

CaixaBank reports a net profit of €2.14 billion up to June (+35.8%) driven by strong commercial performance, with NPL ratio at record lows

- **Gonzalo Gortazar**, CEO of CaixaBank, highlighted that “**the Group's financial strength and reasonable profitability** allow us to maintain a generous shareholder distribution policy. But above all, this allows us to do something even more important: to keep supporting businesses and families and to continue developing our positive societal impact”.
- Profitability and efficiency figures improve during the six-month period. **ROE** trailing 12 months rises to 10.2% and the recurring **cost-to-income** ratio falls to 45.7%.
- **Positive year-on-year performance** across the main lines of the income statement, with gross income growing 23.1% year-on-year, despite the **decrease in fees and commissions**.
- **Growth in total loans and deposits**. Customer funds rise to €627.82 billion as of 30 June (+2.7% year-to-date). **Performing loans** up to €354.2 billion (+0.8% year-to-date).
- **Solid increase in investment and saving inflows**. Net inflows into mutual funds, pension plans and savings insurance reaching €5.1 billion during the first half of the year.
- **NPL ratio reduced to record lows (2.6%)**, with NPLs down by €373 million in 2023. NPL coverage further reinforced year-to-date, up to 76%.
- **Strong capital and liquidity**. In terms of capital, the CET1 ratio stands at 12.5% while total liquid assets come to €146.65 billion.
- CaixaBank has made progress with its **shareholder remuneration** objectives announced in its 2022-2024 Strategic Plan. The company has announced **its intention to carry out a new share buyback programme** for a total of €500 million, subject to the appropriate regulatory approval.
- CaixaBank **continues to support the economy and to develop its positive social impact**. During the first half of the year, the bank granted 40,000 mortgages to families and financing to 88,000 SMEs.

Valencia, 28 July 2023. - CaixaBank Group posted an attributable net profit of €2.14 billion during the first half of 2023, up 35.8% compared to the same period of the previous year (€1.57 billion).

CaixaBank CEO, **Gonzalo Gortazar**, emphasised the strong performance of CaixaBank during the first half of the year “comes off the back of very positive commercial dynamics, the full consolidation of the synergies arising from the integration with Bankia, and the reduction of NPLs”.

“In the context of interest rates normalization, our margins showed good progress, with an attributable net profit of over €2.1 billion, a 36% increase. This solid result is a consequence of our strong commercial performance, and our prudent credit risk management, placing our ROE at over 10% after a long period of sub-par profitability”, underscored the Group's CEO.

Gortazar also highlighted that “the financial strength and reasonable profitability allow us to maintain a generous shareholder distribution policy, which will be reinforced after the announcement of our intention to carry out a new share buyback programme for a total of €500 million. But above all, this allows us to do something even more important: to keep supporting businesses and families, and to continue developing our positive societal impact”.

Positive performance of the income statement main line items

During the first half of the year, core revenues increased by 31.3% year-on-year, to €7.11 billion. Net interest income, which stood at €4.62 billion, was up by 55.2% year-on-year. Net interest income growth, together with the improvement in insurance service result (+18.5%) and in income from bancassurance stakes (+59.2%) more than offset lower fees (-4.2%). Specifically, recurring banking fees dropped by 7.6% year-on-year, mainly reflecting the removal of deposit custody fees for large companies.

Dividend income stood at €145 million for the six-month period, which includes the Telefónica dividend of €61 million during the first quarter of the year and the BFA dividend of €73 million during the second quarter. Furthermore, equity-accounted attributable earnings amounted to €145 million, up 30.5% year-on-year.

Trading income stood at €143 million in 2023, compared to €244 million the previous year (-41.5%).

Gross income between January and June stood at €6.67 billion, up 23.1% compared to the same period the previous year.

With all these factors in mind, the Group's positive performance during the first half of the year drove ROE up to 10.2%. The recurring cost-to-income ratio (excluding extraordinary expenses) fell to 45.7%.

Customer funds and lending in high levels

During the first half of the year, CaixaBank achieved an increase in customer funds, which stood at €627.82 billion as of 30 June (+2.7% year-to-date), thanks to the strong performance of long-term saving products complemented by the positive seasonality in demand deposits typically seen at the end of the second quarter.

Assets under management stood at €156.11 billion (+5.5% year-to-date) thanks to net inflows and the positive performance of markets. Specifically, assets under management in mutual funds, portfolios and SICAVs totalled €111.34 billion (+6.4%) and pension plans €44.77 billion (+3.4%).

During the first six months of the year, net inflows into mutual funds, pension plan and savings insurance totalled €5.1 billion. The combined market share of deposits and long-term savings stands at 26.5%.

Furthermore, growth in protection insurance continues, with year-on-year increases of 3.4% in life-risk new production and of 13.6% in non-life.

With regards to CaixaBank's performing loans portfolio, it ended the first half of the year at €354.2 billion, up by 0.8% in the year. Sustained growth in the businesses lending portfolio (+2.2%) and good performance of consumer loans (+1.2%) have offset continued deleveraging in residential mortgage loans (-2.6%).

