Business activity and results

January-December
2019

Contents

Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The income statement and the consolidated balance sheet and the corresponding breakdowns of those statements provided in this report, are presented under management criteria, but have still been prepared in accordance with International Financial Reporting Standards (IFRS-EU) as adopted by the European Union under the terms of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, as subsequently modified. In preparing these statements, Circular 4/2017 of the Bank of Spain of 6 December, as subsequently modified, has also been taken into due account in that it adapts IFRS-EU to Spanish credit institutions.

This report has been prepared from the accounting records of CaixaBank, S.A. and the other Group companies, and includes certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank. For this reason, and specifically in the case of BPI, the information contained in this document does not coincide with certain aspects presented in BPI's publication of financial information. Likewise, the financial information regarding investees has been prepared primarily on the basis of estimates made by the Company.

Figures are presented in millions of euros unless the use of another monetary unit is stated explicitly, and may be expressed as either million euros or € million.

In accordance with the Guidelines on Alternative Performance Measures (APMs) published by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057), the appendices hereto provide the definition of certain alternative financial measures and, where appropriate, the reconciliation with the items contained on the financial statements for the period in question.

In accordance with the Amendments to IFRS 4, the Group has decided to apply temporary exemption from IFRS 9 in respect of the financial investments of the Group's insurance firms for all periods that come before 1 January 2021 as it awaits the entry into force of the new IFRS 17: Insurance Contracts, which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, the information shown below does not reflect the change of accounting policy in relation to the investments undertaken by the Group's insurance firms, which are grouped under the heading 'Assets under the insurance business' on the balance sheet. For the purpose of facilitating the comparison of information, the balances of the technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed) have also been reclassified, in order to include them under the heading "Liabilities under the insurance business".

Commercial positioning

CaixaBank Group

15.6
million customers

27.8%
market penetration among individual customers in Spain

24.4%
market penetration as main bank among individual customers in Spain

391,414
in total assets (€ million)

384,286
in customer funds (€ million)

227,406
in loans and advances to customers (€ million)

Balance sheet indicators

RISK MANAGEMENT

3.6%
NPL ratio

55%
NPL coverage ratio

CAPITAL ADEQUACY

12.0%
Common Equity Tier 1 (CET1)

15.7%
Total capital

21.9%
MREL

LIQUIDITY

89,427
in total liquid assets (€ million)

186%
liquidity coverage ratio (LCR), trailing 12 months

129%
NSFR

Profitability and cost-to-income

1,060
Banking and insurance

1,705
profit attributable to the Group (€ million)

313
Equity Investments

332
BPI

55.4%
cost-to-income ratio stripping out extraordinary expenses (12 months)

7.7%
12-month ROTE

10.8%
stripping out extraordinary expenses

9.5%
12-month recurring ROTE for the banking and insurance business

Key Group figures

€ million / %	January - December 2019	January - December 2018	Year-on-year	4Q19	Quarter-on-quarter
INCOME STATEMENT					
Net interest income	4,951	4,907	0.9%	1,231	(0.9%)
Net fee and commission income	2,598	2,583	0.6%	694	5.7%
Core income	8,316	8,217	1.2%	2,115	(0.1%)
Gross income	8,605	8,767	(1.8%)	1,995	(7.9%)
Recurring administrative expenses, depreciation and amortisation	(4,771)	(4,634)	2.9%	(1,174)	(1.3%)
Pre-impairment income	2,855	4,109	(30.5%)	820	(16.0%)
Pre-impairment income stripping out extraordinary expenses	3,834	4,133	(7.2%)	821	(15.9%)
Profit/(loss) attributable to the Group	1,705	1,985	(14.1%)	439	(31.8%)
INDICATORS OF PROFITABILITY (Last 12 months)					
Cost-to-income ratio	66.8%	53.1%	13.7	66.8%	(1.1)
Cost-to-income ratio stripping out extraordinary expenses	55.4%	52.9%	2.5	55.4%	(0.8)
ROE [1]	6.4%	7.8%	(1.4)	6.4%	0.9
ROTE[1]	7.7%	9.5%	(1.8)	7.7%	1.0
ROA	0.4%	0.5%	(0.1)	0.4%	0.1
RORWA	1.1%	1.3%	(0.2)	1.1%	0.2

