CaixaBank obtains profit of €1.38 billion after making provisions of €1.25 billion for COVID-19

- **Profit is reduced by 19% after carrying out an extraordinary provision of €1.25 billion during the year** and thus anticipating future impacts due to the economic effects of COVID-19.

- **Despite the complexity of the environment, CaixaBank has maintained a high commercial pace and rate of recurrent activity,** with general improvements in market share and growth of relational clients, which has increased by 2.2 percentage points during the year, up to 64.3% of total customers.

- **Core income remains stable during the year (€8.3 billion, -0.1%) and increases by 2.8%** compared to the third quarter, despite difficulties associated with the current economic context. On the other hand, administrative expenses and recurring amortisation is reduced by 4% after managing the cost basis.

- **Outstanding growth of customer funds (+8.1%) and credit (+7.3%).** €415.4 billion in customer funds was achieved, boosted by strong growth in demand deposits. Gross loans and advances to customers reach €243.9 billion as a result of the increase in loans to companies (+16.6%), among others.

- **The non-performing loan (NPL) ratio is placed at 3.3% (-30 basis points)** and the coverage ratio is increased to 67% (+12 percentage points) after increasing provisions.

- **High capital and liquidity ratios, well above the requirement.** The Common Equity Tier 1 (CET1) capital ratio increases to 13.6%, 161 basis points more than at the close of 2019, and the Tier 1 capital ratio reaches 15.7%. The bank's liquidity reaches €114.45 billion, with a growth of €25 billion during the year through the generation and contribution of collateral to the European Central Bank credit faclities.

- **Supporting the financing needs of the business sector and social commitment.** The bank approved a total of 388,641 moratorium applications from its customers in Spain that affect a portfolio of €11.1 billion, with 98% of loan moratoria up-to-date with payments at the close of 2020.

- **Merger agreement with Bankia.** The joint merger plan was approved by a clear majority at the CaixaBank and Bankia General Shareholders' Meetings that took place at the beginning of December 2020. The quorum of the Meetings exceeded 70% in the case of CaixaBank and 80% in the case of Bankia. Both Meetings approved the agenda points with more than 99% support for all of them.

Barcelona, 29 January 2021.- The CaixaBank Group, chaired by Jordi Gual and led by Gonzalo Gortázar, obtained an attributable profit of €1.38 billion in 2020, 19% less than 2019, after making an extraordinary provision of €1.25 billion during the year and thus anticipating future impacts due to the economic effects of COVID-19.

This provision, established with a prudent approach given the current context, was increased by €91 million in the fourth quarter (standing at €1.16 billion at the close of September), maintaining the same weighting of updated macroeconomic scenarios as at the close of the previous quarter.

High commercial pace and leadership in digital banking

Despite the complexity of the environment, CaixaBank has maintained a high pace of commercial and recurrent activity, with an improvement in market share - among others, that of long-term savings improves by 79 basis points to 23.3%, and that of loans to companies is situated at 16.5% after adding 111 basis points – as well as growth in relational clients, which increases by 2.2 percentage points during the year to reach 64.3% of total customers.

In addition, strength in digital banking stands out especially, with the company reaching 67.6% of digital customers and a market share of 34.4%, according to data from Comscore, which strengthens the bank's leadership in digital banking, with more than 7 million customers.

In terms of service channels, CaixaBank has especially consolidated its position as the leading bank in mobile banking in Spain, with a 32.5% share in the Comscore ranking. Growth in services such as Bizum also stands out, for which CaixaBank is the bank with the most users in the Spanish market with 3 million registered customers, a 22.7% share and growth of 156% compared to the close of 2019.

Additionally, imagin, following the launch of its new strategy and new app concept for young people, has attracted 400,000 new customers in the second half of the year, which has allowed it to surpass 3 million registered users.

Core income remains stable during the year (-0.1%) and increases by 2.8% compared to the third quarter

Despite the difficulties associated with the current economic context, core income remains stable during the year and is placed at €8.3 billion (-0.1%). In the fourth quarter, core income increases by 2.8% compared to the previous quarter, boosted by the good performance of net interest income, fees and commissions and income from insurance contracts, and is up 1.7% compared to the same quarter of the previous year.

