**	**7.3**
Mutual funds, managed accounts and SICAVs	67,166	65,619	2.4	68,584	(2.1)
Pension plans	33,662	32,954	2.1	33,732	(0.2)
Assets under management	**100,828**	**98,573**	**2.3**	**102,316**	**(1.5)**
Other accounts	**6,134**	**7,814**	**(21.5)**	**4,698**	**30.6**
Total customer funds[4]	**404,422**	**400,675**	**0.9**	**384,286**	**5.2**

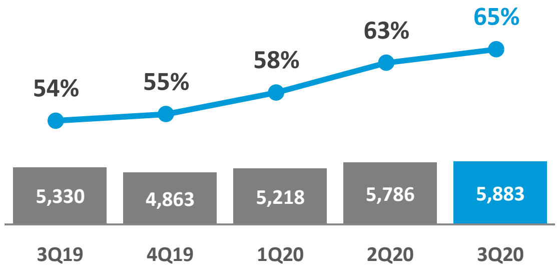
(2) Includes retail debt securities amounting to €1,452 million at 30 September 2020.
(3) Includes technical provisions corresponding to Unit Link and Flexible Investment Life Annuity products (the part managed).
(4) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices - 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 3.5%,** down 10 basis points in the year.

Increase of **non-performing loans** in the year of €284 million, partially due to a lower recovery activity during the state of alarm; however, the **decrease in the quarter of €141 million** with a drop in all risk segments stands out.

The **coverage ratio rose** to **65% (+10 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	3Q19	4Q19	1Q20	2Q20	3Q20
Opening balance	**10,402**	**9,953**	**8,794**	**8,957**	**9,220**
Exposures recognized as non-performing (NPL-inflows)	680	777	793	1,022	672
Derecognitions from non-performing exposures	(1,129)	(1,936)	(630)	(760)	(814)
of which: written off	(58)	(256)	(105)	(169)	(133)
Closing balance	**9,953**	**8,794**	**8,957**	**9,220**	**9,078**

NPL ratio by segment

	Dec. 31, 2019	Jun. 30, 2020	Sep. 30, 2020
Loans to individuals	**4.4%**	**4.6%**	**4.6%**
Home purchases	3.4%	3.6%	3.6%
Other	6.7%	7.0%	7.2%
of which: Consumer lending	4.0%	5.0%	4.6%
Loans to business	**3.2%**	**3.0%**	**2.9%**
Corporates and SMEs	2.9%	2.6%	2.6%
Real estate developers	8.0%	7.9%	8.2%
Public sector	**0.3%**	**0.3%**	**0.2%**
NPL Ratio (loans and contingent liabilities)	**3.6%**	**3.5%**	**3.5%**

The change in the NPL ratio for “Other” in the second quarter is mainly impacted by the pension prepayments, which increases and then decreases the volume of lending in the second and third quarters, respectively. Stripping out this effect, the NPL ratio for “Other” in 2Q20 would have been 7.3%.

Changes in provisions for insolvency risk[1]

(1) Including loans and contingent liabilities.

€ million	3Q19	4Q19	1Q20	2Q20	3Q20
Opening balance	**5,608**	**5,330**	**4,863**	**5,218**	**5,786**
Charges to provisions	84	88	515	819	260
Amounts used	(353)	(540)	(153)	(247)	(163)
Transfers and other changes	(9)	(15)	(7)	(4)	-
Closing balance	**5,330**	**4,863**	**5,218**	**5,786**	**5,883**

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.

Sep. 30, 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 advances and contingent liabilities	**235,859**	**14,097**	**9,078**	**259,034**	**(1,012)**	**(962)**	**(3,909)**	**(5,883)**

Jun. 30, 2020	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	219,870	14,214	8,873	242,956	(994)	(910)	(3,750)	(5,655)
Contingent liabilities	16,284	674	347	17,305	(18)	(13)	(99)	(131)
Total loans and advances and contingent liabilities	**236,153**	**14,888**	**9,220**	**260,261**	**(1,013)**	**(924)**	**(3,849)**	**(5,786)**

Dec. 31, 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 advances and contingent liabilities	**219,258**	**16,210**	**8,794**	**244,262**	**(586)**	**(720)**	**(3,557)**	**(4,863)**

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

Sep. 30, 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**

Jun. 30, 2020 € million	Home purchases	Other	Loans to business	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Provisions for insolvency risk COVID-19	405	432	318	1,155	461	301	393	1,155

Breakdown of moratoria

Below are the moratoria requests[1] granted and in analysis at the end of September and June 2020:

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

	Sep. 30, 2020					
	Spain		Portugal		Total	
	No. of contracts	€ million	No. of contracts	€ million	€ million	% on portfolio
Moratoria to individuals	**381,188**	**10,397**	**76,940**	**3,215**	**13,611**	**11.2**
Home purchases	80,510	7,193	43,001	2,721	9,914	11.5
Other	300,678	3,203	33,939	493	3,697	10.4
of which: consumer lending	252,182	1,182	31,966	379	1,562	10.8
Moratoria to business	**2,580**	**604**	**31,668**	**2,881**	**3,484**	**3.2**
Corporates and SMEs	2,334	544	31,618	2,795	3,339	3.3
Real estate developers	246	60	50	85	145	2.5
Moratoria to the public sector	**-**	**-**	**4**	**32**	**32**	**0.3**
Total moratoria granted	**383,768**	**11,000**	**108,612**	**6,127**	**17,127**	**7.1**
Moratoria in analysis[2]	**2,990**	**109**	**-**	**-**	**109**	**-**
Total moratoria	**386,758**	**11,110**	**108,612**	**6,127**	**17,236**	**7.1**

	Jun. 30, 2020					
	Spain		Portugal		Total	
	No. of contracts	€ million	No. of contracts	€ million	€ million	% on portfolio
Moratoria to individuals	**355,545**	**9,778**	**73,288**	**3,070**	**12,848**	**10.3**
Home purchases	75,279	6,790	40,946	2,615	9,404	10.8
Other	280,266	2,989	32,342	455	3,444	9.2
of which: consumer lending	232,402	1,103	30,531	364	1,467	10.2
Moratoria to business	**1,943**	**70**	**32,081**	**2,565**	**2,634**	**2.5**
Corporates and SMEs	1,786	57	32,036	2,543	2,600	2.6
Real estate developers	157	13	45	22	35	0.6
Moratoria to the public sector	**-**	**-**	**2**	**16**	**16**	**0.1**
Total moratoria granted	**357,488**	**9,848**	**105,371**	**5,650**	**15,498**	**6.4**
Moratoria in analysis[2]	**54,614**	**1,173**	**1,693**	**78**	**1,251**	**-**
Total moratoria	**412,102**	**11,021**	**107,064**	**5,728**	**16,749**	**6.9**

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

Out of a total of € 11,000 million in moratoria granted in Spain at 30 September (€ 9,848 million in June), 86% (same percentage in June) correspond to contracts with mortgage guarantee, with an average LTV of 55% (54% in June).

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

€ million	Sep. 30, 2020 Stage 1	Stage 2	Stage 3	TOTAL
Individuals	10,383	2,447	781	13,611
Business	2,955	460	70	3,484
Public sector	32	-	-	32
Total moratoria granted	13,369	2,907	851	17,127

€ million	Jun. 30, 2020 Stage 1	Stage 2	Stage 3	TOTAL
Individuals	9,619	2,524	705	12,848
Business	2,418	204	12	2,634
Public sector	16	-	-	16
Total moratoria granted	12,053	2,728	717	15,498

Loan-to-value breakdown at 30 September and 30 June 2020 of the moratoria approved in the home purchases segment:

€ million	Sep. 30, 2020 LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	1,888	3,866	3,054	1,106	9,914

€ million	Jun. 30, 2020 LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	1,930	3,356	3,103	1,015	9,404

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:

€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80% (Sep. 30, 2020)	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

€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80% (Jun. 30, 2020)	LTV > 80%	TOTAL
Gross amount	24,799	32,094	21,893	7,344	86,130
of which: Non-performing	285	511	685	1,611	3,092

€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80% (Dec. 31, 2019)	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

€ million	Dec. 31, 2019 Total	Dec. 31, 2019 of which: NPL	Jun. 30, 2020 Total	Jun. 30, 2020 of which: NPL	Sep. 30, 2020 Total	Sep. 30, 2020 of which: NPL
Individuals	5,009	3,179	4,252	3,286	4,190	3,324
Corporates and SMEs	2,617	1,369	2,371	1,356	2,354	1,356
Real estate developers	651	324	604	309	565	318
Public sector	246	15	211	14	203	11
Total	**8,523**	**4,887**	**7,438**	**4,965**	**7,311**	**5,010**
Provisions	1,860	1,693	1,791	1,677	1,770	1,673

Foreclosed real estate assets

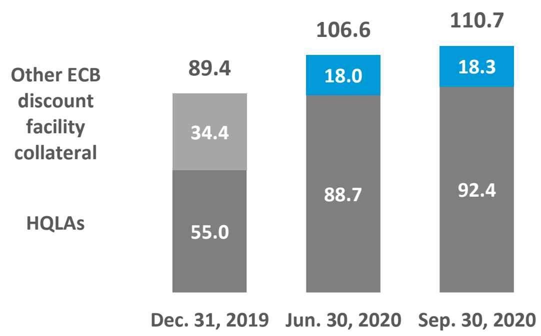
- The portfolio of **Net foreclosed available for sale real estate assets[2]** in Spain amounts to €973 million (€+15 million in 2020). **The coverage ratio[3] is 40%** (+1 pp in the year), while the coverage ratio with accounting provisions[3] is 32% (+2 pp in the year).
- Net foreclosed assets **held for rent** in Spain stand at €1,905 million (€-189 million in 2020).
- **Total properties sold[4] in 2020** amounts to €254 million.

(2) Does not include real estate assets in the process of foreclosure for €115 million at 30 September 2020.

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

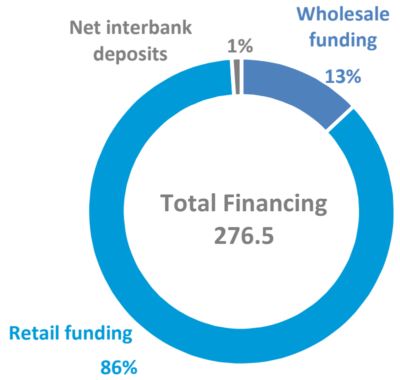
(4) At sale price.

