

CaixaBank Group posts profit of €1.26 billion and reaches €6.2 billion in core revenues

- **The Group's earnings in the first nine months are up 10.4% to €1.95 billion**, excluding the cost of the labour agreement signed in the previous quarter. Without this impact, ROTE reaches 10.1% on 30 September.
- **The Group's core revenues during the quarter, which represent 94% of the total, achieved their highest level in the history of CaixaBank due to the good performance of commercial activity.** These core revenues amount to €6.2 billion in the year to date and are up 2.9% on the previous quarter. Meanwhile, recurring expenses are down 1.3% in the quarter following the voluntary paid contract terminations.
- **Total loans and deposits are up 4.4% in the year reaching €609.01 billion**, thanks to healthy levels of commercial activity and improved client loyalty: customer funds have grown to €381.1 billion (+6.3% in 2019), up €22.6 billion. Gross loans and advances to customers come to €227.9 billion (+1.4% in the year), with the performing portfolio up 2.1%.
- **Significant progress has been made towards the commercial and transformation initiatives envisioned in the 2019-2021 Strategic Plan.** The urban branch network transformation is picking up pace (416 'Store' branches now open of the 600 planned openings through to June 2020). Increased market share for key products such as direct payroll deposits (27.4%) and long-term savings (22%).
- **Benchmark in socially responsible banking:** CaixaBank is the first Spanish bank to issue a Social Bond (worth €1 billion) to support the United Nations Sustainable Development Goals (SDGs) and has earned the highest score for sustainable investment from the organisation.

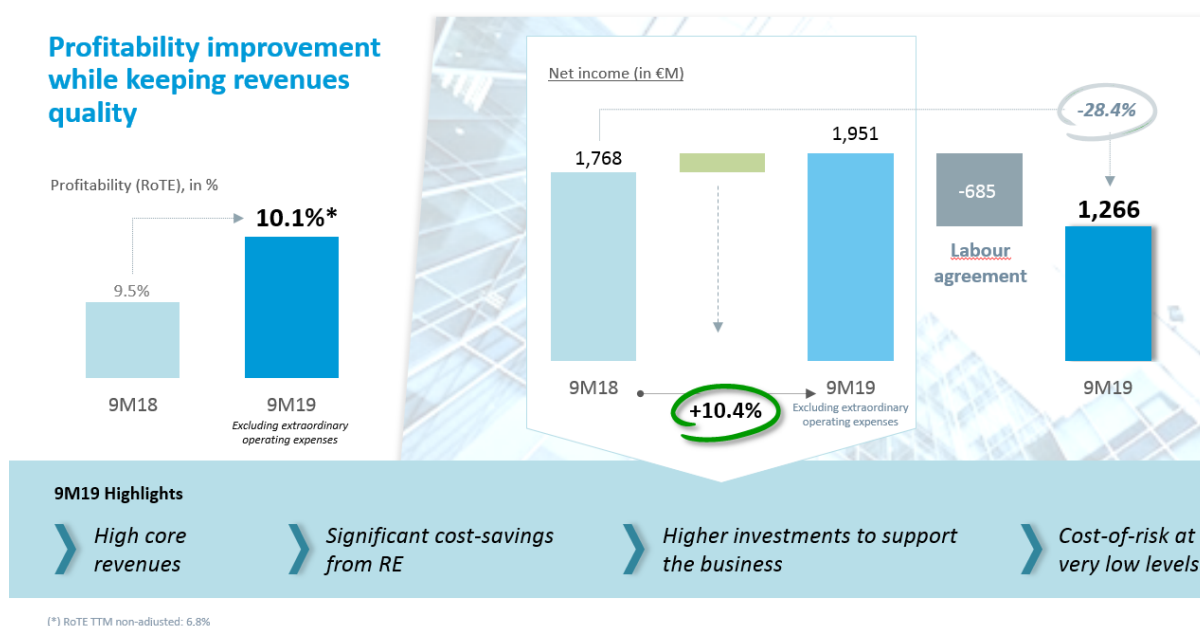
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- **Excellent solvency levels beyond the minimum regulatory requirements.** The Common Equity Tier 1 ratio climbs to 11.7%, representing an increase of 15 basis points over the December 2018 ratio. Organic capital generation contributes 18 basis points, while the rest (-3 basis points) are extraordinary impacts from the first quarter that have been offset by the positive evolution of the markets.
 - **The NPL ratio was down to 4.1% (-61 basis points in 2019)**, following a reduction of €1.24 billion in non-performing loans in 2019 (-€449 million in the quarter) to reach €9.95 billion.
 - **The cost of risk remains favourably low** (0.14% in the last 12 months).