During 2020, net interest income increased to €4.9 billion, down 1.0% compared to 2019, in large due to the lower contribution of the fixed income portfolio, and especially due to the decrease in loan income because of a decrease in the applied interest rate. This is linked partly to the increase in the granting of ICO loans, the reduction in income from consumer loans and the decrease in the yield curve; effects that have partially been compensated by an increase in the volume in the portfolio, as well as due to measures established by the ECB at the end of the previous year.

Income from fees and commissions are placed at €2.6 billion during the year (-0.9% compared to 2019) and €671 million in the fourth quarter (-3.3% compared to the same quarter of the previous year), impacted by the decrease in economic activity. Compared to the third quarter of 2020, there is 5.1% growth, supported by fees and commissions from insurance sales and management of customers' long-term savings.

Derivatives from life-risk insurance activity are placed at €598 million, with a solid growth of +7.5% compared to 2019 and +4.3% compared to the previous quarter (+4.8% compared to the same quarter of the previous year).

The 'Other operating income and expenses' heading includes, among others, the contribution to the Deposit Guarantee Fund of €243 million and the one-off income associated with the last earnout of SegurCaixa Adeslas (€135 million).

Regarding the year-on-year performance, this is also influenced by provisions with conservative criteria made in the fourth of quarter of €311 million related to Erste Group Bank due to the impact of COVID-19 on the economic environment and the ongoing low interest rate scenario, as well as the €420 million of capital gains registered, derived from the partial sale of 29% of the holding in Comercia. In the first quarter of the year, €109 million associated with early retirements was also registered. It is also worth noting that 2019 earnings were affected by the labour agreement (€978 million).

Reduction in the trading income and holdings

The year-on-year performance of gross income (-2.3%) is essentially influenced by the reduction in trading income and earnings from holdings. The earnings from trading income stand at €238 million (-20.1%). The change here is partly down to the materialisation of capital gains on fixed-income assets in the previous year.

With respect to the investee portfolio, income is reduced by 22.8% to €454 million. On one hand, income from dividends includes the dividend from Telefónica and BFA for €100 million and €40 million, respectively (€104 million and €46 million in 2019). On the other, income from investees decreases by 27.9% compared to 2019 due to lower investee earnings in the current economic context, with the exception of SegurCaixa Adeslas that improves its annual earnings significantly and especially earnings in the fourth quarter compared to the same period of the previous year, due to a lower accident rate and one-off aspects in the context of COVID-19.

Administrative expenses and recurrent amortisation are reduced by 4% after managing the cost basis and lower expenses incurred in the context of COVID-19. Staff costs decrease by 4.6%, resulting in savings associated with the 2019 labour agreement and the 2020 early retirements, that compensate for the natural increase, among others. General expenses also decrease by 3.9% during the year.

This effort in cost reduction, with a year-on-year decrease of 4%, higher than the reduction in core income (-0.1%), allows for the improvement in the core cost-to-income ratio by 2.3 percentage points.

Record total loans and deposits with a growth of 7.8%

CaixaBank closed 2020 with the highest total loans and deposits (loans+funds) in its history: €659.33 billion, with growth during the year of 7.8% (€47.64 billion).

Gross loans and advances to customers reaches €243.9 billion with a growth of 7.3% during the year (€16.5 billion), essentially as a result of the increase in loans to companies (16.6%) and to the public sector (43.2%).

Customer funds increase to €415.4 billion at 31 December 2020 (8.1% or €31.1 billion during the year, and 2.7% during the quarter), boosted by the strong growth in demand deposits (16.2% and 3.2% during the year and in the quarter, respectively), in a context in which families and companies have managed their liquidity needs.

Assets Under Management are placed at €106.6 billion. Annual performance (4.2%) is marked by its progressive recovery throughout the year, especially during the last quarter, following the collapse of the markets in the first part of 2020. The positive net subscriptions both during the year and the quarter also stand out.

In terms of the assets under management in investment funds, portfolios and SICAVs, these stand at €71.3 billion (4% during the year and 6.2% during the quarter) and pension plans attain €35.3 billion (4.7% during the year and 4.9% during the quarter).

