CaixaBank posts a recurring profit of €2.02 billion with strong commercial activity and lower provisioning

- **The CaixaBank Group reinforces its business volumes** (customer funds, and gross loans and advances to customers) with over €963 billion. Customer funds amount to €607.33 billion, up 46.2% following the integration of Bankia (+7.5% organic change excluding the integration).

- **Assets under management total €153.22 billion**, growing 1.2% in the quarter and 12% in the year in organic terms, as a result of increased sales and a favorable market effect.

- **Gonzalo Gortázar**, CEO of CaixaBank, holds a "very positive view of the first nine months of the year", highlighting the "strong performance of the insurance and banking business amid a still complex environment, as well as the integration process, which is fully on track and moving along rapidly and appropriately".

- **Attributable net profit for the first nine months comes to €4.8 billion**, including the extraordinary impacts arising from the merger (recognition of €4.3 billion in negative goodwill, plus a net cost of €1.52 billion on account of the workforce restructuring process and other expenses associated with the integration).

- **Pro-forma core revenues** remain stable at €8.45 billion, thanks to strong commercial activity offsetting the negative impact of the drop in interest rates.

- **Provisions fall following the posting of generic COVID-19 funds in 2020.** A total of €616 million was booked between January and September, compared to €2.41 billion in the same period of 2020 on a pro-forma basis.

- **CaixaBank remains financially strong, with solid capital and liquidity levels.** The CET1 capital ratio rises to 13% and total liquid assets amount to €173.13 billion, up €58.67 billion in the year, largely due to the integration of Bankia.

- **The NPL ratio remains at 3.6%**, with a coverage ratio of 64% and non-performing loan portfolio remaining stable in the quarter.

- Excluding extraordinary merger items, **ROTE** on a trailing 12 month basis rises to 9.6%.

Communication and Institutional Relations Department

Tel: +34 93 404 13 98 prensa@caixabank.com

@CaixaBank

http://caixabank.com/comunicacion

Valencia, 29 October 2021. The CaixaBank Group posted a net adjusted profit without extraordinary items relating to the Bankia merger of €2.02 billion in the first nine months of the year, compared with €726 million a year earlier, which was affected by heavy provisioning to anticipate the potential impacts of the pandemic.

The Group's recurring profit responded well to strong commercial activity in the first nine months of the year and lower provisioning. As a result, profitability (ROTE at 12 months excluding extraordinary merger items) came to 9.6%.

Meanwhile, attributable net profit in the first nine months of 2021 totalled €4.8 billion, including the extraordinary impacts arising from the merger (accounting recognition of €4.3 billion in negative goodwill, and a net cost of €1.52 billion on account of the workforce restructuring process and other expenses associated with the integration).

Gonzalo Gortázar, CEO of CaixaBank, holds a "very positive view of the first nine months of the year", highlighting the "the strong performance of the insurance and banking business amid a still complex environment, and also the integration process, which is fully on track and moving along rapidly and appropriately".

On the subject of the Bank's performance, Gortázar explained that "yet again we achieved a good result. While interest rates continue to place enormous pressure on margins, we were able to maintain stable revenues thanks to our highly diversified business model, our strong commercial activity and an increased scale".

CaixaBank's CEO also remarked that "non-performing loans remain well in check, with a ratio below that of other large banks in Spain and with a positive trend in repayments of loans subject to moratoria and those guaranteed by the ICO".

On the merger process, Gortázar explained that "the whole organisation is focused on completing the integration, after six months of notable progress in three key areas: the integration of people, business model and systems".

"Sharing a common culture and values is enabling a rapid integration, the next key milestone of which will be the technology integration; the last big step towards working definitively as a single bank", he added.

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

The pro-forma income statement has been drawn up by combining, for both years, the earnings generated by Bankia prior to the merger and the earnings obtained by CaixaBank, without considering extraordinary merger items. This process revealed profit for the group of €2.09 billion, compared with €906 million in the same period of 2020.

Core revenues came to €8.45 billion through to September, remaining stable year on year thanks to strong commercial activity and despite the prevailing environment.

Net interest income amounted to €4.86 billion (-4% year-on-year). This decline is mainly due to a drop in interest rates (now negative), which has led to a reduction in lending revenues. Further factors include the change in the loan portfolio mix, following an increase in loans partially guaranteed by the Instituto de Crédito Oficial (ICO) and public sector loans, and also the drop in revenues from consumer loans. These effects have been partially offset by an increase in financing from the European Central Bank (ECB) subject to improved terms and conditions.