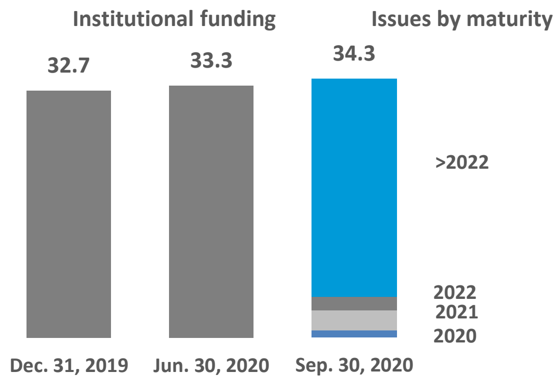
Liquidity and financing structure



	Dec. 31, 2019	Jun. 30, 2020	Sep. 30, 2020
Punctual LCR	179 %	283 %	280 %
Average LCR[1]	186 %	198 %	224 %
NSFR	129 %	140 %	141 %
LTD	100 %	99 %	98 %

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





Financing structure
(€ thousand million)

- **Total liquid assets amounted to €110,729 million** at 30 September 2020, up €21,302 million in the year, mainly due to the generation and provision of collateral in the ECB facility.
- The Group's **Liquidity Coverage Ratio** (LCR) at 30 September 2020 was 280%, showing an ample liquidity position (**224%** LCR average last 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio** (NSFR)[2] stood at 141% at 30 September 2020, above the 100% regulatory minimum required from June 2021.
- Solid retail financing structure with a **loan-to-deposit** ratio **of 98%.**
- The **balance drawn** under the ECB facility at 30 September 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 €34,299 million, diversified by investments, instruments, and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €4,054 million at the end of September 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 (better interpretation of the aforementioned criteria). The aforementioned calculations follow the criteria laid down by Basel.

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

Information on the Group's issuances through to 30 September

€ 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

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

Following the end of September, CaixaBank completed a €750 million placement of perpetual Additional Tier 1, with the option to redeem the issuance early, as of October 2027, and with a coupon of 5.875% payable quarterly. Demand for the issue was higher than €4,100 million.

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

€ million		Sep. 30, 2020
Mortgage covered bonds issued	a	49,271
Loans and credits (collateral for mortgage covered bonds)	b	84,575
Collateralisation	**b/a**	**172%**
Overcollateralisation	**b/a -1**	**72%**
Mortgage covered bond issuance capacity[3]		**2,280**

(3) CaixaBank S.A. is also able to issue €1,774 million in regional public-sector covered bonds.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 12.7%**, pro-forma, considering the partial sale of Comercia (12.5% without considering it).

  The increase of +65 basis points in the first nine months, 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 +51 basis points due to the adoption of the transitional period of IFRS 9[2] (of which +4 in the quarter) and +20 basis points due to the partial sale of Comercia.

  The remaining accumulated performance up to September is explained by +45 basis points due to the organic variation of capital (generated in the third quarter), -21 basis points from the forecast of dividends[3] for the year (of which -15 basis points in the quarter) and -62 basis points caused by the performance of the markets and other (of which -11 basis points in the quarter).

- The CET1 ratio without applying the IFRS 9 transitional period stands at **12.2%** pro-forma the partial sale of Comercia (at **12.0%** without considering it).

- 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 **14.2%** on 30 September pro-forma the partial sale of Comercia (14.0% without considering it). Including the new AT1 issue of €750 million subscribed in October[4], the pro-forma ratio would reach **14.7%.** 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 **16.5%** considering the partial sale of Comercia (16.3% without considering it) and **17.0%** including also the AT1 issue.

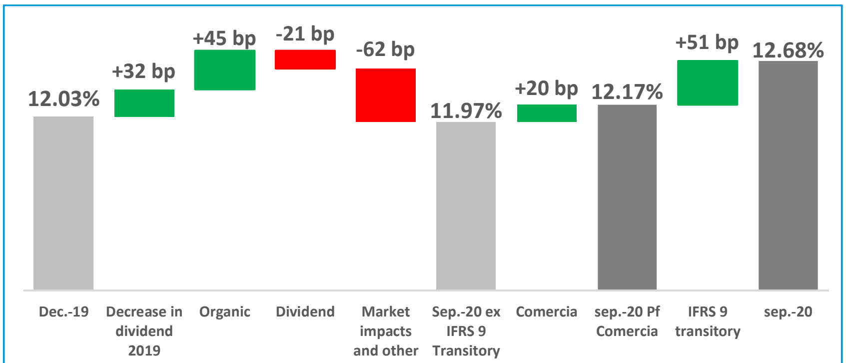
- The leverage ratio stood at 5.3% pro-forma Comercia and the AT1 issue of €750 million, 5.1% ex. pro-forma.

- As for the **MREL** requirement (22.7% of RWAs and 10.6% on TLOF at a consolidated level at 31 December 2020), CaixaBank had a ratio pro-forma (partial sale of Comercia and the AT1 issue) of **24.4% on RWA** and 9.6% on TLOF at 30 September (23.7% and 9.3% ex. pro-forma), considering all liabilities currently classified as eligible[5] by the Single Resolution Board. At a subordinated level, excluding the Senior preferred debt and other pari-passu liabilities, the pro-forma MREL ratio including the partial sale of Comercia and the AT1 issue reached **20.9% of RWAs** (20.2% without considering it), comfortably above the regulatory requirement of 16.8% of RWA.

- Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The CET1 ratio under this perimeter reached 14.1%.

- **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 30 September CaixaBank has a margin of 404 basis points,



Change in CET1

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

(2) In March CaixaBank availed itself to the IFRS 9'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) As set forth in the prudential standard (average pay-out of the last three years), 43% of the consolidated profit is deducted. If we consider the Dividend Policy approved by the Board of Directors, which establishes a maximum payment of 30% of the result, the pro-forma CET1 would improve by 10pbs.

(4) See section 'Liquidity'.

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

equating to €5,886 million, until the Group's MDA trigger. Pro-forma the partial sale of Comercia and including the AT1 issue, there is a margin of 458 basis points, or €6,668 million until the MDA.

The Group's current level of capital adequacy confirm 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 to no more than 30% of the reported consolidated net profit.

Performance and key capital adequacy indicators

€ million	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Sep. 30, 2020 pro-forma	Quarter-on-quarter
CET1 Instruments	23,701	24,114	24,080	24,621	24,657	24,896	275
Shareholders' equity	25,831	26,247	25,876	25,996	26,475	26,895	899
Capital	5,981	5,981	5,981	5,981	5,981	5,981	
Profit/(loss) attributable to the Group	1,266	1,705	90	205	726	1,146	941
Reserves and other	18,584	18,561	19,806	19,811	19,768	19,768	(43)
Other CET1 instruments[1]	(2,131)	(2,133)	(1,796)	(1,375)	(1,818)	(1,999)	(624)
Deductions from CET1	(6,291)	(6,327)	(6,333)	(6,538)	(6,464)	(6,433)	105
CET1	**17,409**	**17,787**	**17,747**	**18,083**	**18,192**	**18,463**	**380**
AT1 instruments	2,235	2,236	2,236	2,237	2,237	2,987	750
AT1 Deductions							
TIER 1	**19,645**	**20,023**	**19,983**	**20,320**	**20,430**	**21,451**	**1,131**
T2 instruments	3,170	3,224	3,329	3,208	3,318	3,318	110
T2 Deductions							
TIER 2	3,170	3,224	3,329	3,208	3,318	3,318	110
TOTAL CAPITAL	**22,815**	**23,247**	**23,312**	**23,528**	**23,748**	**24,769**	**1,241**
Other computable subordinated instruments MREL	5,684	5,680	5,680	5,667	5,664	5,664	(3)
MREL, subordinated	**28,499**	**28,927**	**28,993**	**29,195**	**29,411**	**30,432**	**1,237**
Other computable instruments MREL[2]	3,393	3,362	4,342	4,111	5,111	5,111	1,000
MREL	**31,892**	**32,289**	**33,335**	**33,306**	**34,522**	**35,543**	**2,237**
Risk-weighted assets	149,332	147,880	147,808	147,499	145,726	145,603	(1,896)
CET1 Ratio	11.7%	12.0%	12.0%	12.3%	12.5%	12.7%	0.4%
Tier 1 Ratio	13.2%	13.5%	13.5%	13.8%	14.0%	14.7%	0.9%
Total Capital Ratio	15.3%	15.7%	15.8%	16.0%	16.3%	17.0%	1.0%
MDA Buffer[3]	4,298	4,805	5,193	5,449	5,886	6,668	1,219
MREL Ratio, subordinated	19.1%	19.6%	19.6%	19.8%	20.2%	20.9%	1.1%
MREL Ratio	21.4%	21.8%	22.6%	22.6%	23.7%	24.4%	1.8%
Leverage ratio	5.6%	5.9%	5.4%	5.1%	5.1%	5.3%	0.2%
CET1 Ratio - CABK (non-consolidated basis)	13.2%	13.8%	13.6%	14.1%	14.1%	14.1%	
Tier 1 Ratio CABK (non-consolidated basis)	14.8%	15.4%	15.3%	15.7%	15.8%	16.3%	0.6%
Total Capital Ratio - CABK (non-consolidated basis)	17.2%	17.8%	17.7%	18.1%	18.3%	18.8%	0.7%
Risk-weighted assets (non-consolidated basis)	135,575	135,725	136,395	135,465	134,973	134,973	(492)
Profit/loss (non-consolidated basis)	1,328	2,074	(141)	(135)	254	254	389
ADIs[4]	2,458	3,161	2,567	2,565	2,919	2,919	354
MDA Buffer- CABK (non-consolidated basis)[3]	8,360	9,139	9,041	9,543	9,619	9,619	76
Leverage Ratio - CABK (non-consolidated basis)	6.2%	6.6%	6.1%	5.8%	5.7%	5.9%	0.1%

***Sep. 30, 2020 pro-forma* the partial sale of Comercia and the AT1 issue of €750 million completed at the beginning of the fourth quarter.**

Data at June 2020 updated using the latest official information.

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

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

(3) The relevant MDA buffer is either the non-consolidated or the consolidated, whichever is lower.