Solvency and liquidity, at optimum levels above the regulatory requirements

The Common Equity Tier 1 (CET1) capital ratio attains 13.6%. The annual performance of +161 basis points includes 32 basis points for the extraordinary impact of the reduction in the dividend charged to 2019, as well as 55 basis points for the application of the temporary reduction in IFRS 9. The rest of the cumulative performance is explained by 99 organic variation basis points – 15 basis points for the dividend forecast of the year and 10 basis points for market performance and others (+52 during the quarter), which mainly includes the impact of the partial sale of Comercia and the provision for the share in Erste Group Bank.

The Tier 1 capital ratio reaches 15.7%. In October a new issue of 750 million AT1 instruments was achieved. After the issuance, the Group completely covers the AT1 bucket, both in terms of Pillar 1 requirements (1.5%), and the part corresponding to the P2R requirements (0.28%). In relation to the MREL requirement (22.7% of the RWAs at 31 December 2020), on 31 December, CaixaBank has an APR ratio of 26.3%.

With respect to liquidity, total liquid assets are placed at €114.45 billion – the highest figure achieved by the bank – with growth of €25 billion in the year, mostly due to the generation and contribution of collateral to the European Central Bank credit facilities.

The Group's Liquidity Coverage Ratio (LCR) on 31 December 2020 is 276%, showing a comfortable liquidity position (248% average LCR last 12 months), well above the minimum required of 100%.

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Containment of NPL ratio through sound risk management

The non-performing loan (NPL) ratio is reduced during the year to 3.3% (-30 basis points) and the coverage ratio is increased to 67% (+12 percentage points during the year after increasing the provisions). The cost of 12-month risk is placed at 0.75%.

Non-performing loans decrease by €193 million in the year despite the deceleration in the recovery activity during the beginning of the health crisis. A reduction of €477 million during the quarter stands out, with a fall in all risk sectors as a result of recovery activity, added to the impact of portfolio sales.

The net foreclosure real estate assets portfolio available for sale in Spain is €930 million (-€28 million in 2020) and the coverage ratio is 42% (+3 percentage points during the year). The total sales of properties in 2020 is placed at €443 million.

Strong commitment to customers and society to continue supporting the economy

CaixaBank has remained fully operational since mid-March as a supplier of essential services and has remained firmly committed to society and its customers thanks to the dedication of the Group's more than 35,000 employees. The Bank has continued to lend to businesses and individuals and continues to support those sectors most affected by the pandemic.

During 2020, the Bank approved a total of 388,641 moratorium applications from its customers in Spain, with a significant decrease in the second half of the year. The moratoria affect a portfolio of €11.1 billion, 5% of the total portfolio of CaixaBank's loans, with 98% of loan moratoria conced by the Group up-to-date with payments at the close of 2020. The vast majority of consumer loan moratoria expired during the last quarter.

Furthermore, from the beginning of the state of emergency, CaixaBank approved financing to the corporate sector for €83.7 billion euros, excluding the ICO facilities, to alleviate the economic effects of the pandemic. In addition, since the launch of the COVID-19 ICO facilities, CaixaBank has granted 184,814 loans for €12.6 billion, with 76% of the amount corresponding to self-employed workers and SMEs. In addition, CaixaBank's social bank, MicroBank, has granted a total of 26,854 loans valued at €349.7 million allocated to alleviate the economic effects of COVID-19 throughout 2020.

Since the COVID-19 crisis began, under the slogan #WithYouMoreThanEver, CaixaBank enabled a broad package of measures with the aim of lessening the economic and social effects and, in this way, respond to the needs of the most affected groups, such as the advance payment of unemployment benefits and temporary suspension of employment benefits to 3.6 million people. These also include rent waivers on homes it owns to 4,800 families and its collaboration with the "la Caixa" Foundation through, among other initiatives, CaixaBank's volunteer programme and the activity of CaixaBank's Social Action department, developed with a budget provided by the "la Caixa" Foundation.

The Shareholders' Extraordinary General Committee approves the fusion with Bankia

On 17 September 2020, the CaixaBank and Bankia Boards of Directors agreed to approve and endorse the joint merger plan via absorption of Bankia by CaixaBank with an exchange ratio of 0.6845 CaixaBank shares for every Bankia share. The exchange will be carried out by means of newly issued CaixaBank shares.