Valencia, 31 October 2019. The CaixaBank Group, Spain's leading retail bank with Jordi Gual as Chairman and Gonzalo Gortázar as CEO, reported a net attributable profit of €1.27 billion in the first nine months of 2019, down 28.4% on the same period of 2018. Shaping this performance was the labour restructuring agreement signed in the second quarter, which generated an expense of €978 million (€685 million, net) and enabled savings of €200 million a year (€32 million already saved in the third quarter). Excluding this impact, profit would be up 10.4% to reach €1.95 billion. Excluding these extraordinary expenses, ROTE came to 10.1% at 30 September.

Core revenues, which account for 94% of total revenues, reached an all-time high in the quarter, driven by the solid commercial performance of CaixaBank. They amounted to €6.2 billion in the year to date and were up 2.9% on the previous quarter. Meanwhile, recurring expenses were down 1.3% in the quarter following the restructuring agreement.

Accumulated net interest income at the end of September totalled €3.72 billion (+1.3% on the same period of 2018), was largely driven by the increase in volume of lending activity and a reduction in retail and institutional financing costs.

The change in gross income (-4.2%) was mainly due to the reduction in the share of profits of companies accounted for using the equity method (-52.6%), due to the fact that CaixaBank no longer reports earnings from Repsol or BFA. If we exclude this contribution of earnings in both years, gross income would have grown 1.2%.



Income from fees and commissions came to €1.9 billion (down 1.7% on the same period of 2018). This line item has performed well when compared with the second quarter of 2019 (+3.2%) and the same quarter of the previous year (+1.7%). Within this category, banking services, securities and other fees amounted to €1.1 billion (-1.1% year on year).

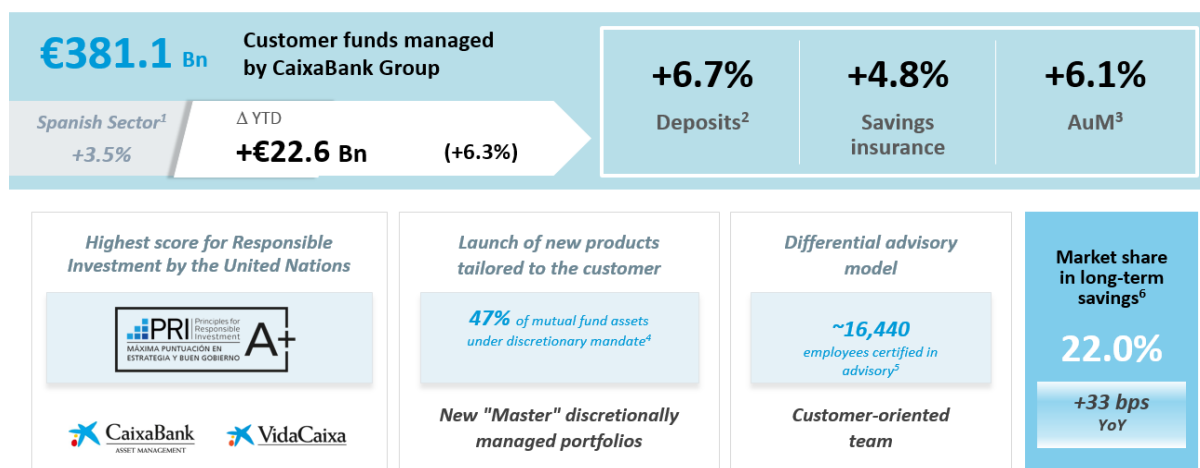
Earnings from the banking and insurance business totalled €787 million in the first nine months of 2019, while the equity investment business as a whole contributed €307 million to the Group's total earnings.

Positive growth in customer funds and in the performing loan portfolio

Total loans and deposits have continued to grow in the year to date (+4.4%) to reach €609.01 billion, illustrating the success of the Bank's commercial strategy and improved levels of customer loyalty and engagement.

Customer funds amount to €381.1 billion (+6.3%) in the year to date, thanks to the commercial strength of the Group and the recovery of the markets, among other positive impacts. The change in the quarter (+0.1%) was partly due to the seasonal impact of the double salary payments into demand accounts in the previous quarter. Unit Linked products also fared well, growing 22.7% in the year and 5.2% in the quarter.