(4) 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 (since 1 January 2019). 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).

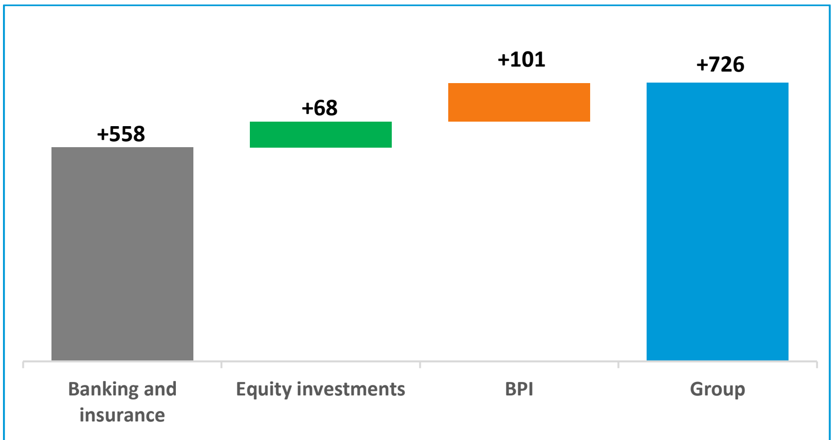
The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

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 assigned 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 first nine months of 2020 arranged by business are as follows:



Contribution to the result of 2020 (€ million)

€ million	Banking & insurance	Equity Investments	BPI	Group
Net interest income	**3,385**	**(64)**	**327**	**3,647**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	174	126	14	314
Net fee and commission income	1,727		178	1,905
Trading income	198	(8)	(8)	182
Income and expense under insurance or reinsurance contracts	441			441
Other operating income and expense	(207)		(22)	(229)
Gross income	**5,718**	**54**	**489**	**6,260**
Recurring administrative expenses, depreciation and amortisation	(3,142)	(3)	(340)	(3,485)
Extraordinary expenses				
Pre-impairment income	**2,576**	**51**	**149**	**2,776**
Pre-impairment income stripping out extraordinary expenses	**2,576**	**51**	**149**	**2,776**
Allowances for insolvency risk	(1,582)		(12)	(1,594)
Other charges to provisions	(206)		(1)	(207)
Gains/(losses) on disposal of assets and others	(95)		3	(92)
Profit/(loss) before tax	**694**	**51**	**138**	**883**
Income tax expense	(136)	17	(38)	(157)
Profit/(loss) after tax	**557**	**68**	**101**	**726**
Profit/(loss) attributable to minority interest and others	(1)			(1)
Profit/(loss) attributable to the Group	**558**	**68**	**101**	**726**

Banking and insurance business

The performance of the banking and insurance business in the first nine months of 2020 stands at €558 million, (down 29.1% with respect to the same period in 2019).

The ROTE[1] for the business is 4.3%.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
INCOME STATEMENT								
Net interest income	**3,385**	**3,510**	**(3.6)**	**1,130**	**1,138**	**1,116**	**1,149**	**1,160**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	174	188	(7.3)	89	44	42	44	81
Net fee and commission income	1,727	1,711	0.9	579	551	597	629	590
Trading income	198	225	(12.0)	38	164	(4)	14	20
Income and expense under insurance or reinsurance contracts	441	407	8.5	150	141	150	149	143
Other operating income and expense	(207)	(193)	7.1	(29)	(125)	(53)	(176)	(35)
Gross income	**5,718**	**5,848**	**(2.2)**	**1,957**	**1,913**	**1,848**	**1,809**	**1,959**
Recurring administrative expenses, depreciation and amortisation	(3,142)	(3,246)	(3.2)	(1,024)	(1,047)	(1,071)	(1,058)	(1,072)
Extraordinary expenses		(978)						
Pre-impairment income	**2,576**	**1,624**	**58.6**	**933**	**866**	**777**	**751**	**887**
Pre-impairment income stripping out extraordinary expenses	**2,576**	**2,602**	**(1.0)**	**933**	**866**	**777**	**751**	**887**
Allowances for insolvency risk	(1,582)	(352)		(267)	(787)	(528)	(221)	(109)
Other charges to provisions	(206)	(151)	36.0	(23)	(40)	(143)	(87)	(60)
Gains/(losses) on disposal of assets and others	(95)	(85)	11.7	(44)	(19)	(31)	(84)	(45)
Profit/(loss) before tax	**694**	**1,036**	**(33.1)**	**599**	**19**	**75**	**359**	**673**
Income tax expense	(136)	(247)	(44.8)	(146)	17	(8)	(85)	(179)
Profit/(loss) after tax	**557**	**789**	**(29.4)**	**454**	**36**	**67**	**274**	**494**
Profit/(loss) attributable to minority interest and others	(1)	2		1	(2)	0	1	2
Profit/(loss) attributable to the Group	**558**	**787**	**(29.1)**	**453**	**38**	**67**	**273**	**492**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	2.02	2.26	(0.24)	1.92	1.99	2.17	2.22	2.23
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	980	986	(0.7)	325	313	341	361	342
Sale of insurance products	109	120	(9.3)	36	35	38	40	36
Mutual funds, managed accounts and SICAVs	381	368	3.5	130	121	130	134	129
Pension plans	163	159	2.1	56	51	56	62	54
Unit Link and other	94	78	22.0	32	30	32	32	29
Net fee and commission income	**1,727**	**1,711**	**0.9**	**579**	**551**	**597**	**629**	**590**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(1,965)	(2,068)	(5.0)	(635)	(653)	(676)	(660)	(669)
General expenses	(811)	(824)	(1.5)	(265)	(273)	(273)	(273)	(276)
Depreciation and amortisation	(366)	(354)	3.2	(123)	(121)	(121)	(125)	(127)
Recurring administrative expenses, depreciation and amortisation	**(3,142)**	**(3,246)**	**(3.2)**	**(1,024)**	**(1,047)**	**(1,071)**	**(1,058)**	**(1,072)**
Extraordinary expenses		**(978)**						
OTHER INDICATORS								
Core income	5,704	5,782	(1.3)	1,937	1,871	1,896	1,964	1,964
ROTE[1]	4.3%	9.2%	(4.9)	4.3%	4.5%	7.3%	9.5%	9.2%
Cost-to-income ratio stripping out ext. exp. (12 months)	55.8%	57.6%	(1.8)	55.8%	56.4%	56.2%	56.2%	57.6%
Cost of risk[2]	0.80%	0.22%	0.6	0.80%	0.74%	0.44%	0.26%	0.22%
Customers	13.5	13.7	(1.5)	13.5	13.6	13.6	13.7	13.7
Employees[3]	30,851	30,800	0.2	30,851	30,772	30,738	30,896	30,800
Branches	3,886	4,254	(8.7)	3,886	4,012	4,061	4,118	4,254
of which Retail	3,672	4,045	(9.2)	3,672	3,797	3,846	3,918	4,045
ATMs	8,851	9,151	(3.3)	8,851	8,982	9,041	9,111	9,151

(1) The ratio for 9M19 excludes the impact from the labour agreement in 2Q19 (€-685 million, net) and the sale of the real estate business in 4Q18 (€-48 million, net).

The aforementioned adjustments are consistent with the way of calculating the ratio, that is, they correspond to 12 months.

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 (**€558 million,** -29.1%):

- **Gross income stands at €5,718 million (-2.2%):**
  - Core income dropped 1.3% with respect to the same period of 2019:
    - **Net interest income reached €3,385 million** (-3.6% with respect to 2019) due to the lower return on loans and the fixed-income portfolio and lower income from financing the Equity investments business, which are partially offset by a higher volume of loans, lower funding expenses and higher contribution of the insurance business.
    - **Fee and commission income** reached **€1,727 million** (+0.9% on the same period of 2019):
      - The slight reduction in banking fees and commissions (-0.7%) 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 are resisting well in the current economic scenario.
      - Lower fees and commissions from the sale of insurance products due to the drop of commercial activity (-9.3%), especially during the second quarter of 2020.
      - Increase in Commissions from mutual funds, managed accounts and SICAVs of 3.5% and in Commissions from managing pension plans of 2.1% despite the market volatility in 2020.
      - Growth in Unit Link fees and commissions, +22.0%, due to managing considerably more assets as a result of further activity.
    - **Income and expense under insurance or reinsurance contracts** shows a solid growth (+8.5%).
  - **Trading income** stands at €198 million (-12.0% compared to the same period of 2019) due to the further materialisation of unrealised gains from fixed-income assets in the previous year.
  - **Other operating income and expense** totalled €-207 million in the first nine months of 2020 (+7.1%).
- **Recurring administrative expenses, depreciation and amortisation** drop with respect to the first nine months of 2019 and amounted to €3,142 million, down 3.2% after an active management of the cost base, particularly personnel expenses, which were reduced by 5.0%, 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 €-1,582 million after increasing the coverage for credit risk and including provisions made, mainly in the first half of 2020, to anticipate future impacts associated with Covid-19.

  The cost of risk (12 months) stands at 0.80% and the annualised cost of risk for the first nine months at 0.93%.
- **Other charges to provisions** in the first quarter of 2020 included a total of €-109 million associated with early retirements.
- **Gains/(losses) on disposal of assets and others** stood at €-95 million (€-85 million in the same period of the previous year).

The performance in the third quarter amounts to €453 million (€38 million in the previous quarter), highlighting:

- **Gross income** stood at €1,957 million and grew by 2.3% with respect to the previous quarter. **Core income performed well (+3.5%).**
  - **Net interest income** dropped slightly (-0.7%), among other factors, due to a lower income from financing the Equity investments business after adjusting the rate to current market conditions.
  - **Fee and commission income** grew 5.1%, mainly due to the increase in banking fees and commissions (+3.7%) and the better performance of fees and commissions from assets under management.
  - **Trading income** dropped by 76.9%.
  - **Other operating income and expense** includes, in the second quarter of 2020, the contribution to the Single Resolution Fund (SRF) of €-91 million.
- **Operating expenses** dropped 2.2% with respect to the previous quarter.
- Lower **Allowances for insolvency risk** and **Other charges to provisions** in the third quarter following the higher provisions in the second quarter for the future impacts of Covid-19.
- **Gains/(losses) on disposal of assets and others** stood at €-44 million (€-19 million in the previous quarter).