The joint merger plan was approved by a clear majority in the CaixaBank and Bankia General Shareholders' Meetings that took place at the beginning of December 2020. The appointment of the new directors for the post-merger stage was also approved by the CaixaBank General Shareholders' Meeting.

The quorum of the Meetings exceeded 70% in the case of CaixaBank and 80% in the case of Bankia. Both Meetings approved the agenda points with more than 99% support for all of them.

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

As a result of this operation:

- CaixaBank will become the bank of reference in Spain with more than 20 million customers, a share in loans and deposits of 25% and 24%, respectively, and it will exceed 664 billion in total assets, a volume that will make it the largest bank in the domestic market.
- The Bank will achieve a balanced and diversified geographical presence, with the most extensive and specialised office network in the sector, and the willingness to maintain the close relationship with the territory and financial inclusion always shown by CaixaBank and Bankia. The combined Bank will have a presence in approximately 2,200 municipalities, and it will be the only one operating in 290 of them.
- The density of the network together with the digital capabilities – with 10 million digital customers in Spain – will make it possible to continue improving customer experience.
- The generation of annual cost synergies of approximately €770 million and new annual revenue of around €290 million is expected.
- The Bank's solvency objectives will establish a buffer of between 250 and 300 basis points on the SREP regulatory requirement, and a CET1 capital ratio of between 11.0% and 11.5% without considering IFRS 9 transitional adjustments.

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Key Group figures

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

	December 2020	December 2019	Change	September 2020	Quarter-on-quarter
BALANCE SHEET					
Total assets	451,520	391,414	15.4%	449,310	0.5%
Equity	25,278	25,151	0.5%	24,551	3.0%
Customer funds	415,408	384,286	8.1%	404,422	2.7%
Loans and advances to customers, gross	243,924	227,406	7.3%	241,877	0.8%
RISK MANAGEMENT					
Non-performing loans (NPL)	8,601	8,794	(193)	9,078	(477)
Non-performing loan ratio	3.3%	3.6%	(0.3)	3.5%	(0.2)
Cost of risk (last 12 months)	0.75%	0.15%	0.60	0.67%	0.08
Provisions for insolvency risk	5,755	4,863	892	5,883	(128)
NPL coverage ratio	67%	55%	12	65%	2
Net foreclosed available for sale real estate assets[1]	930	958	(28)	973	(43)
Foreclosed available for sale real estate assets coverage ratio	42%	39%	3	40%	2
LIQUIDITY					
Total Liquid Assets	114,451	89,427	25,024	110,729	3,722
Liquidity Coverage Ratio (last 12 months)	248%	186%	62	224%	24
Net Stable Funding Ratio (NSFR)	145%	129%	16	141%	4
Loan to deposits	97%	100%	(3)	98%	(1)
CAPITAL ADEQUACY[2]					
Common Equity Tier 1 (CET1)	13.6%	12.0%	1.6	12.5%	1.1
Tier 1	15.7%	13.5%	2.2	14.0%	1.7
Total capital	18.1%	15.7%	2.4	16.3%	1.8
MREL	26.3%	21.8%	4.5	23.7%	2.6
Risk-Weighted Assets (RWAs)	144,059	147,880	(3,821)	145,731	(1,672)
Leverage ratio	5.6%	5.9%	(0.3)	5.1%	0.5
SHARE INFORMATION					
Share price (€/share)	2.101	2.798	(0.697)	1.813	0.288
Market capitalisation	12,558	16,727	(4,169)	10,837	1,721
Book value per share (€/share)	4.22	4.20	0.02	4.10	0.12
Tangible book value per share (€/share)	3.49	3.49	-	3.38	0.11
Net income attributable per share (€/share) (12 months)	0.21	0.26	(0.05)	0.17	0.04
PER (Price/Profit)	10.14	10.64	(0.50)	10.49	(0.35)
Tangible PBV (Market value/ book value of tangible assets)	0.60	0.80	(0.20)	0.54	0.06
OTHER DATA (units)					
Employees	35,434	35,736	(302)	35,617	(183)
Branches[3]	4,208	4,595	(387)	4,315	(107)
of which: retail branches in Spain	3,571	3,918	(347)	3,672	(101)

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

Results

The Group's Income Statement

Year-on-year performance

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