	December 2019	December 2018	Year-to-date	September 2019	Quarter-on-quarter
BALANCE SHEET					
Total assets[1]	391,414	386,546	1.3%	413,048	(5.2%)
Equity[1]	25,151	24,364	3.2%	25,029	0.5%
Customer funds[1]	384,286	359,549	6.9%	382,356	0.5%
Loans and advances to customers, gross	227,406	224,693	1.2%	227,876	(0.2%)
RISK MANAGEMENT					
Non-performing loans (NPL)	8,794	11,195	(2,401)	9,953	(1,159)
Non-performing loan ratio	3.6%	4.7%	(1.1)	4.1%	(0.5)
Cost of risk (last 12 months)	0.15%	0.04%	0.11	0.14%	0.01
Provisions for insolvency risk	4,863	6,014	(1,151)	5,330	(467)
NPL coverage ratio	55%	54%	1	54%	1
Net foreclosed available for sale real estate assets[2]	958	740	218	914	44
Foreclosed available for sale real estate assets coverage ratio	39%	39%	-	39%	-
LIQUIDITY					
Total liquid assets	89,427	79,530	9,897	89,442	(15)
Liquidity Coverage Ratio (last 12 months)	186%	196%	(10)	190%	(4)
Net Stable Funding Ratio (NSFR)	129%	117%	12	124%	5
Loan to deposits	100%	105%	(5)	100%	-
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	12.0%	11.5%	0.5	11.7%	0.3
Tier 1	13.5%	13.0%	0.5	13.2%	0.3
Total capital	15.7%	15.3%	0.4	15.3%	0.4
MREL	21.9%	18.9%	3.0	21.4%	0.5
Risk-Weighted Assets (RWAs)	147,832	145,942	1,890	149,332	(1,500)
Leverage ratio	5.9%	5.5%	0.4	5.6%	0.3
SHARE INFORMATION					
Share price (€/share)	2.798	3.164	(0.366)	2.410	0.388
Market capitalization	16,727	18,916	(2,189)	14,408	2,319
Book value per share[1] (€/share)	4.20	4.07	0.13	4.18	0.02
Tangible book value[1] (€/share)	3.49	3.36	0.13	3.48	0.01
Net income attributable per share (€/share) *(12 months)*	0.26	0.32	(0.06)	0.23	0.03
PER (Price/Profit)	10.64	9.95	0.69	10.60	0.04
Tangible PBV[1] (Market value/ book value of tangible assets)	0.80	0.94	(0.14)	0.69	0.11
OTHER DATA (units)					
Employees	35,736	37,440	(1,704)	35,669	67
Branches[3]	4,595	5,103	(508)	4,733	(138)

(1) The ROTE and ROE calculation for 2019 includes valuation adjustments in the denominator, restating the figure published in 2018. A change of accounting policy associated with the recognition of certain defined benefit commitments led to restating assets, customer funds, equity, profitability and share ratios of previous periods. See details under the section 'Business Activity-Balance Sheet'.

(2) Exposure in Spain.

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

Key information

Our Bank

The **2019-2021 Strategic Plan's vision is to make the Bank a leading and innovative financial group** with the best customer service, while making it a benchmark for socially responsible banking.

Customer experience

- Unique omnichannel distribution platform with multi-product capabilities that continuously evolves to anticipate customer needs and preferences.

  With a basis of **13.7 million customers in Spain**, CaixaBank is the main bank for one out of every four retail customers. It has a market penetration[1] among individual customers of 27.8%, of which 24.4% consider CaixaBank their main bank.