The following table shows business activity and asset quality indicators at 30 September 2020:

- **Loans and advances to customers, gross stood at €216,688 million** (+6.7% in the year), mainly meeting the financing demands of businesses and self-employed workers.
- **Customer funds stood at €372,816 million** (+5.2% in the year). Its performance is impacted by the increase of On-balance sheet funds (+7.0%), especially driven by Demand deposits (+12.4%), and by the decrease of Assets under management (-1.2%) following the markets' collapse in the first quarter, although they have partially recovered during the rest of the year.
- The **NPL ratio** decreased to 3.6% (-10 basis points) and the **coverage ratio rose to 63%**, up 10pp in the year following the increase of provisions.

€ million	**Sep. 30, 2020**	**Jun. 30, 2020**	**Change %**	**Dec. 31, 2019**	**Change %**
BALANCE SHEET					
Assets	408,955	404,867	1.0	355,416	15.1
Liabilities	388,094	384,228	1.0	334,333	16.1
Assigned capital	20,837	20,614	1.1	21,054	(1.0)
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**108,282**	**110,861**	**(2.3)**	**111,300**	**(2.7)**
Home purchases	74,513	75,199	(0.9)	77,104	(3.4)
Other	33,768	35,662	(5.3)	34,196	(1.3)
of which: Consumer lending	13,033	12,967	0.5	13,403	(2.8)
Loans to business	**97,394**	**96,091**	**1.4**	**81,835**	**19.0**
Corporates and SMEs	91,694	90,186	1.7	75,977	20.7
Real estate developers	5,700	5,905	(3.5)	5,858	(2.7)
Public sector	**11,013**	**11,072**	**(0.5)**	**9,968**	**10.5**
Loans and advances to customers, gross	**216,688**	**218,024**	**(0.6)**	**203,103**	**6.7**
of which: Performing loans	208,617	209,828	(0.6)	195,385	6.8
of which: Non-performing loans	8,071	8,196	(1.5)	7,718	4.6
Provisions for insolvency risk	(5,219)	(5,105)	2.2	(4,167)	25.3
Loans and advances to customers, net	**211,469**	**212,920**	**(0.7)**	**198,936**	**6.3**
Contingent liabilities	15,605	15,767	(1.0)	15,281	2.1
CUSTOMER FUNDS					
Customer funds	212,744	210,195	1.2	195,723	8.7
Demand deposits	196,723	192,914	2.0	175,077	12.4
Time deposits	16,021	17,281	(7.3)	20,646	(22.4)
Insurance contract liabilities	58,016	57,700	0.5	57,446	1.0
of which: Unit Link and other	12,896	12,227	5.5	12,249	5.3
Reverse repurchase agreements and other	1,570	1,650	(4.8)	1,278	22.8
On-balance sheet funds	**272,330**	**269,545**	**1.0**	**254,447**	**7.0**
Mutual funds, managed accounts and SICAVs	62,092	60,649	2.4	63,189	(1.7)
Pension plans	33,662	32,954	2.1	33,732	(0.2)
Assets under management	**95,754**	**93,603**	**2.3**	**96,921**	**(1.2)**
Other accounts	**4,732**	**6,376**	**(25.8)**	**3,129**	**51.2**
Total customer funds	**372,816**	**369,524**	**0.9**	**354,497**	**5.2**
ASSET QUALITY					
Non-performing loan ratio (%)	3.6%	3.6%		3.7%	(0.1)
Non-performing loan coverage ratio (%)	63%	61%	2	53%	10

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 €528 million**, down **3.4%** on the first nine months of 2019.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Net interest income	**257**	**238**	**7.9**	**87**	**87**	**83**	**78**	**82**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	152	154	(1.2)	78	41	33	38	71
Net fee and commission income	(70)	(61)	15.5	(24)	(21)	(25)	(7)	(22)
Trading income	3	57		1	2	0		
Income and expense under insurance or reinsurance contracts	441	407	8.5	150	141	150	149	143
Other operating income and expense	1	2	(72.8)		1		77	
Gross income	**784**	**797**	**(1.6)**	**292**	**252**	**241**	**335**	**274**
Recurring administrative expenses, depreciation and amortisation	(97)	(91)	6.4	(32)	(32)	(33)	(30)	(30)
Extraordinary expenses								
Pre-impairment income	**688**	**706**	**(2.7)**	**260**	**220**	**208**	**305**	**244**
Pre-impairment income stripping out extraordinary expenses	**688**	**706**	**(2.7)**	**260**	**220**	**208**	**305**	**244**
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others								
Profit/(loss) before tax	**688**	**706**	**(2.7)**	**260**	**220**	**208**	**305**	**244**
Income tax expense	(160)	(160)	(0.1)	(54)	(54)	(52)	(56)	(49)
Profit/(loss) after tax	**528**	**546**	**(3.4)**	**206**	**166**	**156**	**249**	**195**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**528**	**546**	**(3.4)**	**206**	**166**	**156**	**249**	**195**

- **Net interest income** includes the margin on life savings insurance products, which were up 7.9% 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 virtually stable performance in the year (-1.2%). The quarterly growth is largely down to a reduction in the claims ratio for the health insurance segment, which typically occurs 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.
- **Trading income** includes in the first nine months of 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 8.5% on the same period of the previous year.
- **Other operating income and expense** includes, in the fourth quarter of 2019, mainly the one-off income associated with SegurCaixa Adeslas' earnout.
- **Recurring administrative expenses, depreciation and amortisation** increased by 6.4%.

(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 first nine months of 2020, the equity investments business stood at €68 million (€307 million in the same period of 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 in the framework of Repsol's divestment, completed in the second quarter of 2019, and lower funding expenses due to adapting the rate to market conditions.
- The **Dividend income** amounts to €90 million and includes €50 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 (€0.40/share). At 30 September 2020, only the first scrip dividend approved by the Telefónica Board of Directors for €0.193/share has been recognised.
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €36 million (€151 million in the same period of 2019) due to the lower results attributed in the current economic scenario.
- **Trading income** in the first nine months of 2019 includes the gains from hedge contracts on investees.
- **Income tax** includes in the third quarter of 2019 the reversal of provisions previously set up to address tax liabilities that are not expected to be required.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
Net interest income	(64)	(98)	(34.5)	(17)	(22)	(25)	(26)	(26)
Dividend income	90	151	(40.3)		90			
Share of profit/(loss) of entities accounted for using the equity method	36	151	(76.3)	29	(4)	11	33	50
Net fee and commission income								
Trading income	(8)	46		(3)	(4)	(2)	(11)	(4)
Income and expense under insurance or reinsurance contracts								
Other operating income and expense								
Gross income	54	250	(78.5)	9	60	(15)	(4)	20
Recurring administrative expenses, depreciation and amortisation	(3)	(3)		(1)	(1)	(1)	(1)	(1)
Extraordinary expenses								
Pre-impairment income	51	247	(79.5)	8	59	(16)	(5)	19
Pre-impairment income stripping out extraordinary expenses	51	247	(79.5)	8	59	(16)	(5)	19
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others								
Profit/(loss) before tax	51	247	(79.5)	8	59	(16)	(5)	19
Income tax expense	17	60	(71.5)	5	5	7	11	59
Profit/(loss) after tax	**68**	**307**	**(77.9)**	**13**	**64**	**(9)**	**6**	**78**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**68**	**307**	**(77.9)**	**13**	**64**	**(9)**	**6**	**78**
ROTE[1]	7.8%	25.3%	(17.5)	7.8%	13.8%	22.4%	26.8%	25.3%

(1) The coupon for the part of the AT1 issue assigned to this business has been deducted in both years.

€ million	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
BALANCE SHEET					
Assets					
Investments (Financial assets at fair value with changes in OCI and Investments in JVs and associates) and other	3,515	3,890	(9.6)	4,554	(22.8)
Liabilities					
Intra-group financing and other liabilities	2,799	3,086	(9.3)	3,533	(20.8)
Assigned capital[1]	**716**	**804**	**(10.9)**	**1,021**	**(29.9)**

(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 €101 million (-41.5% with respect to the first nine months of 2019).

ROTE for the business, stripping out extraordinary impacts[1], was 4.3%.

€ million	9M20	9M19	Change %	3Q20	2Q20	1Q20	4Q19	3Q19
INCOME STATEMENT								
Net interest income	**327**	**308**	**6.0**	**109**	**109**	**108**	**108**	**108**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	14	15	(6.9)	5	4	5	6	4
Net fee and commission income	178	193	(7.7)	59	57	61	65	66
Trading income	(8)	14		4	2	(14)	10	8
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(22)	(18)	22.2	(1)	(11)	(9)	1	
Gross income	**489**	**512**	**(4.5)**	**177**	**161**	**151**	**190**	**186**
Recurring administrative expenses, depreciation and amortisation	(340)	(348)	(2.3)	(115)	(109)	(116)	(115)	(116)
Extraordinary expenses							(1)	
Pre-impairment income	**149**	**164**	**(9.2)**	**62**	**52**	**35**	**74**	**70**
Pre-impairment income stripping out extraordinary expenses	**149**	**164**	**(9.2)**	**62**	**52**	**35**	**75**	**70**
Allowances for insolvency risk	(12)	64		6	(32)	13	133	25
Other charges to provisions	(1)			0	(1)	(0)	3	
Gains/(losses) on disposal of assets and others	3	3	5.3	2	1		(1)	1
Profit/(loss) before tax	**138**	**231**	**(40.1)**	**71**	**20**	**47**	**209**	**96**
Income tax expense	(38)	(59)	(36.1)	(15)	(7)	(16)	(49)	(22)
Profit/(loss) after tax	**101**	**172**	**(41.5)**	**55**	**13**	**32**	**160**	**74**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**101**	**172**	**(41.5)**	**55**	**13**	**32**	**160**	**74**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	1.78	1.89	(0.11)	1.78	1.77	1.81	1.87	1.91
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	105	113	(7.0)	35	33	37	40	38
Sale of insurance products	37	41	(8.6)	13	12	12	12	15
Mutual funds, managed accounts and SICAVs	24	27	(11.0)	8	8	8	9	9
Pension plans	1	1	4.9	0	0	0		1
Unit Link and other	11	11	(3.3)	4	4	3	4	3
Net fee and commission income	**178**	**193**	**(7.7)**	**59**	**57**	**61**	**65**	**66**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(185)	(184)	0.1	(61)	(61)	(62)	(62)	(61)
General expenses	(110)	(114)	(3.1)	(37)	(37)	(36)	(36)	(38)
Depreciation and amortisation	(45)	(50)	(9.7)	(16)	(11)	(19)	(17)	(17)
Recurring administrative expenses, depreciation and amortisation	**(340)**	**(348)**	**(2.3)**	**(115)**	**(109)**	**(116)**	**(115)**	**(116)**
Extraordinary expenses							**(1)**	
OTHER INDICATORS								
Core income	518	517	0.2	174	169	174	178	179
ROTE[1]	4.3%	6.7%	(2.4)	4.3%	5.4%	6.3%	7.5%	6.7%
Cost-to-income ratio stripping out ext. exp. (12 months)	67.0%	66.6%	0.4	67.0%	66.3%	67.8%	66.0%	66.6%
Customers	1.9	1.9		1.9	1.9	1.9	1.9	1.9
Employees	4,766	4,869	(2.1)	4,766	4,817	4,831	4,840	4,869
Branches	429	479	(10.4)	429	448	454	477	479

