CaixaBank reports a net profit of €855 million up to March (+21.1%) and maintains its balance sheet strength with NPLs at all-time lows

- **Gonzalo Gortázar**, CEO of CaixaBank, has highlighted that “These results are **very good news not only for our shareholders**, including ”la Caixa” Foundation and the Spanish State, through the FROB, but also **for our clients**, as they reflect our capability to cater to their needs, **and for society as a whole**, because a sound and reliable financial system is key to support the overall economy.”

- All **margins** show **good progress** year on year, enabling net profit to increase 21.1%, **ROTE to reach 10.5%** and the **cost-to-income ratio to improve to 48.2%**.

- **Gross income climbs 16.7%**, negatively affected by the **extraordinary bank tax** of **€373 million**.

- **Customer funds** amount to €614.61 billion, **up 0.5% in the quarter**, after the bank registered **net inflows of close to €3.8 billion**, with mutual funds and savings insurance outperforming.

- **New lending increases across all segments in year-on-year terms**: mortgages (+6%), consumer lending (+4%) and business loans (+21%). **Performing loans** total €351.22 billion, remaining **stable in the year to date**, despite an increase in repayments, mainly in the mortgage segment.

- **The NPL ratio remains at all-time lows (2.7%),** with a coverage ratio of 76%, following an increase of two percentage points since December, while non-performing loans drop to €10.45 billion, down €243 million in the quarter.

- The Bank has a **sound liquidity and solvency position**, with more than €132.8 billion of liquid assets and a comfortable capital ratio of 12.6%.

- **CaixaBank is strongly committed to providing access to housing, with 11,207 housing units under its social rental programme.** The Bank has contributed more than half of the total number of housing units that the sector has transferred to the Social Housing Fund.

Valencia, 5 May 2023. The CaixaBank Group posted an attributable net profit of €855 million in the first quarter of 2023, up 21.1% on the same period of the previous year. This solid performance has come on the back of commercial dynamism and a strong balance sheet, despite the prevailing financial uncertainty.

CaixaBank continued to improve its return on tangible equity (ROTE), which stood at 10.5% at the end of the first quarter, still below the cost of capital, but much higher than the 7.6% reported in the same period of 2022. Meanwhile, the cost-to-income ratio (trailing 12 months) improved by falling to 48.2%.

The Bank's figures also reflected the extraordinary tax on banks, which totalled €373 million and subtracted 30% of the Group's profits.

Gonzalo Gortázar, CEO of CaixaBank, highlighted that the Bank has started the year "with robust commercial activity during a period in which the economy displayed greater resilience than anticipated." Gortázar also noted that the Bank has a "sound liquidity and solvency position, with more than €132 billion of liquid assets and a comfortable capital ratio of 12.6%."

The CEO highlighted that "These results are very good news not only for our shareholders, including "la Caixa" Foundation and the Spanish State, through the FROB; but also for our clients, as they reflect our capability to cater to their needs, and for society as a whole, because having a sound and reliable financial system is key to support the overall economy."

Positive year-on-year performance of the income statement

In the first quarter of the year, CaixaBank's core revenues were up 30.4% to €3.45 billion. In particular, net interest income improved to €2.16 billion (+48.6%) and net banking fees and commissions remained stable (+0.1%) at €937 million.

Recurring banking fees and commissions were down 1%, following the elimination of deposit custody fees for large companies and the extension of loyalty programmes for retail customers, partly offset by increased activity in payments. Moreover, equity-accounted attributable earnings, mainly proceeding from the bancassurance stakes segment, amounted to €79 million, and the insurance service result (the new item included in the income statement as a result of the entry into force of the IFRS 17 regulation), amounted to €263 million.

There was also an increase in dividends (up to €68 million) following the recognition of Telefónica's entire dividend in the first quarter of the year.

However, there was lower trading income generation, which dropped to €82 million (-42.7%). The Other operating income and expenses item was heavily affected in the quarter by the extraordinary tax levied on banks, totalling €373 million for CaixaBank.

These factors were behind the increase of 16.7% in gross income to €3.10 billion, while the increase in recurring administrative, depreciation and amortisation expenses by +2.4% caused pre-impairment profit to grow 33.4% to reach €1.66 billion.

Since 1 January 2023, the CaixaBank Group has been applying IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" to assets and liabilities arising from the insurance business. As a result, the 2022 income statement and balance sheet have been restated for comparative purposes.