  Our service vocation helps us establish solid market shares[2] in the main products and services:

Loans	Deposits	Payroll deposits	Investment funds	Life insurance	Pension plans	Card turnover	Consumer lending
15.7%	15.4%	27.1%	17.1%	28.1%	25.5%	23.5%	16.2%

  In 2019 Global Finance and Euromoney recognised CaixaBank as the **Best bank in Spain**.

  Global Finance also acknowledges CaixaBank as the **Best Bank in Western Europe**, assessing factors such as growth, financial soundness and product and service innovation.

- BPI boasts a customer base of over **1.9 million clients in Portugal**, with a market share[3] of 10.2% in lending activity and 11.1% in customer funds.

Digital transformation

- CaixaBank continues to strengthen its **leadership of the digital banking market**, where it has 6.5 million **digital customers**[4].
- Global Finance recognised CaixaBank as **the Most innovative bank in Western Europe,** PWM (Financial Times Group) as **the Best private bank in the world** for its innovation in digital client communication and Euromoney as the **Best bank transformation in Western Europe**.
- The world's first financial institution to offer its customers the possibility of using **facial recognition** when withdrawing cash at ATMs, without having to enter their PIN. Based on biometric technology, it offers an enhanced user experience and provides further security in transactions.

People centric culture

- **Our staff** are at the heart of the organisation, and employ new working methods that are more flexible and collaborative.
- CaixaBank has been included for the second consecutive year in the 2019 **Bloomberg Gender-Equality Index**, which distinguishes companies committed to transparency in gender reporting and advancing equality between men and women in the workplace.

(1) Latest available information. Source: FRS Inmark.

(2) Latest available information. Market shares in Spain. Data prepared in-house. Source: Bank of Spain, Social Security, INVERCO, ICEA and Sistemas de tarjeta y medios de pago. Lending and deposits market share corresponding to the resident private sector.

(3) Latest available information. Data prepared in-house (includes deposits, mutual funds, capitalisation insurance, PPRs and OTRVs). Source: Banco de Portugal, APS, APFIPP.

(4) Individual customers between 20-74, with at least one access to CaixaBankNow in the last 12 months. At 31 December 2019, they represent 61.7% of the aforementioned target.

Responsible management and social commitment

- The United Nations have conferred **the highest rating of sustainable investment (A+)** on CaixaBank, through VidaCaixa and CaixaBank Asset Management, valuing the degree of implementation of the Principles for Responsible Investment as well as its management in strategy and good governance.
- For the eighth consecutive year, the Dow Jones Sustainability Index (DJSI) **has included CaixaBank among the world's best listed banks in terms of sustainability**. CaixaBank has joined the United Nations Collective Commitment to Climate Action, encouraging the financial sector to mobilise its products, services and relationships in an effort to streamline the economic transition towards a sustainable model.
- CaixaBank is the first Spanish bank to issue a **Social Bond**[1] to support the Sustainable Development Goals (SDGs) of the United Nations.
- Since 2009, CaixaBank, S.A. calculates its carbon footprint as part of its commitment to minimise and compensate CO2 emissions, and throughout this period it has reduced them by 75%. CaixaBank, S.A. is carbon neutral since 2018.

(1) €1 billion, with a 5-year maturity, in the form of non-preferred senior debt, with an objective to facilitate activities that contribute towards economic and social development.

Attractive return and solid financials

Results and business activity

- **Attributable profit for the year 2019 reached €1,705 million** (down 14.1% on 2018).

  Its **performance** was mainly impacted by the **labour agreement** reached in the second quarter, which entailed an expense of €978 million (€685 million, net). **Excluding this impact, profit increased 20.4% when compared to last year.**
- Total **customer funds** reached €384,286 million **(up 6.9% in 2019).**
- **Loans and advances to customers, gross** came to €227,406 million (+1.2% in the year) and the **performing portfolio gained 2.4%**.