In terms of new production, during the first half of the year, €21.03 billion in new businesses loans were granted, in addition to €5.17 billion in consumer loans and €4.65 billion in mortgages.

NPL ratio at minimum levels on account of optimum risk management

The bank's NPL ratio was reduced further, to stand at 2.6% as of 30 June, the best figure recorded over the past 15 years (compared to 2.7% in the previous quarter and 3.2% one year ago). Non-performing loans fell by €373 million down to €10.32 billion following the strong performance of asset quality indicators and the active management of non-performing loans.

Total provision funds for insolvency risk stood at €7.88 billion at the end of June 2023 and the NPL coverage ratio increased to 76% (€7.87 billion and 74% at the end of 2022, respectively). The cost of risk remains broadly stable at low levels, at 0.27% (trailing 12 months).

CaixaBank has an unassigned collective provision fund totalling €874 million as of 30 June. This fund has been reduced by €264 million, mainly due to the semi-annual recalibration process of IFRS 9 models carried out in the second quarter, and the resulting allocation of provisions at a specific level, without therefore changing the overall coverage (the fund's balance stood at €1.14 billion at the end of 2022).

Comfortable liquidity and capital position

At the end of the first half of the year, CaixaBank maintained a solid liquidity and capital position. Total liquid assets amounted to €146.65 billion as of 30 June 2023, up by €7.64 billion in the year. As of 30 June, there are a total of €8.48 billion outstanding in TLTRO III financing, after having completed an ordinary repayment of €7.14 billion during the second quarter of the year.

The Group's Liquidity Coverage Ratio (LCR) on 30 June stood at 207%, indicative of a comfortable liquidity position.

In terms of capital, the CET1 ratio stood at 12.5% (12.4% without applying the IFRS 9 transitional adjustments), following the extraordinary impact from the first application of IFRS 17 (-20 basis points). Organic capital increase of +91 basis points in the first half of the year underscores the bank's capacity to generate capital.

Commitment to shareholder remuneration objectives

CaixaBank has made good progress during the past six months with regards to the objectives established in its 2022-2024 Strategic Plan, including the generation of approximately €9 billion of capital and an attractive shareholder remuneration.

The bank has announced its intention of carrying out a new share buyback programme for the total amount of €500 million, which is expected to begin before the end of 2023, subject to the necessary regulatory approval.

This would be the second share buyback programme executed as part of CaixaBank's Strategic Plan. The first share buyback programme totalling €1.8 billion was completed between May and December 2022.

In addition, on 12 April 2023, the company paid €0.2306 euros per share to its shareholders. Following this dividend payment, the shareholder remuneration against 2022 results amounted to €1.73 billion, equivalent to a 55% payout of the 2022 consolidated net profit. Regarding the shareholder distribution policy for 2023, in February, the Board of Directors approved a cash distribution of between 50% and 60% of consolidated net profit, to be paid in a single payment in April 2024, subject to final approval at the General Shareholders' Meeting.

Support for the economy and positive social impact

CaixaBank's financial strength allows the bank to keep supporting the economy and to continue developing its positive social impact. During the first half of the year, the bank has received 5,600 applications that fit the requirements of the Spanish Code of Good Practices for Mortgages, of which 1,900 have already been signed, or are in the process of being signed. Moreover, the bank converted 3,500 mortgages from floating to fixed-rate and, since the beginning of the interest rate increases, it helped individuals by granting 10,000 debt restructuring and other additional repayment agreements. Also, between January and June, the bank granted 40,000 mortgages to families, financed 88,000 SMEs, and managed the monthly payment of approximately 10 million pensions and payrolls for its customers.

The bank has almost 11,000 housing units under its social rental programme. In addition, the bank remains faithful to its commitment to financial inclusion, boasting a presence in more than 2,200 towns and cities, and is the only bank in 483 towns. It also serves a further 636 towns with its mobile branches (ofimóviles). CaixaBank employs 1,644 managers specialized in senior citizens ("senior managers") and has around 390,000 social or basic accounts.

Through MicroBank, the European leader in microfinances, the bank has granted approximately 62,500 micro-loans between January and June. Since its inception more than 15 years ago, MicroBank has facilitated the creation of 311,000 employments through support to businesses and self-employed individuals who have received financing.

CaixaBank remains fully committed to the environment, as it reflects, for example, the issuance of a €1 billion ESG bond. Moreover, the bank's employees are also dedicated to social programmes with 14,000 volunteers having participated in the "Social Month" held in May, benefitting 120,000 people.