Stable customer funds and lending

Customer funds totalled €614.61 billion at 31 March, up 0.5% in the quarter, driven by the strong performance of long-term savings products and the ongoing recovery of the financial markets. Within customer funds, assets under management came to €154.01 billion, up 4.1% in the quarter, not only due to favourable market conditions, but also as a result of positive net inflows of close to €3.8 billion, with mutual funds and savings insurance outperforming.

CaixaBank's combined market share of deposits and long-term savings is now 26.5%.

Meanwhile, performing loans came to €351.22 billion at the end of March, having remained stable in the quarter. By segment, mortgage lending portfolio was down 1.4%, as it continues to experience the effects of an increase in repayments amid rising interest rates, while the consumer lending portfolio was up 0.4% and lending to businesses rose by 1.2%.

However, new lending remained strong year-on-year thanks to the resilience displayed by the economy, and it increased across all segments: mortgages (+6%), consumer lending (+4%) and business lending (+21%).

Sound risk management: the NPL ratio remains at record lows

The resilience shown by the economy and the Bank's sound risk management kept the NPL ratio at all-time lows of 2.7% at the end of the quarter.

Non-performing loans were down to €10.45 billion, following the strong performance of asset quality indicators and active management of NPLs, with a reduction of €243 million in the quarter. Meanwhile, loan-loss provisions came to €7.92 billion at the end of March and the coverage ratio gained a further two percentage points to climb from 74% in December to 76%. The cost of risk (trailing 12 months) stood at 0.26%.

High levels of liquidity and capital

CaixaBank ended the first quarter of 2023 with high levels of liquidity and capital. Total liquid assets amounted to €132.87 billion, and the Group's Liquidity Coverage Ratio (LCR) was 192%, revealing a comfortable liquidity position well above the minimum requirement of 100%. A total of €15.62 billion in TLTRO III financing had been drawn under the European Central Bank (ECB) credit facilities at 31 March.

The Bank also has a strong capital position, with a Common Equity Tier 1 (CET1) ratio of 12.6% (12.5% without IFRS 9 transitional adjustments), following the extraordinary impact of the first-time adoption of IFRS 17 (-20 basis points). Between January and March, CaixaBank generated 30 basis points of capital organically.

In addition, the MREL ratio stood at 26.2%, already meeting the Bank's requirements for 2024. Three issues of eligible instruments were made during the quarter: €750 million in AT1, £500 million in Tier 2 and $1.25 billion in Senior Non-Preferred debt.

CaixaBank's social commitment

The positive development of CaixaBank's results and its financial strength have enabled the Bank to continue supporting families, businesses and society as a whole, with the ultimate goal of standing by people for everything that matters. CaixaBank is firmly committed to social improvement, which runs in its DNA and is embodied in its commitment to financial inclusion, support for the most vulnerable segments of society, training and the promotion of entrepreneurship, among other aspects.

To this end, among other initiatives, CaixaBank operates the largest microcredit bank in Europe. Since its inception in 2007, MicroBank —CaixaBank's social bank— has channelled over €8.7 billion into nearly 1.3 million social impact projects. Of this total amount, more than €7.9 billion have taken the form of microcredits, of which, those granted to finance the specific needs of families and those granted to start up or ramp up entrepreneurs and microenterprises businesses, were preeminent.

CaixaBank also remains firmly committed to providing access to housing and has 11,207 housing units available under its social rental programme. The Bank has contributed more than half of the total number of housing units that the wider sector has transferred to the Social Housing Fund.

It is also strongly invested in the areas it operates in and, to this purpose, has the most extensive network of branches in Spain, with a presence in all provinces. It is the only bank to have a branch in 482 towns and has pledged not to abandon any of those. It also runs 17 mobile branches (the "ofimóvil" branch in a bus), which operate in 628 municipalities across six autonomous regions of Spain.

In addition, through CaixaBank *Dualiza*, the Bank promotes dual vocational training and holds annual conferences, courses and workshops to deliver training in financial literacy and help build an awareness and understanding of economic and financial concepts.

Moreover, the profits generated by the Bank are channelled back into society in the form of dividends, given that its two main shareholders are "la Caixa" Foundation and the Spanish State, through the FROB. Out of the €1.73 billion in dividends paid out on 12 April 2023 against 2022 profits, around €850 million pursued a social purpose, as they were distributed between these two institutions, which own almost half of the Bank's equity.