Risk management

- Non-performing balances were down €2,401 million in the year, bringing the **NPL ratio** down to **3.6%** (-108 basis points in 2019).
- The **coverage ratio** increased to **55%** (+1% in the year).

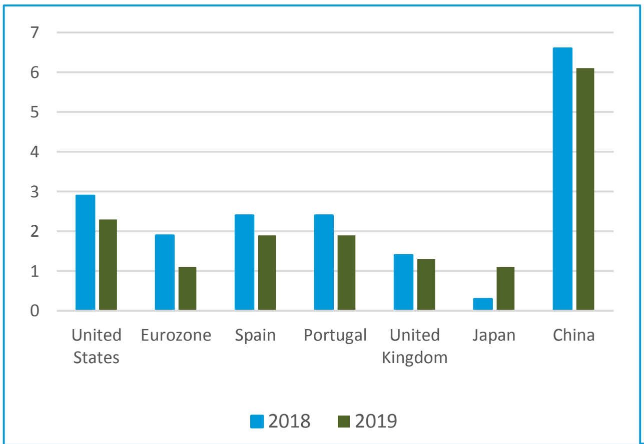
Capital management

- The **Common Equity Tier 1 (CET1) ratio reached 12.0%** at 31 December 2019. Excluding the extraordinary impacts of the first quarter (-11 basis points due to the first-time application of the IFRS 16 regulation and -5 basis points due to the adjustment to credit risk requirements for the financing of property according to the applicable regulation), growth in 2019 registered +37 basis points due to organic generation of capital (+19 basis points in the quarter) and +31 basis points mostly caused by the positive performance of the markets and other impacts (+18 basis points in the quarter, which includes the new accounting criterion for certain defined benefit commitments with an impact of +18 basis points).
- The **Tier 1** ratio was **13.5%.** Since last year, the Group has maintained 1.5% of AT1 instruments, in accordance with the provisions of Pillar 1 of the capital regulations.
- The **Total Capital ratio** reached **15.7%** and the **leverage ratio** stood at **5.9%**.
- With regard to the MREL requirement (22.5% of the RWAs at a consolidated level as of 1 January 2021), at 31 December CaixaBank had an RWA ratio of 21.9% taking into account all the liabilities currently eligible by the Single Resolution Board. At a subordinated level, exclusively including Senior non-preferred debt, the MREL ratio reached 19.6%.

Macroeconomic trends and state of the financial markets

Global economic outlook

Indicators on **global activity** in the fourth quarter show a similar growth to previous quarters, bringing estimated global growth in 2019 to 2.9%, significantly lower than the 3.6% of 2018, and representing the lowest global growth since the Great Recession of 2009. Nevertheless, the global economic slowdown could be close to its lowest point. In the past few months indicators on global activity have halted the deterioration and, in some cases, have moderately swung upward. This trend is in line with the scenario presented by CaixaBank Research, which expects a temporary lower economic growth and the global GDP to recover as 2020 progresses (forecast world growth: 3.2%).



GDP[1], main economies
Annual change (%)

This more favourable path in the final stretch of the year has been supported by the moderation of two risks that had eroded confidence throughout 2019: the US-China trade war and Brexit. With regard to the former, relations since the summer have entered a more constructive stage, leading to the first positive agreement (the so-called "Phase One"), where the rise of tariffs planned for 15 December will not be applied, others previously applied will be reduced, and agreements on matters as sensitive as intellectual property and technology transfer are envisaged. Regarding Brexit, the Conservative party's clear victory in the UK has enabled ratifying the exit agreement reached by Boris Johnson with the EU in autumn to effectively leave the EU on 31 January 2020. A transition period will start in February in which the UK will remain in the common European market and subject to EU regulations while the terms of the new relationship are negotiated. Thus, 2020 will be the year of negotiations between the UK and the EU to seal a new trade agreement, a process that is expected to be complex and generate new episodes of uncertainty.