(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 (€131 million in 9M20 and €100 million in 9M19)*
- *Extraordinary expenses (€1 million in 9M20 and €9 million in 9M19)*
- *Deduction of the coupon for the part of the AT1 issue assigned to this business*

- **Gross income** is down 4.5% with respect to the previous year mainly due to the Trading income. Core income remains stable (+0.2%).
  - **Net interest income** totalled €327 million, with a 6.0% increase with respect to the previous year, and remains fairly stable when compared to the previous quarter (+0.4%).
  - **Fee and commission income** stand at €178 million, down 7.7% year-on-year mainly due to lower banking fees and commissions. With respect to the second quarter of 2020, they **grew 3.4%**.
  - **Trading income** amounted to €-8 million in the first nine months of 2020 (€+14 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 2.3%. 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, including the retroactive impact in the previous quarter.
- **Allowances for insolvency risk** stood at €-12 million and includes the provision associated with the Covid-19 crisis for **€48 million**, recognised in the first half of 2020. It also includes charges to provisions made by BPI, net of the use of funds[1] for credit risk established at the time the Portuguese bank was acquired by CaixaBank in February 2017.

(1) In the first nine months the use of funds reached €84 million (€45 million, €15 million and €24 million in the first, second and third quarter, respectively), compared to the €46 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 €25,188 million, up 3.6% in the year, boosted by loans to individuals - home purchases (+3.7%) and loans to business (+5.1), the latter marked by government guaranteed loans.
- **Customer funds stood at €31,606 million,** up 6.1% in the year as a result of the increase of On-balance sheet funds (+10.1%), especially Demand deposits (+15.7%), and the decrease of Assets under management (-5.9%), impacted by the markets' collapse.
- BPI's **NPL ratio** fell to 2.7% (-30 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 81% (+3 pp).

€ million	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
BALANCE SHEET					
Assets	36,840	36,815	0.1	31,444	17.2
Liabilities	33,867	33,865	-	28,397	19.3
Assigned capital	2,974	2,950	0.8	3,047	(2.4)
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**13,475**	**13,291**	**1.4**	**13,034**	**3.4**
Home purchases	11,788	11,629	1.4	11,371	3.7
Other	1,687	1,662	1.5	1,663	1.5
of which: Consumer lending	1,376	1,353	1.7	1,325	3.8
Loans to business	**9,957**	**9,779**	**1.8**	**9,473**	**5.1**
Corporates and SMEs	9,758	9,575	1.9	9,268	5.3
Real estate developers	198	204	(2.9)	205	(3.2)
Public sector	**1,756**	**1,862**	**(5.7)**	**1,796**	**(2.2)**
Loans and advances to customers, gross	**25,188**	**24,932**	**1.0**	**24,303**	**3.6**
of which: Performing loans	24,533	24,255	1.1	23,621	3.9
of which: Non-performing loans	655	677	(3.2)	682	(3.9)
Provisions for insolvency risk	(537)	(550)	(2.5)	(537)	-
Loans and advances to customers, net	**24,652**	**24,382**	**1.1**	**23,766**	**3.7**
Contingent liabilities	1,551	1,538	0.9	1,575	(1.5)
CUSTOMER FUNDS					
Customer funds	25,116	24,727	1.6	22,809	10.1
Demand deposits	16,750	16,427	2.0	14,475	15.7
Time deposits	8,366	8,300	0.8	8,334	0.4
Reverse repurchase agreements and other	14	16	(12.5)	16	(12.5)
On-balance sheet funds	**25,130**	**24,743**	**1.6**	**22,825**	**10.1**
Mutual funds, managed accounts and SICAVs	5,074	4,970	2.1	5,395	(5.9)
Assets under management	**5,074**	**4,970**	**2.1**	**5,395**	**(5.9)**
Other accounts	**1,402**	**1,438**	**(2.5)**	**1,569**	**(10.6)**
Total customer funds	**31,606**	**31,151**	**1.5**	**29,789**	**6.1**
Memorandum items					
Insurance contracts sold[1]	4,340	4,472	(3.0)	4,555	(4.7)
ASSET QUALITY					
Non-performing loan ratio (%)	2.7%	2.8%	(0.1)	3.0%	(0.3)
Non-performing loan coverage ratio (%)	81%	81%	0	78%	3

(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.

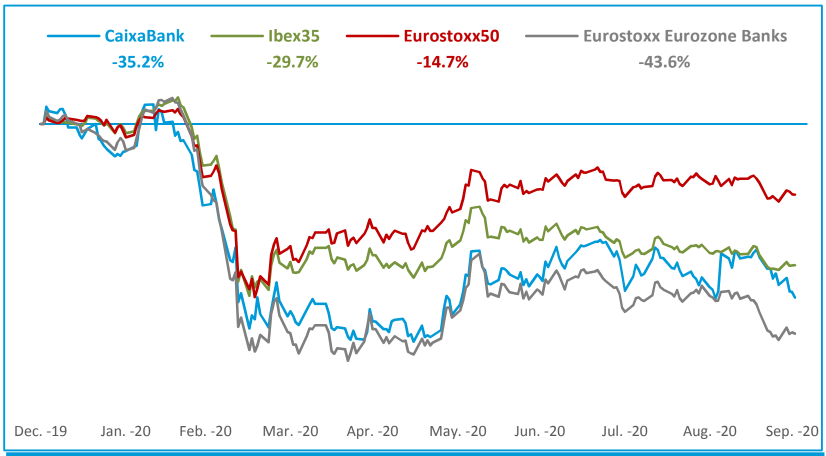
The CaixaBank **share**

- The **CaixaBank share** closed trading on 30 September 2020 at €1.813, down 4.6% in the quarter but experiencing a better performance than the selective bank benchmarks, which registered double-digit drops. EURO STOXX Banks dropped 13.2% and IBEX 35 banks 18.5%. The general indices also declined, but somewhat less than the bank indices: between the end of June and end of September, the EURO STOXX decreased by 1.3 and IBEX 35 fell by 7.1%.

  In July and August the reactivation of economic activity and support of economic policies -including the Recovery Plan "Next Generation EU" approved by the European Union- on the one hand, but with the appearance of Covid-19 outbreaks and a restrained improvement of mobility on the other, investment sentiment has been generally level-headed, resulting in a relative calmness in the financial markets. However, in the final stretch of August, as a consequence of the generalisation of outbreaks and the fear of such effects on the economic recovery, risk aversion returned to the stock markets. Banking securities have especially suffered this spike in uncertainty, as well as the constant EURIBOR drop since July. In September, news on the CaixaBank and Bankia merger contributed to a better relative performance of both.

- In the third quarter of 2020, the total number of shares traded[1] dropped 19.2% with respect to the same period of the previous year and 11.0% on the second quarter of 2020. In addition, the trading volume[1] in euros of the share was 30.3% down on the volume of shares traded in the third quarter of 2019 and 0.6% 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

	Sep. 30, 2020
Market capitalisation (€ million)	10,837
Number of outstanding shares[1]	5,977,356
Share price (€/share)	
Share price at the beginning of the period (Dec. 31, 2019)	2,798
Share price at closing of the period (Sep. 30, 2020)	1.813
Maximum price[2]	2.913
Minimum price[2]	1.522
Trading volume in 2020 (number of shares, excluding non-recurring transactions, in thousands)	
Maximum daily trading volume	91,038
Minimum daily trading volume	8,363
Average daily trading volume	24,107
Stock market ratios	
Adjusted profit attributable to the Group (€ million) (12 months)	1,033
Average number of shares (12 months)[1]	5,977,715
Net income attributable per share (EPS) (€/share)	**0.17**
Net equity excluding minority interests (€ million)	24,525
Number of shares at Sep. 30, 2020[1]	5,977,356
Book value (€/share)	**4.10**
Net equity excluding minority interests (tangible) (€ million)	20,212
Number of shares at Sep. 30, 2020[1]	5,977,356
Tangible book value (€/share)	**3.38**
PER (Price/Profit)	**10.49**
Tangible P/BV (Market value / tangible book value)	**0.54**
Dividend yield[3]	**3.86%**

(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 (1.813 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].

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

Appendices

Investment portfolio

Main investees at 30 September 2020:

CaixaBank	%	Business segment
Telefónica	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[1]	49.0%	Banking and insurance
BPI	100.0%	BPI
BFA	48.1%	Equity Investments
Banco Comercial e de Investimentos (BCI)	35.7%	Equity Investments

[1] **Agreement for the partial sale of Comercia Global Payments:**

On 30 July 2020 CaixaBank Payments & Consumer S.A., (wholly-owned CaixaBank subsidiary) reached an agreement with the company Global Payments Inc. to sell 29% of its 49% stake in Comercia Global Payments, Entidad de Pago, S.L. (a joint venture between CPC y Global Payments; the Company) for an amount of €493 million, giving a valuation for the whole company of €1,700 million.

As a result of this transaction, CaixaBank will maintain its presence and a significant degree of influence in acquiring business with Company businesses, as well as materializing considerable capital gains. The commercial arrangement between the Company and CaixaBank will be effective until 2040, favouring the innovation of products, a growth strategy in this business and a better service to the network of customers.