CaixaBank

KEY GROUP FIGURES

€ million / %	January - March 2023	January - March 2022	Change
PROFIT/(LOSS)[1]			
Net interest income	2,163	1,455	48.6%
Net fee and commission income	937	936	0.1%
Core income	3,449	2,646	30.4%
Gross income	3,101	2,658	16.7%
Recurring administrative expenses, depreciation and amortisation	(1,440)	(1,406)	2.4%
Pre-impairment income	1,659	1,244	33.4%
Pre-impairment income stripping out extraordinary expenses	1,662	1,252	32.8%
Profit/(loss) attributable to the Group	855	706	21.1%
MAIN RATIOS (Last 12 months)			
Cost-to-income ratio[1]	48.6%	76.4%	(27.8)
Cost-to-income ratio stripping out extraordinary expenses[1]	48.2%	57.4%	(9.2)
Cost of risk (last 12 months)	0.26%	0.23%	0.03
ROE[1]	8.9%	6.5%	2.4
ROTE[1]	10.5%	7.6%	2.9
ROA[1]	0.4%	0.3%	0.1
RORWA[1]	1.4%	1.0%	0.4

	March 2023	December 2022	Change
BALANCE SHEET			
Total assets[1]	618,708	598,850	3.3%
Equity[1]	33,034	33,708	(2.0)%
BUSINESS ACTIVITY			
Customer funds[1]	614,608	611,300	0.5%
Loans and advances to customers, gross	361,077	361,323	(0.1)%
RISK MANAGEMENT			
Non-performing loans (NPL)	10,447	10,690	(243)
Non-performing loan ratio	2.7%	2.7%	0.0
Provisions for insolvency risk	7,921	7,867	53
NPL coverage ratio	76%	74%	2
Net foreclosed available for sale real estate assets	1,826	1,893	(67)
LIQUIDITY			
Total Liquid Assets	132,867	139,010	(6,144)
Liquidity Coverage Ratio (last 12 months)	192%	194%	(2)
Net Stable Funding Ratio (NSFR)	139%	142%	(3)
Loan to deposits	92%	91%	1
CAPITAL ADEQUACY			
Common Equity Tier 1 (CET1)	12.6%	12.8%	(0.2)
Tier 1	15.0%	14.8%	0.2
Total capital	17.8%	17.3%	0.5
MREL	26.2%	25.9%	0.3
Risk-Weighted Assets (RWAs)	215,133	215,103	30
Leverage ratio	5.6%	5.6%	—
SHARE INFORMATION			
Share price (€/share)	3.584	3.672	(0.088)
Market capitalisation	26,862	27,520	(657)
Book value per share[1] (€/share)	4.40	4.49	(0.09)
Tangible book value per share[1] (€/share)	3.69	3.77	(0.08)
Net attributable income per share[1] (€/share) (12 months)	0.43	0.40	0.03
PER[1] (Price/Profit; times)	8.41	9.18	(0.77)
PTBV[1] (Price to tangible book value)	0.97	0.97	
OTHER DATA (units)			
Employees	44,654	44,625	29
Branches[2]	4,263	4,404	(141)
of which: retail branches in Spain	3,684	3,818	(134)
ATMs	12,780	12,947	(167)

(1) The financial information published for 2022 has been restated in accordance with IFRS 17 / IFRS 9. The ratios (12 months) prior to 4Q22 are those reported in accordance with IFRS 4, as there was no historical data available for the restatement.

(2) Does not include branches outside Spain and Portugal or representative offices.

RESULTS

THE GROUP'S INCOME STATEMENT

YEAR-ON-YEAR PERFORMANCE

€ million	1Q23	1Q22	Chg. %
Net interest income	2,163	1,455	48.6
Dividend income	68	1	
Share of profit/(loss) of entities accounted for using the equity method	79	51	54.9
Net fee and commission income	937	936	0.1
Trading income	82	142	(42.7)
Insurance service result	263	213	23.6
Other operating income and expense	(491)	(141)	
Gross income	3,101	2,658	16.7
Recurring administrative expenses, depreciation and amortisation	(1,440)	(1,406)	2.4
Extraordinary expenses	(2)	(8)	(68.0)
Pre-impairment income	1,659	1,244	33.4
Pre-impairment income stripping out extraordinary expenses	1,662	1,252	32.8
Allowances for insolvency risk	(255)	(228)	11.9
Other charges to provisions	(25)	(45)	(44.2)
Gains/(losses) on disposal of assets and others	(20)	(9)	
Profit/(loss) before tax	1,359	961	41.3
Income tax expense	(504)	(255)	97.9
Profit/(loss) after tax	**855**	**707**	**21.0**
Profit/(loss) attributable to minority interest and others	—	1	
Profit/(loss) attributable to the Group	**855**	**706**	**21.1**