Despite these positive developments, there are still significant risks. Given the difficulties to continue with the following "peace-building" stages of the trade war and to achieve a satisfactory agreement for future relations between the EU and the UK, it is likely that confidence will not be fully restored for some time. We can neither exclude the possibility of new global geopolitical tensions arising, particularly in the sensitive area of the Middle East.

Economic scenario - Europe, Spain and Portugal

In the **eurozone** the latest indicators suggest a certain stabilisation of the pace of activity in late 2019. Private consumption and resilient services have supported the current situation, albeit still weak. We estimate growth of 1.1% in 2019, falling short of the 1.9% reported in 2018. For 2020, CaixaBank Research forecasts a growth of 1.1%, that is, similar to 2019.

(1) CaixaBank Research forecasts for 2019.

Turning to Spain, the **nation's economy** remains in reasonably good health given the international context. Thus, the most recent indicators show a pace of activity in the fourth quarter similar to the previous quarter (approximately 0.4% year-on-year), bringing estimated growth in 2019 to 1.9%. In most fronts the economy is moving in the same direction as in previous months: gradual stabilisation of the real estate sector, low inflation (underlying inflation remains around 1%) and a progressive adjustment of the employment figures (though still moderate, as reminded by the slowdown in employment during the last quarter of 2019). In 2020 a growth of 1.5% is expected mainly due to the negative contribution of the external sector, which will not be fully compensated by the increased dynamism of domestic demand.

Finally, the **Portuguese economy** has slowed down to a certain extent due to reduced internal demand, in such a way that the growth rate for the whole of 2019 is expected to be 1.9%, slightly lower than in 2018 (2.4%), reaching 1.7% in 2020. Nonetheless, the overall assessment of the **Portuguese** financial situation remains positive: the public accounts continue to improve, the job market is prospering, and consumer confidence remains at high levels. The good performance of the economy is reflected in the country's risk premium, which has fallen significantly in 2019. Despite this positive undercurrent, the strong growth rate shown by the real estate market is a source of concern. Thus, after property prices growing 10.3% in 2018, 2019's growth is estimated to be 9.3%. Although most indicators forecast a gradual moderation, given the importance of non-residents for the sector, the possibility of a sharper correction should not be ruled out in the event that the declining international environment generates a risk aversion juncture entailing a withdrawal of foreign investment. However, as in Spain, external factors, rather than internal factors, are the major source of risk of achieving a lower growth than expected.

State of the financial markets

In this context of a downturn in macroeconomic conditions and the worsening of the risk balance mainly in 2019, the main central banks have repositioned their monetary policies. Thus, given that inflationary pressures have been relatively contained within the US, and faced with the outlook of an economic downturn, the Federal Reserve cut rates three times throughout 2019 and, furthermore, in order to stall possible cash-flow problems on the market, initiated new bond purchases.

The ECB launched a new stimulus package in September 2019, with a 10-bp reduction in the deposit rate (supplemented by a tiering system), new bond purchases (€20,000 million a month) and lower interest rates for TLTROs (operations offering long-term financing to the financial sector), and it was stated that the stimulus will continue until inflation approaches its target. Although the measures are of a lower magnitude than those of the past, they emphasise that the environment of low rates will continue in the future.

In such a context, and faced with the outlook of a more accommodative **monetary policy** that is sensitive to risk balance worsening, the interest rates of sovereign bonds fell significantly over the year (to all-time lows in the case of Europe in late August). However, in the aforementioned scenario of lower risk in the final stretch of 2019, which supported a rally in the stock exchanges and a rise in sovereign bond yields, the Fed and ECB confirmed market expectations and ended the year 2019 without making any amendments to the monetary policy, as well as stated that there would be no more changes in interest rates in the United States (at least in the short-term) and in the eurozone for a long period of time.