Gross income was down 1.1% year-on-year, despite core revenues remaining stable and revenues from investees rising (+49.1%). This decline was largely due to a reduction in net trading income (-57.1%), which included various extraordinary items in 2020.

Meanwhile, insolvency allowances fell to €616 million between January and September 2021, compared with €2.41 billion in the same period of 2020, which included the recognition of €1.61 billion to anticipate future impacts associated with the pandemic.

Staff expenses (+1.6%) and depreciation and amortisation (+2%) both increased, though general expenses fell by 2.9%, thus bringing the core cost-to-income ratio (12 months) to 55.3%, an improvement of 0.9 percentage points when compared with the third quarter of the previous year.

Customer funds and assets under management at all-time highs

Customer funds totalled €607.33 billion at 30 September, up 46.2% following the integration of Bankia (organic change of +7.5% excluding the integration). In the third quarter, the growth was 1.1%.

On-balance sheet funds amounted to €441.28 billion (+1.5% in the quarter; and +5.5% in the year in organic terms), while assets under management stood at €153.22 billion. The performance here (+1.2% in the quarter and +12% in the year in organic terms) was down to increased sales and the favourable market effect.

Assets under management in mutual funds, portfolios and SICAVs amounted to €106.52 billion (+1.4% in the quarter, and +14.2% in the year in organic terms), while pension plans came to €46.7 billion (+0.6% in the quarter, and +7.5% in the year in organic terms).

As a result, the combined market share of long-term savings products in Spain was 29.2%, reflecting the Bank's leadership, with a share of 33.8% in pension plans and 24.7% in mutual funds.

Gross loans and advances to customers came to €355.93 billion, up 45.9% in the year following the merger with Bankia (-3.7% excluding the balances transferred from Bankia as part of the merger). Loans and advances to individuals gained 55.1% in the year due to the merger with Bankia, while lending to companies was up 35.9%. In organic terms, lending to companies is down 4.5% in the year to date, following the growth reported a year earlier, at a time in which companies front-loaded their liquidity needs.

Communication and Institutional Relations Department
@CaixaBank
Tel: +34 93 404 13 98 prensa@caixabank.com
http://caixabank.com/comunicacion

Capital and liquidity at optimum levels

CaixaBank maintained high levels of capital in the first nine months of the year, with a core CET1 capital ratio of 13% at the end of September, comfortably above the announced target of 11-11.5%. The ratio is now half a percentage point higher than the level reported a year earlier of 12.5%.

The Bank managed to generate 88 basis points of capital between January and September, partially offsetting the 107 basis points reduction due to the integration of Bankia, including extraordinary costs.

The ratio of MREL regulatory requirements to RWAs was 25.6% at the end of the third quarter, comfortably meeting the Bank's requirement for 2024.

Total liquid assets amounted to €173.12 billion at 30 September, up €58.67 billion in the year, mainly due to the integration of Bankia. The Group's Liquidity Coverage Ratio (LCR) was 327%, revealing a comfortable liquidity position (average LCR of 304%, last 12 months) well clear of the minimum requirement of 100%.

At 30 September, a total of €80.75 billion in TLTRO III financing had been drawn under ECB credit facilities. The drawn balance is up €31.03 billion in the year to date, mainly due to the incorporation of Bankia drawdowns and further recourse to TLTRO III financing.

Stable NPL ratio

CaixaBank managed to keep the non-performing loans portfolio and the NPL ratio under control in the quarter, with the ratio standing at 3.6%, the same as in June. The ratio is now three tenths of a percentage point higher than in December 2020 as a result of the Bankia integration.

Non-performing loans totalled €13.96 billion at the end of the third quarter, down €50 million quarter on quarter. The NPL coverage ratio was 64%, while the cost of risk (last 12 months) was 0.25%.

As regards the total loan and mortgage moratoria granted by the Group to support its customers as part of the measures put in place to mitigate the impact of the pandemic, only €5.03 billion remained outstanding at 30 September and almost all of this debt relief falls due before the end of the year. The moratoria present a healthy repayment trend and balances in default account for only 0.5% of the total lending porftolio.

CaixaBank, committed to those affected by the volcanic eruption on La Palma

Given its commitment to client proximity, the Bank has launched a support programme under the slogan #CaixaBankConLaPalma to help mitigate the impact of the volcanic eruption on the island. The measures in place are aimed at affected households, businesses and companies, and include freezing debt repayments over the next 12 months. The Bank has also been collaborating with the La Palma Island Council and with the town councils of Los Llanos de Aridane, El Paso and Tazacorte in setting up various fundraising channels.