KEY GROUP FIGURES

€ million / %	January - June			2Q23	Quarter-on-quarter
	2023	2022	Change		
PROFIT/(LOSS)¹					
Net interest income	4,624	2,979	55.2%	2,442	11.9%
Net fee and commission income	1,846	1,928	(4.2)%	909	(3.1)%
Core income	7,110	5,417	31.3%	3,661	6.1%
Gross income	6,673	5,420	23.1%	3,572	15.2%
Recurring administrative expenses, depreciation and amortisation	(2,894)	(2,773)	4.3%	(1,455)	1.0%
Pre-impairment income	3,774	2,623	43.9%	2,115	27.4%
Pre-impairment income stripping out extraordinary expenses	3,779	2,647	42.8%	2,118	27.4%
Profit/(loss) attributable to the Group	2,137	1,573	35.8%	1,281	49.8%
MAIN RATIOS (Last 12 months)					
Cost-to-income ratio ¹	46.0%	57.6%	(11.7)	46.0%	(2.6)
Cost-to-income ratio stripping out extraordinary expenses ¹	45.7%	56.1%	(10.4)	45.7%	(2.5)
Cost of risk (last 12 months)	0.27%	0.23%	0.03	0.27%	0.01
ROE ¹	10.2%	6.8%	3.4	10.2%	1.3
ROTE ¹	12.0%	7.9%	4.1	12.0%	1.6
ROA ¹	0.5%	0.3%	0.2	0.5%	0.1
RORWA ¹	1.6%	1.1%	0.5	1.6%	0.2
	June	December	Change	March	Quarter-on-quarter
	2023	2022		2023	
BALANCE SHEET					
Total assets ¹	625,597	598,850	4.5%	618,708	1.1%
Equity ¹	34,044	33,708	1.0%	33,034	3.1%
BUSINESS ACTIVITY					
Customer funds ¹	627,824	611,300	2.7%	614,608	2.2%
Loans and advances to customers, gross	363,952	361,323	0.7%	361,077	0.8%
RISK MANAGEMENT					
Non-performing loans (NPL)	10,317	10,690	(373)	10,447	(130)
Non-performing loan ratio	2.6%	2.7%	(0.1)	2.7%	(0.1)
Provisions for insolvency risk	7,880	7,867	13	7,921	(40)
NPL coverage ratio	76%	74%	3	76%	0
Net foreclosed available for sale real estate assets	1,759	1,893	(134)	1,826	(67)
LIQUIDITY					
Total Liquid Assets	146,646	139,010	7,636	132,867	13,779
Liquidity Coverage Ratio (last 12 months)	207%	194%	13	192%	15
Net Stable Funding Ratio (NSFR)	138%	142%	(4)	139%	(1)
Loan to deposits	91%	91%	0	92%	(1)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	12.5%	12.8%	(0.3)	12.6%	(0.1)
Tier 1	14.6%	14.8%	(0.2)	15.0%	(0.4)
Total capital	17.5%	17.3%	0.2	17.8%	(0.3)
MREL	25.6%	25.9%	(0.3)	26.2%	(0.6)
Risk-Weighted Assets (RWAs)	217,908	215,103	2,805	215,179	2,729
Leverage ratio	5.4%	5.6%	(0.2)	5.6%	(0.2)
SHARE INFORMATION					
Share price (€/share)	3.787	3.672	0.115	3.584	0.203
Market capitalisation	28,384	27,520	864	26,862	1,522
Book value per share ¹ (€/share)	4.54	4.49	0.05	4.40	0.13
Tangible book value per share ¹ (€/share)	3.82	3.77	0.05	3.69	0.14
Net attributable income per share ¹ (€/share) (12 months)	0.49	0.40	0.09	0.43	0.06
PER ¹ (Price/Profit; times)	7.76	9.18	(1.42)	8.41	(0.65)
PTBV ¹ (Price to tangible book value)	0.99	0.97	0.02	0.97	0.02
OTHER DATA (units)					
Employees	44,683	44,625	58	44,654	29
Branches ²	4,228	4,404	(176)	4,263	(35)
of which: retail branches in Spain	3,649	3,818	(169)	3,684	(35)
ATMs	12,691	12,947	(256)	12,780	(89)

(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. In the second quarter, after having more detailed information, the financial information published in the Activity and Results Report for 1Q23 has been reestimated (OIR of May 5, 2023).

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

RESULTS

THE GROUP'S INCOME STATEMENT

YEAR-ON-YEAR PERFORMANCE

€ million	1H23	1H22	Chg. %
Net interest income	4,624	2,979	55.2
Dividend income	145	131	10.2
Share of profit/(loss) of entities accounted for using the equity method	145	111	30.5
Net fee and commission income	1,846	1,928	(4.2)
Trading income	143	244	(41.5)
Insurance service result	501	422	18.5
Other operating income and expense	(730)	(396)	84.1
Gross income	6,673	5,420	23.1
Recurring administrative expenses, depreciation and amortisation	(2,894)	(2,773)	4.3
Extraordinary expenses	(5)	(23)	(77.2)
Pre-impairment income	3,774	2,623	43.9
Pre-impairment income stripping out extraordinary expenses	3,779	2,647	42.8
Allowances for insolvency risk	(456)	(376)	21.4
Other charges to provisions	(100)	(90)	11.6
Gains/(losses) on disposal of assets and others	(64)	(36)	79.7
Profit/(loss) before tax	3,154	2,122	48.6
Income tax expense	(1,018)	(548)	85.8
Profit/(loss) after tax	2,136	1,575	35.7
Profit/(loss) attributable to minority interest and others	—	1	
Profit/(loss) attributable to the Group	2,137	1,573	35.8