Results

The Group's income statement

Year-on-year performance

€ million	2019	2018	Change	% Chg.
Net interest income	**4,951**	**4,907**	**44**	**0.9**
Dividend income	163	146	17	11.1
Share of profit/(loss) of entities accounted for using the equity method	425	826	(401)	(48.5)
Net fee and commission income	2,598	2,583	15	0.6
Trading income	298	278	20	7.2
Income and expense under insurance or reinsurance contracts	556	551	5	1.0
Other operating income and expense	(386)	(524)	138	(26.4)
Gross income	**8,605**	**8,767**	**(162)**	**(1.8)**
Recurring administrative expenses, depreciation and amortisation	(4,771)	(4,634)	(137)	2.9
Extraordinary expenses	(979)	(24)	(955)	
Pre-impairment income	**2,855**	**4,109**	**(1,254)**	**(30.5)**
Pre-impairment income stripping out extraordinary expenses	**3,834**	**4,133**	**(299)**	**(7.2)**
Allowances for insolvency risk	(376)	(97)	(279)	
Other charges to provisions	(235)	(470)	235	(50.1)
Gains/(losses) on disposal of assets and others	(167)	(735)	568	(77.3)
Profit/(loss) before tax	**2,077**	**2,807**	**(730)**	**(26.0)**
Income tax expense	(369)	(712)	343	(48.2)
Profit/(loss) after tax	**1,708**	**2,095**	**(387)**	**(18.5)**
Profit/(loss) attributable to minority interest and others	3	110	(107)	(97.3)
Profit/(loss) attributable to the Group	**1,705**	**1,985**	**(280)**	**(14.1)**

- **Attributable profit reached €1,705 million in 2019**, down 14.1% year-on-year, the change impacted by the recognition of this year's **labour agreement (+20.4% excluding this effect).**

Gross income stood at €8,605 million, with an increase in core income[1], which reached €8,316 million in 2019 (up 1.2%).

The change in Gross income (down 1.8%) is mainly due to the reduction in the **Share of profits/(loss) of entities accounted for using the equity method** (-48.5%), a consequence of not accounting for Repsol and BFA. Gross income, without taking into account the contribution by Repsol and BFA in both years, has grown 3.0%.

Other operating income and expense improved due to lower real estate expenses, as a result of the sale of this business in 2018.

Allowances for insolvency risk was impacted, among others, by the extraordinary release of provisions of approximately €275 million in 2018.

The 51% repurchase of Servihabitat was included in 2018, which generated a loss of €-204 million (€-152 million recorded in **Other charges to provisions** and €-52 million in **Gains/(losses) on disposal of assets and others**).

Similarly, the year-on-year changes to **Gains/(losses) on disposal of assets and others** were affected by the recognition of €-453 million deriving from the agreement to sell Repsol and due to the change of accounting classification of the stake in BFA for €-154 million in 2018.

(1) Includes net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

Quarterly performance

€ million	4Q19	3Q19	% Chg.	4Q18	% Chg.
Net interest income	**1,231**	**1,242**	**(0.9)**	**1,236**	**(0.4)**
Dividend income	2			24	(93.7)
Share of profit/(loss) of entities accounted for using the equity method	81	135	(39.3)	101	(18.9)
Net fee and commission income	694	656	5.7	645	7.5
Trading income	13	24	(50.7)	(45)	
Income and expense under insurance or reinsurance contracts	149	143	4.3	132	13.1
Other operating income and expense	(175)	(35)		(227)	(23.1)
Gross income	**1,995**	**2,165**	**(7.9)**	**1,866**	**6.9**
Recurring administrative expenses, depreciation and amortisation	(1,174)	(1,189)	(1.3)	(1,168)	0.5
Extraordinary expenses	(1)			(13)	(92.0)
Pre-impairment income	**820**	**976**	**(16.0)**	**685**	**19.8**
Pre-impairment income stripping out extraordinary expenses	**821**	**976**	**(15.9)**	**698**	**17.6**
Allowances for insolvency risk	(88)	(84)	4.8	(47)	87.1
Other charges to provisions	(84)	(60)	37.9	(143)	(41.5)
Gains/(losses) on disposal of assets and others	(85)	(44)	91.5	(258)	(67.2)
Profit/(loss) before tax	**563**	**788**	**(28.5)**	**237**	
Income tax expense	(123)	(142)	(13.2)	8	
Profit/(loss) after tax	**440**	**646**	**(31.8)**	**245**	**80.1**
Profit/(loss) attributable to minority interest and others	1	2	(52.3)	28	(97.3)
Profit/(loss) attributable to the Group	**439**	**644**	**(31.8)**	**217**	