The transaction will generate capital gains amounting to €420 million, net of tax, equal to 20 basis points of CET1 ratio (adjusted by dividend accrual).

The operation was materialised on 1 October 2020.

Ratings

Agency	Issuer Rating: Long-Term	Issuer Rating: Short-Term	Issuer Rating: 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+	Sep. 23, 2020	AA	Mar. 19, 2019
Fitch Ratings	BBB+	F2	Negative	A-	Sep. 29, 2020	-	-
Moody's	Baa1	P-2	Stable	Baa1	Sep. 22, 2020	Aa1	Apr. 17, 2018
DBRS	A	R-1 (low)	Stable	A	Mar. 30, 2020	AAA	Jan. 15, 2020

The rating agencies **Moody's, S&P Global and Fitch Ratings confirmed CaixaBank's rating and outlook after considering the terms of the CaixaBank and Bankia merger** announced on 18 September 2020.

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	Annualised quarterly income from loans and advances to customers	4,789	4,745	4,617	4,452	4,364
Denominator	Net average balance of loans and advances to customers	215,173	214,376	214,295	224,866	227,006
(a)	**Average yield rate on loans (%)**	**2.23**	**2.21**	**2.15**	**1.98**	**1.92**
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	60	44	44	32	36
Denominator	Average balance of on-balance sheet retail customers funds	219,137	217,239	215,772	228,742	237,387
(b)	**Average cost rate of retail customer funds (%)**	**0.03**	**0.02**	**0.02**	**0.01**	**0.02**
	Customer spread (%) (a - b)	**2.20**	**2.19**	**2.13**	**1.97**	**1.90**

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	Annualised quarterly interest income	6,971	7,038	6,761	6,664	6,767
Denominator	Average total assets for the quarter	407,283	407,407	398,813	423,859	450,730
(a)	**Average return rate on assets (%)**	**1.71**	**1.73**	**1.70**	**1.57**	**1.50**
Numerator	Annualised quarterly interest expenses	2,043	2,154	1,935	1,737	1,906
Denominator	Average total funds for the quarter	407,283	407,407	398,813	423,859	450,730
(b)	**Average cost of fund rate (%)**	**0.50**	**0.53**	**0.49**	**0.41**	**0.42**
	Balance sheet spread (%) (a - b)	**1.21**	**1.20**	**1.21**	**1.16**	**1.08**

c) ROE:

Explanation: profit attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon reported in shareholders' 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.

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Profit/(loss) attributable to the Group 12M	1,482	1,705	1,262	1,289	1,166
(b)	Additional Tier 1 coupon	(123)	(133)	(143)	(133)	(133)
Numerator	**Adjusted profit attributable to the Group 12M (a+b)**	**1,359**	**1,572**	**1,119**	**1,156**	**1,033**
(c)	Average shareholder equity 12M	25,316	25,575	25,816	25,947	26,144
(d)	Average valuation adjustments 12M	(742)	(843)	(985)	(1,187)	(1,416)
Denominator	**Average shareholder equity + valuation adjustments 12M (c+d)**	**24,574**	**24,732**	**24,831**	**24,760**	**24,728**
	ROE (%)	**5.5%**	**6.4%**	**4.5%**	**4.7%**	**4.2%**
	ROE (%) excluding labour agreement	**8.3%**	**9.0%**	**7.1%**	**-**	**-**

d) ROTE:

Explanation: quotient between:

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

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Profit/(loss) attributable to the Group 12M	1,482	1,705	1,262	1,289	1,166
(b)	Additional Tier 1 coupon	(123)	(133)	(143)	(133)	(133)
Numerator	**Adjusted profit attributable to the Group 12M (a+b)**	**1,359**	**1,572**	**1,119**	**1,156**	**1,033**
(c)	Average shareholder equity 12M	25,316	25,575	25,816	25,947	26,144
(d)	Average valuation adjustments 12M	(742)	(843)	(985)	(1,187)	(1,416)
(e)	Average intangible assets 12M	(4,260)	(4,248)	(4,243)	(4,247)	(4,266)
Denominator	**Average shareholder equity + valuation adjustments excluding intangible assets 12M (c+d+e)**	**20,314**	**20,484**	**20,587**	**20,513**	**20,462**
	ROTE (%)	**6.7%**	**7.7%**	**5.4%**	**5.6%**	**5.0%**
	ROTE (%) excluding labour agreement	**10.0%**	**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.

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Profit/(loss) after tax and before minority interest 12M	1,488	1,708	1,263	1,287	1,166
(b)	Additional Tier 1 coupon	(123)	(133)	(143)	(133)	(133)
Numerator	**Adjusted net profit 12M (a+b)**	**1,365**	**1,575**	**1,120**	**1,154**	**1,032**
Denominator	**Average total assets 12M**	**398,069**	**403,842**	**405,070**	**410,410**	**421,331**
	ROA (%)	**0.3%**	**0.4%**	**0.3%**	**0.3%**	**0.2%**
	ROA (%) excluding labour agreement	**0.5%**	**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.

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Profit/(loss) after tax and before minority interest 12M	1,488	1,708	1,263	1,287	1,166
(b)	Additional Tier 1 coupon	(123)	(133)	(143)	(133)	(133)
Numerator	**Adjusted net profit 12M (a+b)**	**1,365**	**1,575**	**1,120**	**1,154**	**1,032**
Denominator	**Risk-weighted assets (regulatory) 12M**	**147,834**	**148,114**	**148,213**	**148,099**	**147,667**
	RORWA (%)	**0.9%**	**1.1%**	**0.8%**	**0.8%**	**0.7%**
	RORWA (%) excluding labour agreement	**1.4%**	**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).

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Net interest income	1,242	1,231	1,200	1,225	1,222
(b)	Equity method - SCA	71	37	32	41	78
(c)	Equity method - BPI Banca seguros	5	4	5	3	5
(d)	Net fee and commission income	656	694	658	608	638
(e)	Income and expense under insurance or reinsurance contracts	143	149	150	141	150
	Core Income (a+b+c+d+e)	**2,117**	**2,115**	**2,045**	**2,019**	**2,094**

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Administrative expenses, depreciation and amortisation 12M**	5,756	5,750	5,734	4,709	**4,659**
Denominator	**Gross income 12M**	8,476	8,605	8,479	8,277	**8,255**
	Cost-to-income ratio	**67.9%**	**66.8%**	**67.6%**	**56.9%**	**56.4%**

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M**	4,765	4,771	4,755	4,707	**4,658**
Denominator	**Gross income 12M**	8,476	8,605	8,479	8,277	**8,255**
	Cost-to-income ratio stripping out extraordinary expenses	**56.2%**	**55.4%**	**56.1%**	**56.9%**	**56.4%**

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Administrative expenses, depreciation and amortisation stripping out extraordinary expenses 12M**	4,765	4,771	4,755	4,707	**4,658**
Denominator	**Core income 12M**	8,235	8,316	8,334	8,296	**8,272**
	Core cost-to-income ratio	**57.9%**	**57.4%**	**57.0%**	**56.7%**	**56.3%**

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Allowances for insolvency risk 12M**	335	376	768	1,506	**1,682**
Denominator	**Average of gross loans + contingent liabilities 12M**	241,593	243,143	244,477	247,898	**251,400**
	Cost of risk (%)	**0.14%**	**0.15%**	**0.31%**	**0.61%**	**0.67%**

The annualised nine-month cost of risk (0.84%) corresponds to the total allowances for insolvency risk of the annualised nine months divided by the average of gross loans plus contingent liabilities of the nine months, using management criteria.

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Non-performing loans + contingent liabilities**	9,953	8,794	8,957	9,220	**9,078**
Denominator	**Total gross loans + contingent liabilities**	244,319	244,262	248,602	260,261	**259,034**
	Non-performing loan ratio (%)	**4.1%**	**3.6%**	**3.6%**	**3.5%**	**3.5%**

c) Coverage ratio:

Explanation: quotient between:

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

Purpose: indicator used to monitor NPL coverage via provisions.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Provisions on loans and advances to customers + contingent liabilities**	5,330	4,863	5,218	5,786	**5,883**
Denominator	**Non-performing loans and advances to customers + contingent liabilities**	9,953	8,794	8,957	9,220	**9,078**
	Coverage ratio (%)	**54%**	**55%**	**58%**	**63%**	**65%**

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Gross debt cancelled at the foreclosure	1,499	1,576	1,597	1,626	1,634
(b)	Net book value of the foreclosed asset	914	958	961	973	973
Numerator	**Total coverage of the foreclosed asset (a - b)**	**585**	**618**	**636**	**653**	**661**
Denominator	**Gross debt cancelled at the foreclosure**	**1,499**	**1,576**	**1,597**	**1,626**	**1,634**
	Real estate available for sale coverage ratio (%)	**39%**	**39%**	**40%**	**40%**	**40%**

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Accounting provisions of the foreclosed assets**	**389**	**414**	**430**	**445**	**456**
(a)	Net book value of the foreclosed asset	914	958	961	973	973
(b)	Accounting provisions of the foreclosed assets	389	414	430	445	456
Denominator	**Gross book value of the foreclosed asset (a + b)**	**1,303**	**1,372**	**1,391**	**1,418**	**1,429**
	Real estate available for sale accounting coverage (%)	**30%**	**30%**	**31%**	**31%**	**32%**

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.

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	**High Quality Liquid Assets (HQLAs)**	56,437	55,017	73,624	88,655	**92,385**
(b)	**Available balance under the ECB facility (non-HQLAs)**	33,005	34,410	22,603	17,954	**18,344**
	Total liquid assets (a + b)	**89,442**	**89,427**	**96,227**	**106,609**	**110,729**

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).