Assets under management rose to €99.68 billion. The annual performance (+6.1%) was largely due to the market recovery seen in recent months. Assets under management in mutual funds, portfolios and SICAVs amounted to €67.13 billion (+4.0% in the year, +0.9% in the quarter), while assets under pension plans totalled €32.54 billion (+10.7% in the year and +2.7% in the quarter). CaixaBank has maintained its leadership of these businesses with a market share of 16.9% and 25.1% for mutual funds and pension plans, respectively.



⁽¹⁾ Includes deposits of households, non-financial companies and resident public administrations, promissory notes, resident mutual fund managers, pension plans and life insurance savings.

⁽²⁾ Demand deposits, term deposits and retail loans

⁽³⁾ Mutual fund assets managed by CaixaBank Asset Management under a discretionary mandate

⁽⁴⁾ Evolution impacted by departures in August

⁽⁵⁾ Data prepared in-house, based on BoS, INVERCO and ICEA information. Share in Spain of CABK AM mutual funds, pension plans and savings insurance. Figures on savings insurance based on own estimates

Meanwhile, gross loans and advances to customers stood at €227.88 billion (+1.4%), with the performing portfolio gaining 2.1% in the year to date. The change in the performing portfolio in the quarter (down 1.1%) was due to the negative seasonal impact of pension prepayments and one-off transactions with the public sector. By segment, loans to individuals excluding residential mortgages are up 1% in the year to date, on the back of strong consumer lending activity (+11.6%). Loans for home purchases (-2.4% in the year and -1.1% in the quarter) continue to feel the effects of household deleveraging processes.

Strong boost to commercial and transformation initiatives under the Strategic Plan

As envisioned in the 2019-2021 Strategic Plan, figures for the end of the third quarter revealed a significant increase in the number of commercial and transformation initiatives rolled out, notably those relating to consumer and business lending. New origination of consumer loans came to €8.9 billion, up 4% on September 2018. The Bank also managed to increase its market share for key products, including direct payroll deposits (+59 basis points in the year to 27.4%) and long-term savings products (+33 basis points year on year to 22%). The company now has over eight million relational individual customers in Spain.

The main growth drivers identified in our 2019-2021 Strategic Plan are performing well...



...and support improvement in recurrent profitability

⁽¹⁾ Gross loan portfolio net of non-performing loans

⁽²⁾ 3Q 2019, eop

This positive business performance is reflected in the sale of 243,830 new insurance policies (MyBox) since the launch of the product in March. It is an attractive product for customers, offering extensive insurance coverage and a fixed monthly rate for three years in order to build a valuable long-term relationship.

CaixaBank's strength in the digital space is shown by the fact that 60.5% of its customers are digital. Meanwhile, customers of imaginBank —the online bank for the millennial generation— totalled 1.5 million at 30 September.

The Bank has accelerated its branch network transformation in response to the needs of its customers. The aim now is to have an urban branch network comprising of over 600 'Store' branches by June 2020 (currently at 416), and to remain committed to maintaining its rural branch network (upward of 1,000 branches). CaixaBank remains firmly committed to territorial presence and is already present in more than 2,000 cities, towns and villages.

Risk management suited to prevailing conditions

The NPL ratio has dropped to 4.1% (-61 basis points in 2019). Non-performing loans are down €1.24 billion in the year to date (-€449 million in the quarter) to reach €9.95 billion.

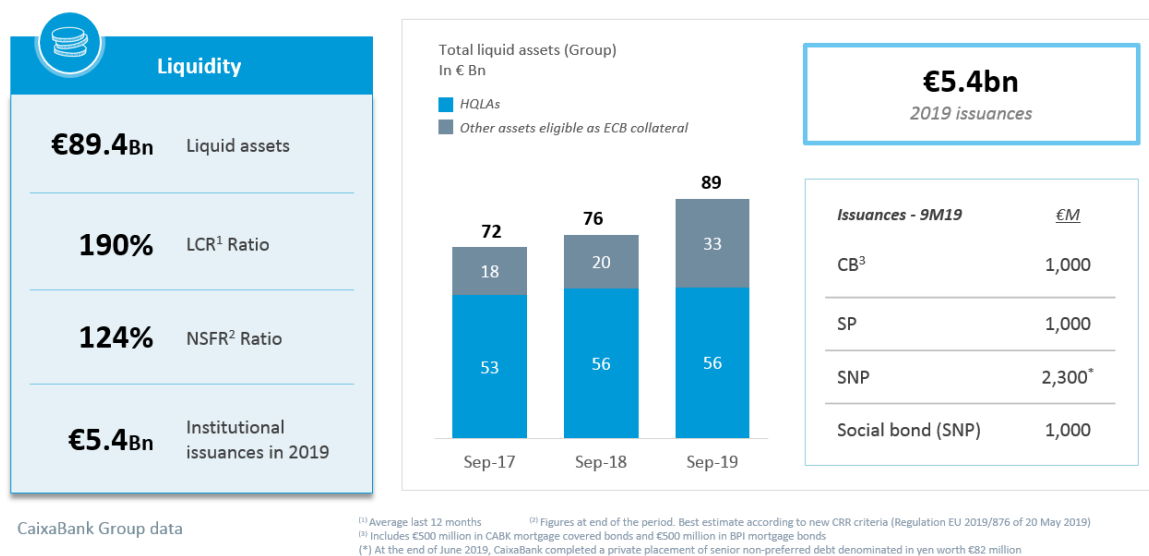
The cost of risk remains favourably low (0.14% in the last 12 months).