- The **quarter-on-quarter change in attributable profit in the fourth quarter of 2019 (€439 million) -31.8% was largely a result of the following:**
  - **Gross income** is down 7.9% mainly because of the contribution to the Deposit Guarantee Fund (DGF) of €242 million reported in the fourth quarter.
  - Strong core income**,** which remained stable (-0.1%) despite the positive seasonal impact of the third quarter associated with the business of SegurCaixa Adeslas in **Share of profit/(loss) of entities accounted for using the equity method**.
  - **Recurring administrative expenses, depreciation and amortisation** was down 1.3% with savings in all lines on the back of efforts to manage and pare back expenses. Personnel expenses fell 1.1% after the majority of the labour agreement departures agreed had been implemented on 1 August.
- **Quarterly year-on-year attributable profit grew due to negative one-off aspects in 2018**
  - The increase of **Gross income** (6.9%) was mainly due to the higher core income (3.9%), mostly the result of the increase of fee and commission income. The improvement of **Trading income** and **Other operating income and expense** also had an effect on this increase.
  - **Recurring administrative expenses, depreciation and amortisation** grew 0.5%.
  - **Gains/(losses) on disposal of assets and others** included, among others, €-154 million in the fourth quarter of 2018 due to the aforementioned change of accounting classification of the stake in BFA.

Returns on average total assets[1]

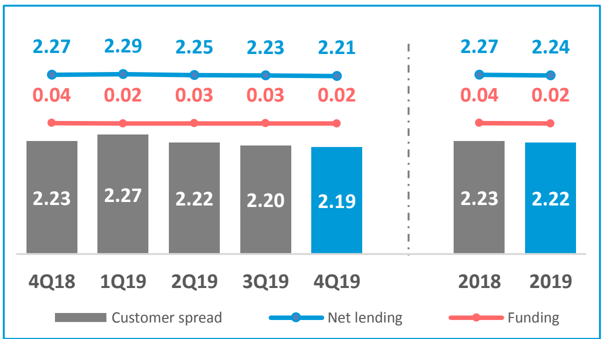
In %	4Q19	3Q19	2Q19	1Q19	4Q18
Interest income	1.73	1.71	1.79	1.76	1.81
Interest expense	(0.53)	(0.50)	(0.57)	(0.49)	(0.53)
Net interest income	**1.20**	**1.21**	**1.22**	**1.27**	**1.28**
Dividend income	0.00	0.00	0.15	0.01	0.02
Share of profit/(loss) of entities accounted for using the equity method	0.07	0.13	0.10	0.11	0.10
Net fee and commission income	0.68	0.64	0.63	0.63	0.67
Trading income	0.01	0.02	0.21	0.05	(0.05)
Income and expense under insurance or reinsurance contracts	0.15	0.14	0.13	0.13	0.14
Other operating income and expense	(0.17)	(0.03)	(0.14)	(0.03)	(0.23)
Gross income	**1.94**	**2.11**	**2.30**	**2.17**	**1.93**
Recurring administrative expenses, depreciation and amortisation	(1.14)	(1.16)	(1.19)	(1.24)	(1.21)
Extraordinary expenses	0.00	0.00	(0.96)	0.00	(0.01)
Pre-impairment income	**0.80**	**0.95**	**0.15**	**0.93**	**0.71**
Pre-impairment income stripping out extraordinary expenses	**0.80**	**0.95**	**1.11**	**0.93**	**0.72**
Allowances for insolvency risk	(0.09)	(0.08)	(0.08)	(0.13)	(0.05)
Other charges to provisions	(0.08)	(0.06)	(0.04)	(0.05)	(0.15)
Gains/(losses) on disposal of assets and others	(0.08)	(0.04)	(0.02)	(0.01)	(0.27)
Profit/(loss) before tax	**0.55**	**0.77**	**0.01**	**0.74**	**0.24**
Income tax expense	(0.12)	(0.14)	0.08	(0.19)	0.01
Profit/(loss) after tax	**0.43**	**0.63**	**0.09**	**0.55**	**0.25**
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.03
Profit/(loss) attributable to the Group	**0.43**	**0.63**	**0.09**	**0.55**	**0.22**
Average total net assets (€ million)	407,407	407,283	406,725	393,767	384,500