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Loans and advances to customers, net (a-b-c)**	**218,399**	**218,420**	**222,230**	**233,664**	**232,635**
(a)	Loans and advances to customers, gross	227,876	227,406	231,367	242,956	241,877
(b)	Provisions for insolvency risk	5,071	4,704	5,061	5,655	5,756
(c)	Brokered loans	4,406	4,282	4,076	3,637	3,485
Denominator	**On-balance sheet customer funds**	**218,717**	**218,532**	**221,092**	**234,922**	**237,860**
	Loan to Deposits (%)	**100%**	**100%**	**101%**	**99%**	**98%**

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.*

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Profit/(loss) attributable to the Group 12M	1,482	1,705	1,262	1,289	1,166
(b)	Additional Tier 1 coupon	(123)	(133)	(143)	(133)	(133)
Numerator	**Adjusted profit attributable to the Group (a+b)**	**1,359**	**1,572**	**1,119**	**1,156**	**1,033**
Denominator	**Average number of shares outstanding, net of treasury shares**	**5,978**	**5,978**	**5,978**	**5,978**	**5,978**
	EPS (Earnings per share)	**0.23**	**0.26**	**0.19**	**0.19**	**0.17**

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

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Share price at the end of the period**	2,410	2,798	1.700	1.901	**1.813**
Denominator	**Earnings per share (EPS)**	0.23	0.26	0.19	0.19	**0.17**
	PER (Price-to-earnings ratio)	**10.60**	**10.64**	**9.09**	**9.83**	**10.49**

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

		3Q19	4Q19	1Q20	2Q20	3Q20
Numerator	**Dividends paid (in shares or cash) last year**	0.17	0.17	0.07	0.07	**0.07**
Denominator	**Share price at the end of the period**	2,410	2,798	1.700	1.901	**1.813**
	Dividend yield	**7.05%**	**6.08%**	**4.12%**	**3.68%**	**3.86%**

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:

- o equity less minority interests and intangible assets; and
- o 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 tangible: share price at the end of the period divided by tangible book value.

		3Q19	4Q19	1Q20	2Q20	3Q20
(a)	Equity	24,699	25,151	24,217	24,393	24,551
(b)	Minority interests	(28)	(28)	(28)	(25)	(26)
Numerator	**Adjusted equity (c = a+b)**	**24,671**	**25,123**	**24,189**	**24,368**	**24,525**
Denominator	**Shares outstanding, net of treasury shares (d)**	**5,978**	**5,978**	**5,977**	**5,977**	**5,977**
e= (c/d)	**Book value per share (€/share)**	**4.13**	**4.20**	**4.05**	**4.08**	**4.10**
(f)	Intangible assets (reduce adjusted equity)	(4,200)	(4,255)	(4,256)	(4,295)	(4,313)
g=((c+f)/d)	**Tangible book value per share (€/share)**	**3.42**	**3.49**	**3.33**	**3.36**	**3.38**
(f)	Share price	2,410	2,798	1.700	1.901	1.813
f/e	**P/BV (Share price divided by book value)**	**0.58**	**0.67**	**0.42**	**0.47**	**0.44**
f/g	**P/TBV tangible (Share price divided by tangible book value)**	**0.70**	**0.80**	**0.51**	**0.57**	**0.54**

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 that must be designated at 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 net 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

September 2020 € million	
Financial assets at amortised cost - Customers (Public Balance Sheet)	**235,510**
Reverse repurchase agreements (public and private sector)	(850)
Clearing houses	(1,228)
Other, non-retail, financial assets	(222)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	**90**
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	**2,517**
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	**303**
Provisions for insolvency risk	**5,756**
Loans and advances to customers (gross) using management criteria	**241,877**

Liabilities under the insurance business

September 2020 € million	
Liabilities under the insurance business (Public Balance Sheet)	**72,478**
Capital gains/(losses) under the insurance business (excluding unit link and other)	(14,462)
Liabilities under insurance contracts, using management criteria	**58,016**

Customer funds

September 2020 € million	
Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	**240,808**
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	**(2,816)**
Multi-issuer covered bonds and subordinated deposits	(2,553)
Counterparties and other	(262)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	**1,452**
Retail issues and other	1,452
Liabilities under insurance contracts, using management criteria	**58,016**
Total on-balance sheet customer funds	**297,460**
Assets under management	**100,828**
Other accounts[1]	**6,134**
Total customer funds	**404,422**

(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

September 2020 € million	
Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)	**35,221**
Institutional financing not considered for the purpose of managing bank liquidity	**(3,475)**
Securitised bonds	(1,217)
Value adjustments	(923)
Retail	(1,452)
Issues acquired by companies within the group and other	117
Customer deposits for the purpose of managing bank liquidity[1]	**2,553**
Institutional financing for the purpose of managing bank liquidity	**34,299**

(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)

September 2020 € million	
Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	**1,335**
Other non-foreclosed assets	(406)
Inventories under the heading - Other assets (Public Balance Sheet)	**44**
Foreclosed available for sale real estate assets	**973**
Tangible assets (Public Balance Sheet)	**7,109**
Tangible assets for own use	(4,934)
Other assets	(270)
Foreclosed rental real estate assets	**1,905**

Historical income statement figures for the CABK and BPI perimeters

a) Quarterly performance of the income statement and solvency ratios

	CABK				
€ million	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**
Net interest income	**1,114**	**1,117**	**1,093**	**1,124**	**1,135**
Dividend income	2	51	1	1	
Share of profit/(loss) of entities accounted for using the equity method	112	39	48	72	125
Net fee and commission income	579	551	597	629	590
Trading income	38	162	(2)	14	20
Income and expense under insurance or reinsurance contracts	150	141	150	149	143
Other operating income and expense	(29)	(125)	(53)	(176)	(35)
Gross income	**1,965**	**1,936**	**1,834**	**1,813**	**1,978**
Recurring administrative expenses, depreciation and amortisation	(1,025)	(1,048)	(1,072)	(1,059)	(1,073)
Extraordinary expenses					
Pre-impairment income	**940**	**887**	**762**	**754**	**905**
Pre-impairment income stripping out extraordinary expenses	**940**	**887**	**762**	**754**	**905**
Allowances for insolvency risk	(267)	(787)	(528)	(221)	(109)
Other charges to provisions	(23)	(40)	(143)	(87)	(60)
Gains/(losses) on disposal of assets and others	(44)	(19)	(31)	(84)	(45)
Profit/(loss) before tax	**606**	**41**	**60**	**362**	**691**
Income tax expense	(142)	24	(2)	(75)	(172)
Profit/(loss) after tax	**465**	**65**	**58**	**287**	**519**
Profit/(loss) attributable to minority interest and others	1	(2)		1	2
Profit/(loss) attributable to the Group	**464**	**67**	**58**	**286**	**517**
Risk-weighted assets	128,069	129,849	129,979	129,910	131,755
Common Equity Tier 1 (CET1)	*12.3%*	*12.1%*	*11.8%*	*11.8%*	*11.5%*
Total capital	*16.2%*	*15.8%*	*15.6%*	*15.6%*	*15.2%*

	BPI				
€ million	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**
Net interest income	**109**	**108**	**107**	**107**	**107**
Dividend income		42		1	
Share of profit/(loss) of entities accounted for using the equity method	10	1	8	9	10
Net fee and commission income	59	57	61	65	66
Trading income	2		(18)	(1)	4
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(1)	(11)	(9)	1	
Gross income	**178**	**198**	**149**	**182**	**187**
Recurring administrative expenses, depreciation and amortisation	(115)	(109)	(116)	(115)	(116)
Extraordinary expenses				(1)	
Pre-impairment income	**63**	**89**	**33**	**66**	**71**
Pre-impairment income stripping out extraordinary expenses	**63**	**89**	**33**	**67**	**71**
Allowances for insolvency risk	6	(32)	13	133	25
Other charges to provisions		(1)		3	
Gains/(losses) on disposal of assets and others	2	1		(1)	1
Profit/(loss) before tax	**72**	**57**	**46**	**201**	**97**
Income tax expense	(15)	(9)	(14)	(48)	30
Profit/(loss) after tax	**57**	**48**	**32**	**153**	**127**
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	**57**	**48**	**32**	**153**	**127**
Risk-weighted assets	17,657	17,650	17,830	17,970	17,577
Common Equity Tier 1 (CET1)	*13.9%*	*13.8%*	*13.8%*	*13.4%*	*12.7%*
Total capital	*17.1%*	*17.0%*	*17.0%*	*16.6%*	*15.9%*

CABK's capital adequacy at 3Q20 does not consider the partial sale of Comercia and the AT1 issue completed at the beginning of 4Q20.

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

		CAIXABANK														
		3Q20			2Q20			1Q20			4Q19			3Q19		
€ 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		51,444	122	0.94	26,180	71	1.08	20,743	36	0.70	22,065	32	0.57	19,327	29	0.60
Loans and advances	(a)	204,992	999	1.94	202,946	1,014	2.01	192,759	1,052	2.20	193,221	1,098	2.25	194,270	1,106	2.26
Debt securities		37,729	56	0.59	41,689	66	0.63	31,051	57	0.74	29,095	62	0.85	30,106	76	1.00
Other assets with returns		65,052	410	2.51	63,272	395	2.51	64,733	423	2.63	64,826	468	2.86	64,955	429	2.62
Other assets		58,759	1	-	58,689	2	-	60,709	4	-	69,921	1	-	70,700	4	-
Total average assets	**(b)**	**417,976**	**1,588**	**1.51**	**392,776**	**1,548**	**1.59**	**369,995**	**1,572**	**1.71**	**379,128**	**1,661**	**1.74**	**379,358**	**1,644**	**1.72**
Financial Institutions		58,829	(61)	0.41	43,933	(34)	0.31	28,433	(39)	0.55	27,374	(50)	0.73	26,142	(57)	0.86
Retail customer funds	(c)	212,470	(10)	0.02	204,633	(10)	0.02	192,869	(13)	0.03	194,650	(12)	0.03	196,676	(15)	0.03
Demand deposits		194,129	(8)	0.02	184,622	(8)	0.02	171,593	(8)	0.02	172,200	(7)	0.02	172,872	(9)	0.02
Maturity deposits		18,341	(2)	0.04	20,011	(2)	0.03	21,275	(5)	0.09	22,450	(5)	0.10	23,804	(6)	0.10
Time deposits		15,262	(2)	0.04	16,898	(2)	0.04	18,575	(4)	0.09	19,511	(5)	0.10	20,460	(6)	0.11
Retail repurchase agreements and marketable debt securities		3,079		0.01	3,113		0.01	2,701	(1)	0.07	2,939	-	-	3,344	-	-
Wholesale marketable debt securities & other		29,569	(56)	0.76	28,912	(54)	0.75	29,283	(56)	0.76	28,302	(56)	0.78	27,455	(60)	087
Subordinated liabilities		5,400	(18)	1.36	5,400	(18)	1.37	5,400	(18)	1.32	5,400	(18)	1.32	5,400	(19)	1.36
Other funds with cost		73,730	(318)	1.71	71,373	(304)	1.71	73,594	(343)	1.87	74,139	(390)	2.08	73,771	(347)	1.87
Other funds		37,978	(11)	-	38,525	(11)	-	40,416	(10)	-	49,263	(11)	-	49,914	(11)	-
Total average funds	**(d)**	**417,976**	**(474)**	**0.45**	**392,776**	**(431)**	**0.44**	**369,995**	**(479)**	**0.52**	**379,128**	**(537)**	**0.56**	**379,358**	**(509)**	**0.53**
Net interest income			**1,114**			**1,117**			**1,093**			**1,124**			**1,135**	
Customer spread (%)	**(a-c)**		**1.92**			**1.99**			**2.17**			**2.22**			**2.23**	
Balance sheet spread (%)	**(b-d)**		**1.06**			**1.15**			**1.19**			**1.18**			**1.19**	