The portfolio of net foreclosed real estate assets available for sale in Spain amounted to €914 million (+€174 million in the year and +€51 million in the quarter) and the portfolio of Spanish rental real estate assets stood at €2.24 billion (-€244 million in the year and -€94 million in the quarter), while total sales of real estate assets came to €354 million in 2019.

Excellent positions in terms of liquidity, solvency and MREL

The Common Equity Tier 1 ratio (CET1) climbs to 11.7%, representing an increase of 15 basis points over the December 2018 ratio. Organic capital generation contributes 18 basis points, while the rest (-3 basis points) are extraordinary impacts from the first quarter that have been offset by the positive evolution of the markets.

Total liquid assets amounted to €89.4 billion at 30 September 2019, up €9.9 billion in the year due to the positive performance of the commercial funding gap and the fact that new issuances have outpaced maturities.



The Group's average Liquidity Coverage Ratio (LCR) at 30 September 2019 was 190%, well above the minimum requirement of 100% applicable as of 1 January 2018.

With regard to the MREL requirement (22.5% of RWAs at a consolidated level at 1 January 2021), CaixaBank had a RWA ratio of 21.4% at 30 September, counting all liabilities currently considered eligible by the Single Resolution Board. A €1 billion social bond was issued in the form of senior non-preferred debt during the quarter.

Committed to socially responsible banking

CaixaBank is the first Spanish bank listed on the IBEX 35 to issue a Social Bond (€1 billion) in support of the United Nations Sustainable Development Goals (SDGs). This inaugural issuance will be used to finance loans to help combat poverty, champion decent working conditions and create jobs in under-privileged parts of Spain.

The United Nations also awarded CaixaBank the top score for sustainable investment in the quarter. Both VidaCaixa and CaixaBank Asset Management have earned a rating of A+ for their outstanding management in the fields of Strategy and Good Governance. The UN appraised the degree of implementation of its Principles for Responsible Investment (PRI), both by the insurer and pension fund manager (VidaCaixa) and the asset manager (CaixaBank Asset Management).

The Bank also ratified the United Nations Principles for Responsible Banking in September, which seek to steer the financial sector's actions towards the achievement of the UN Sustainable Development Goals and the Paris Agreements on Climate Change.

The Bank remains firmly committed to people and sustainable development under the framework of its 2019-2021 Strategic Plan. CaixaBank has awarded 936,000 microcredits since the birth of MicroBank, more than 80% of which have gone to families.