CaixaBank has also approved a facility of €100 million to pre-fund the compensation payment that will be paid by the Insurance Compensation Consortium and a further €50 million for self-employed workers and entrepreneurs in the wake of the catastrophe. Meanwhile, housing has been made available to those affected by the disaster and the CaixaBank Volunteers Association has offered to take part in various initiatives to help out, such as sorting donations or writing letters to the children who live on the island.

Key Group figures

€ million / %	January - September 2021	January - September 2020	Change	3Q21	Quarter-on-quarter
PROFIT/(LOSS)					
Net interest income	4,416	3,647	21.1%	1,589	(2.9%)
Net fee and commission income	2,604	1,905	36.7%	964	(1.7%)
Core income	7,708	6,158	25.2%	2,809	(0.9%)
Gross income	7,711	6,260	23.2%	2,828	0.3%
Recurring administrative expenses, depreciation and amortisation	(4,353)	(3,485)	24.9%	(1,606)	0.5%
Pre-impairment income	1,337	2,776	(51.8%)	1,172	-
Pre-impairment income stripping out extraordinary expenses	3,357	2,776	20.9%	1,221	(0.1%)
Profit/(loss) attributable to the Group	4,801	726	-	620	-
Profit/(loss) attributable to the Group ex M&A impacts	2,022	726	-	744	(2.5%)
MAIN RATIOS (Last 12 months)					
Cost-to-income ratio	75.7%	56.4%	19.3	75.7%	(0.0)
Cost-to-income ratio stripping out extraordinary expenses	55.3%	56.4%	(1.2)	55.3%	1.0
Cost of risk[1] (last 12 months)	0.25%	0.67%	(0.42)	0.25%	(0.06)
ROE[1]	8.1%	4.2%	4.0	8.1%	(0.1)
ROTE[1]	9.6%	5.0%	4.6	9.6%	(0.2)
ROA[1]	0.4%	0.2%	0.2	0.4%	(0.0)
RORWA[1]	1.3%	0.7%	0.6	1.3%	(0.1)

	September 2021	December 2020	Change	June 2021	Quarter-on-quarter
BALANCE SHEET					
Total assets	685,738	451,520	51.9%	674,088	1.7%
Equity	35,124	25,278	39.0%	34,571	1.6%
BUSINESS ACTIVITY					
Customer funds	607,331	415,408	46.2%	600,993	1.1%
Customer funds, excluding the Bankia integration	*446,732*	*415,408*	*7.5%*	-	-
Loans and advances to customers, gross	355,929	243,924	45.9%	363,012	(2.0%)
Loans and advances to customers, gross, excluding the Bankia integration	*234,913*	*243,924*	*(3.7%)*	-	-
RISK MANAGEMENT					
Non-performing loans (NPL)	13,955	8,601	5,354	14,005	(50)
Non-performing loans (NPL), excluding the Bankia integration	*8,529*	*8,601*	*(73)*	-	-
Non-performing loan ratio	3.6%	3.3%	0.3	3.6%	0.0
Provisions for insolvency risk	8,955	5,755	3,200	9,001	(47)
Provisions for insolvency risk, excluding the Bankia integration	*5,337*	5,755	*(418)*	-	-
NPL coverage ratio	64%	67%	(3)	64%	-
Net foreclosed available for sale real estate assets	2,289	930	1,359	2,297	(8)
Foreclosed available for sale real estate assets, excl. the Bankia integration	*1,106*	930	*176*	-	-
LIQUIDITY					
Total Liquid Assets	173,125	114,451	58,674	162,731	10,394
Liquidity Coverage Ratio (last 12 months)	304%	248%	56	292%	12
Net Stable Funding Ratio (NSFR)	151%	145%	6	148%	3
Loan to deposits	91%	97%	(6)	94%	(3)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	13.0%	13.6%	(0.6)	12.9%	0.1
Tier 1	15.3%	15.7%	(0.4)	14.8%	0.5
Total capital	17.9%	18.1%	(0.2)	17.4%	0.5
MREL	25.6%	26.3%	(0.7)	25.1%	0.5
Risk-Weighted Assets (RWAs)[2]	220,354	144,073	76,281	220,881	(527)
Leverage ratio	5.2%	5.6%	(0.4)	5.1%	0.1
SHARE INFORMATION[3]					
Share price (€/share)	2.684	2.101	0.583	2.594	0.090
Market capitalisation	21,615	12,558	9,057	20,890	725
Book value per share (€/share)	4.36	4.22	0.13	4.29	0.07
Tangible book value per share (€/share)	3.72	3.49	0.23	3.66	0.07
Net income (ex M&A impacts) attributable per share (€/share) (12 months)	0.35	0.21	0.14	0.34	0.01
PER (Price/Profit, ex M&A impacts ; times)	7.74	10.14	(2.40)	7.63	0.12
Tangible PBV (Market value/ book value of tangible assets)	0.72	0.60	0.12	0.71	0.01
OTHER DATA (units)					
Employees[4]	50,980	35,434	15,546	51,071	(91)
Branches[4]	6,143	4,208	1,935	6,160	(17)
of which: retail branches in Spain	5,415	3,571	1,844	5,433	(18)
ATMs[4]	15,118	10,283	4,835	15,285	(167)