		BPI														
		3Q20			2Q20			1Q20			4Q19			3Q19		
€ 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		5,264	8	0.60	3,494	5	0.53	2,718	6	0.91	2,423	7	1.12	2,072	5	0.98
Loans and advances	(a)	22,015	98	1.77	21,976	95	1.75	21,696	96	1.78	21,286	99	1.84	21,044	101	1.91
Debt securities		7,115	13	0.72	7,206	14	0.76	5,655	10	0.74	5,305	10	0.78	5,376	9	0.66
Other assets with returns				-			-	-	-	-	-	-	-	-	-	-
Other assets		2,695		-	2,739		-	2,770	1	-	3,101	1	-	3,201	3	-
Total average assets	**(b)**	**37,090**	**119**	**1.27**	**35,415**	**114**	**1.30**	**32,839**	**113**	**1.38**	**32,115**	**117**	**1.44**	**31,693**	**118**	**1.47**
Financial Institutions		5,648	(3)	0.22	4,738	1	(0.06)	3,618		0.01	3,299	(1)	0.14	3,030	(1)	0.08
Retail customer funds	(c)	25,099	1	(0.01)	24,312	1	(0.02)	23,120	2	(0.03)	22,793	2	(0.03)	22,752	-	-
Demand deposits		16,761		-	16,071		-	14,810		-	14,390	-	-	14,246	-	-
Maturity deposits		8,338	1	(0.04)	8,241	1	(0.06)	8,310	2	(0.08)	8,403	2	(0.08)	8,506	-	(0.01)
Time deposits		8,338	1	(0.04)	8,241	1	(0.06)	8,310	2	(0.08)	8,403	2	(0.08)	8,506	-	(0.01)
Retail repurchase agreements and marketable debt securitie				-			-	-	-	-	-	-	-	-	-	-
Wholesale marketable debt securities & other		1,502	(3)	0.91	1,503	(3)	0.88	1,132	(3)	0.99	1,057	(4)	1.54	1,098	(4)	1.47
Subordinated liabilities		300	(4)	5.51	300	(4)	5.52	300	(4)	5.48	300	(4)	5.47	300	(4)	5.63
Other funds with cost				-			-	-	-	-	-	-	-	-	-	-
Other funds		4,541	(1)	-	4,562	(1)	-	4,669	(1)	-	4,666	(3)	-	4,513	(2)	-
Total average funds	**(d)**	**37,090**	**(10)**	**0.11**	**35,415**	**(6)**	**0.07**	**32,839**	**(6)**	**0.06**	**32,115**	**(10)**	**0.11**	**31,693**	**(11)**	**0.13**
Net interest income			**109**			**108**			**107**			**107**			**107**	
Customer spread (%)	**(a-c)**		**1.78**			**1.77**			**1.81**			**1.87**			**1.91**	
Balance sheet spread (%)	**(b-d)**		**1.16**			**1.23**			**1.32**			**1.33**			**1.34**	

c) Quarterly change in fees and commissions

	CAIXABANK				
€ million	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**
Banking services, securities and other fees	325	313	341	361	342
Sale of insurance products	36	35	38	40	36
Mutual funds, managed accounts and SICAVs	130	121	130	134	129
Pension plans	56	51	56	62	54
Unit Link and other	32	30	32	32	29
Net fee and commission income	**579**	**551**	**597**	**629**	**590**

	BPI				
€ million	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**
Banking services, securities and other fees	35	33	37	40	38
Sale of insurance products	13	12	12	12	15
Mutual funds, managed accounts and SICAVs	8	8	8	9	9
Pension plans					1
Unit Link and other	4	4	3	4	3
Net fee and commission income	**59**	**57**	**61**	**65**	**66**

d) Quarterly change in administrative expenses, depreciation and amortisation

	CAIXABANK				
€ million	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**
Gross income	**1,965**	**1,936**	**1,834**	**1,813**	**1,978**
Personnel expenses	(636)	(654)	(677)	(661)	(670)
General expenses	(265)	(273)	(273)	(273)	(276)
Depreciation and amortisation	(123)	(121)	(121)	(125)	(127)
Recurring administrative expenses, depreciation and amortisation	**(1,025)**	**(1,048)**	**(1,072)**	**(1,059)**	**(1,073)**
Extraordinary expenses					

	BPI				
€ million	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**
Gross income	**178**	**198**	**149**	**182**	**187**
Personnel expenses	(61)	(61)	(62)	(62)	(61)
General expenses	(37)	(37)	(36)	(36)	(38)
Depreciation and amortisation	(16)	(11)	(19)	(17)	(17)
Recurring administrative expenses, depreciation and amortisation	**(115)**	**(109)**	**(116)**	**(115)**	**(116)**
Extraordinary expenses				(1)	

e) Changes in the NPL ratio

	CAIXABANK			BPI		
	Sep. 30, 2020	**Jun. 30, 2020**	**Dec. 31, 2019**	**Sep. 30, 2020**	**Jun. 30, 2020**	**Dec. 31, 2019**
Loans to individuals	**4.9%**	**4.8%**	**4.5%**	**2.6%**	**2.8%**	**3.1%**
Home purchases	3.8%	3.7%	3.5%	2.4%	2.5%	3.0%
Other	7.3%	7.1%	6.9%	4.4%	4.7%	4.0%
Loans to business	**2.9%**	**2.9%**	**3.3%**	**3.0%**	**3.1%**	**2.9%**
Corporates and SMEs	2.5%	2.6%	2.9%	2.7%	2.7%	2.5%
Real estate developers	7.8%	7.5%	7.5%	20.2%	20.0%	19.8%
Public sector	**0.3%**	**0.4%**	**0.4%**	-	-	-
NPL Ratio (loans and contingent liabilities)	**3.6%**	**3.6%**	**3.7%**	**2.7%**	**2.8%**	**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	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**108,163**	**110,749**	**(2.3)**	**111,164**	**(2.7)**
Home purchases	74,513	75,199	(0.9)	77,104	(3.4)
Other	33,649	35,550	(5.3)	34,060	(1.2)
of which: Consumer lending	12,980	12,914	0.5	13,348	(2.8)
Loans to business	**97,063**	**95,686**	**1.4**	**81,453**	**19.2**
Corporates and SMEs	91,364	89,781	1.8	75,595	20.9
Real estate developers	5,700	5,905	(3.5)	5,858	(2.7)
Public sector	**11,013**	**11,072**	**(0.5)**	**9,968**	**10.5**
Loans and advances to customers, gross	**216,239**	**217,507**	**(0.6)**	**202,585**	**6.7**
CUSTOMER FUNDS					
Customer funds	212,744	210,195	1.2	195,723	8.7
Demand deposits	196,723	192,914	2.0	175,077	12.4
Time deposits	16,021	17,281	(7.3)	20,646	(22.4)
Insurance contract liabilities	53,676	53,228	0.8	52,891	1.5
of which: Unit Link and other	10,151	9,572	6.1	9,599	5.8
Reverse repurchase agreements and other	1,570	1,650	(4.8)	1,278	22.8
On-balance sheet funds	**267,990**	**265,073**	**1.1**	**249,892**	**7.2**
Mutual funds, managed accounts and SICAVs	62,092	60,649	2.4	63,189	(1.7)
Pension plans	30,621	29,951	2.2	30,637	(0.1)
Assets under management	**92,713**	**90,600**	**2.3**	**93,826**	**(1.2)**
Other accounts	**4,732**	**6,376**	**(25.8)**	**3,129**	**51.2**
Total customer funds	**365,435**	**362,049**	**0.9**	**346,847**	**5.4**

Portugal

€ million	Sep. 30, 2020	Jun. 30, 2020	Change %	Dec. 31, 2019	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**13,594**	**13,403**	**1.4**	**13,170**	**3.2**
Home purchases	11,788	11,629	1.4	11,371	3.7
Other	1,806	1,774	1.8	1,799	0.4
of which: Consumer lending	1,429	1,406	1.6	1,380	3.6
Loans to business	**10,287**	**10,184**	**1.0**	**9,855**	**4.4**
Corporates and SMEs	10,089	9,979	1.1	9,650	4.5
Real estate developers	198	204	(2.9)	205	(3.2)
Public sector	**1,756**	**1,862**	**(5.7)**	**1,796**	**(2.2)**
Loans and advances to customers, gross	**25,638**	**25,449**	**0.7**	**24,821**	**3.3**
CUSTOMER FUNDS					
Customer funds	25,116	24,727	1.6	22,809	10.1
Demand deposits	16,750	16,427	2.0	14,475	15.7
Time deposits	8,366	8,300	0.8	8,334	0.4
Insurance contract liabilities	4,340	4,472	(3.0)	4,555	(4.7)
of which: Unit Link and other	2,745	2,655	3.4	2,650	3.6
Reverse repurchase agreements and other	14	16	(12.5)	16	(12.5)
On-balance sheet funds	**29,470**	**29,215**	**0.9**	**27,380**	**7.6**
Mutual funds, managed accounts and SICAVs	5,074	4,970	2.1	5,395	(5.9)
Pension plans	3,041	3,003	1.3	3,095	(1.7)
Assets under management	**8,115**	**7,973**	**1.8**	**8,490**	**(4.4)**
Other accounts	**1,402**	**1,438**	**(2.5)**	**1,569**	**(10.6)**
Total customer funds	**38,987**	**38,626**	**0.9**	**37,439**	**4.1**

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