Key Group figures

€ million / %	January - September		Year-on-year	3Q19	Quarter-on-quarter
	2019	2018			
INCOME STATEMENT					
Net interest income	3,720	3,671	1.3%	1,242	0.1%
Net fee and commission income	1,904	1,938	(1.7%)	656	3.2%
Gross income	6,610	6,901	(4.2%)	2,165	(7.3%)
Recurring administrative expenses, depreciation and amortisation	(3,597)	(3,466)	3.8%	(1,189)	(1.3%)
Pre-impairment income	2,035	3,424	(40.6%)	976	-
Pre-impairment income stripping out extraordinary expenses	3,013	3,435	(12.3%)	976	(13.7%)
Profit/(loss) attributable to the Group	1,266	1,768	(28.4%)	644	
INDICATORS OF PROFITABILITY (last 12 months)					
Cost-to-income ratio	67.9%	53.3%	14.6	67.9%	0.9
Cost-to-income ratio stripping out extraordinary expenses	56.2%	53.2%	3.0	56.2%	0.8
ROE ¹	5.6%	7.9%	(2.3)	5.6%	0.7
ROTE ¹	6.8%	9.5%	(2.7)	6.8%	0.8
ROA	0.3%	0.5%	(0.2)	0.3%	-
RORWA	0.9%	1.3%	(0.4)	0.9%	0.1
	September 2019	December 2018	Year-to-date	June 2019	Quarter-on-quarter
BALANCE SHEET					
Total assets	413,165	386,622	6.9%	406,007	1.8%
Equity	24,699	24,058	2.7%	23,984	3.0%
Customer funds	381,136	358,482	6.3%	380,864	0.1%
Loans and advances to customers, gross	227,876	224,693	1.4%	230,867	(1.3%)
RISK MANAGEMENT					
Non-performing loans (NPL)	9,953	11,195	(1,242)	10,402	(449)
Non-performing loan ratio	4.1%	4.7%	(0.6)	4.2%	(0.1)
Cost of risk (last 12 months)	0.14%	0.04%	0.10	0.02%	0.12
Provisions for insolvency risk	5,330	6,014	(684)	5,608	(278)
NPL coverage ratio	54%	54%	-	54%	-
Net foreclosed available for sale real estate assets ²	914	740	174	863	51
Foreclosed available for sale real estate assets coverage ratio	39%	39%	-	39%	-
LIQUIDITY					
Total Liquid Assets	89,442	79,530	9,912	87,574	1,868
Liquidity Coverage Ratio (last 12 months)	190%	196%	(6)	195%	(5)
Net Stable Funding Ratio (NSFR)	124%	117%	7	124%	-
Loan to deposits	100%	105%	(5)	100%	-
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	11.7%	11.5%	0.2	11.6%	0.1
Tier 1	13.2%	13.0%	0.2	13.1%	0.1
Total capital	15.3%	15.3%	-	15.3%	-
MREL	21.4%	18.9%	2.5	21.1%	0.3
Risk-Weighted Assets (RWAs)	149,245	145,942	3,303	147,331	1,914
Leverage ratio	5.6%	5.5%	0.1	5.5%	0.1
SHARE INFORMATION					
Share price (€/share)	2.410	3.164	(0.754)	2.518	(0.108)
Market capitalization	14,408	18,916	(4,508)	15,053	(645)
Book value per share (€/share)	4.13	4.02	0.11	4.01	0.12
Tangible book value (€/share)	3.42	3.30	0.12	3.30	0.12
Net income attributable per share (€/share) (12 months)	0.23	0.32	(0.09)	0.20	0.03
PER (Price/Profit)	10.60	9.95	0.65	12.60	(2.00)
Tangible PBV (Market value/ book value of tangible assets)	0.70	0.96	(0.26)	0.76	(0.06)
OTHER DATA (units)					
Employees	35,669	37,440	(1,771)	37,510	(1,841)
Branches ³	4,733	5,103	(370)	4,916	(183)

(1) ROTE without extraordinary expenses at 30 September 2019 is 10.1%. As of 2019, ROTE and ROE calculation includes valuation adjustments in the denominator, 2018 re-expressed.

(2) Exposure in Spain

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

[Results]

The Group's Income Statement

Year-on-year performance

€ million	9M19	9M18	Change	Chg. %
Net interest income	3,720	3,671	49	1.3
Dividend income	161	122	39	32.6
Share of profit/(loss) of entities accounted for using the equity method	344	725	(381)	(52.6)
Net fee and commission income	1,904	1,938	(34)	(1.7)
Trading income	285	323	(38)	(11.9)
Income and expense under insurance or reinsurance contracts	407	419	(12)	(2.8)
Other operating income and expense	(211)	(297)	86	(28.9)
Gross income	6,610	6,901	(291)	(4.2)
Recurring administrative expenses, depreciation and amortisation	(3,597)	(3,466)	(131)	3.8
Extraordinary expenses	(978)	(11)	(967)	
Pre-impairment income	2,035	3,424	(1,389)	(40.6)
Pre-impairment income stripping out extraordinary expenses	3,013	3,435	(422)	(12.3)
Allowances for insolvency risk	(288)	(50)	(238)	
Other charges to provisions	(151)	(327)	176	(53.8)
Gains/(losses) on disposal of assets and others	(82)	(477)	395	(82.8)
Profit/(loss) before tax	1,514	2,570	(1,056)	(41.1)
Income tax expense	(246)	(720)	474	(65.9)
Profit/(loss) after tax	1,268	1,850	(582)	(31.5)
Profit/(loss) attributable to minority interest and others	2	82	(80)	(97.3)
Profit/(loss) attributable to the Group	1,266	1,768	(502)	(28.4)