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

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

(3) See the methodology used in the calculation and breakdown in 'The CaixaBank share' and 'Appendices'.

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

Results

The Group's Income Statement

Year-on-year accounting performance

€ million	9M21	M&A one offs	9M21 ex M&A	9M20	Change	Chg. %
Net interest income	**4,416**		**4,416**	**3,647**	**769**	**21.1**
Dividend income	152		152	96	57	59.3
Share of profit/(loss) of entities accounted for using the equity method	355		355	218	136	62.5
Net fee and commission income	2,604		2,604	1,905	700	36.7
Trading income	130		130	182	(52)	(28.6)
Income and expense under insurance or reinsurance contracts	479		479	441	38	8.6
Other operating income and expense	(427)		(427)	(229)	(198)	86.4
Gross income	**7,711**		**7,711**	**6,260**	**1,450**	**23.2**
Recurring administrative expenses, depreciation and amortisation	(4,353)		(4,353)	(3,485)	(869)	24.9
Extraordinary expenses	(2,020)	(2,019)	(1)		(1)	
Pre-impairment income	**1,337**	**(2,019)**	**3,356**	**2,776**	**580**	**20.9**
Pre-impairment income stripping out extraordinary expenses	**3,357**		**3,357**	**2,776**	**581**	**20.9**
Allowances for insolvency risk	(493)		(493)	(1,594)	1,101	(69.1)
Other charges to provisions	(359)	(157)	(202)	(207)	5	(2.2)
Gains/(losses) on disposal of assets and others	4,275	4,303	(27)	(92)	64	(70.1)
Profit/(loss) before tax	**4,760**	**2,127**	**2,633**	**883**	**1,750**	
Income tax expense	41	652	(611)	(157)	(454)	
Profit/(loss) after tax	**4,801**	**2,779**	**2,022**	**726**	**1,296**	
Profit/(loss) attributable to minority interest and others	(0)		(0)	(1)	1	(65.3)
Profit/(loss) attributable to the Group	**4,801**	**2,779**	**2,022**	**726**	**1,295**	

Year-on-year proforma performance

€ million	9M21	9M20	Change	Chg. %
Net interest income	**4,864**	**5,066**	**(202)**	**(4.0)**
Dividend income	153	97	56	57.6
Share of profit/(loss) of entities accounted for using the equity method	367	251	115	45.8
Net fee and commission income	2,886	2,743	144	5.2
Trading income	140	327	(186)	(57.1)
Income and expense under insurance or reinsurance contracts	479	441	38	8.6
Other operating income and expense	(468)	(412)	(56)	13.7
Gross income	**8,421**	**8,513**	**(92)**	**(1.1)**
Recurring administrative expenses, depreciation and amortisation	(4,797)	(4,777)	(20)	0.4
Extraordinary expenses	(1)		(1)	
Pre-impairment income	**3,623**	**3,737**	**(114)**	**(3.0)**
Pre-impairment income stripping out extraordinary expenses	**3,624**	**3,737**	**(113)**	**(3.0)**
Allowances for insolvency risk	(616)	(2,406)	1,790	(74.4)
Other charges to provisions	(226)	(150)	(76)	50.6
Gains/(losses) on disposal of assets and others	(50)	(145)	95	(65.6)
Profit/(loss) before tax	**2,731**	**1,035**	**1,695**	
Income tax expense	(644)	(130)	(514)	
Profit/(loss) after tax	**2,087**	**906**	**1,182**	
Profit/(loss) attributable to minority interest and others	(0)	(1)	0	(65.3)
Comparative proforma Profit/(loss)	**2,087**	**906**	**1,181**	
- Profit/(loss) Bankia pre-merger stripping out extraordinary expenses, net	*(65)*	*(180)*	*114*	
+ M&A impacts, net	*2,779*		*2,779*	
Profit/(loss) attributable to the Group (accounting profit/(loss))	***4,801***	***726***	***4,075***	