(1) Annualised quarterly income/cost to average total assets.

Gross income

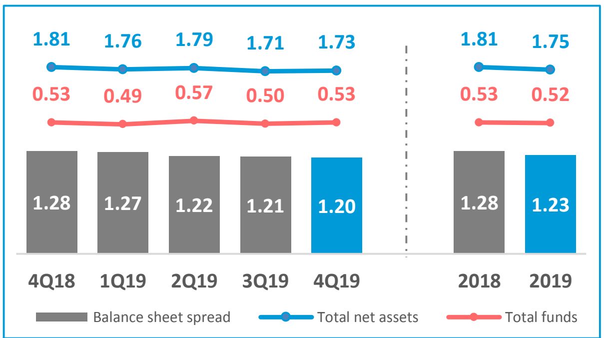
Net interest income

- **Net interest income** rose to €4,951 million (+0.9% year-on-year) due to:
  - Higher income from the lending activity mainly due to a rise in volume.
  - Sound management of retail financing, which involved a reduction in cost due to the cancellation of the retail subordinated debt in June 2018 and to the reduction of 4 basis points in the cost of maturity deposits.
  - Savings in the costs of institutional financing due to a lower price.
  - A higher volume of the fixed income portfolio.
  - Greater contribution of the insurance business (savings products).
  - The performance is also impacted by lower returns on loans and advances and the fixed income portfolio.



Customer spread, Group
(%)

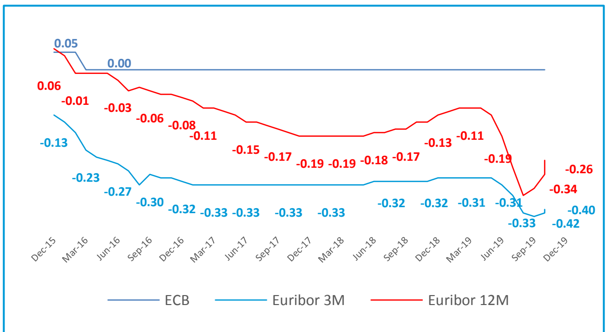
- Net interest income dropped by 0.9% **quarter-on-quarter** due to:
  - Decline in the income of loans and advances as a consequence of lower volume and the portfolio interest rate not being compensated by the reduced cost of retail funds' resulting from lower rates.
  - Fall in the interest rate of the fixed-income portfolio, mainly due to maturities in the quarter at higher rates than those of the portfolio.
  - Positive impact caused by the measures taken by the European Central Bank, increasing the excess over the reserve requirement, not penalised with negative rates.



Balance sheet spread on average total assets, Group
(%)

The **customer spread** dropped 1 basis point in the quarter reaching 2.19%, as the falling costs of customer deposits is lower than the reduction in the return on lending activity.

Meanwhile, the **balance sheet spread** was 1 basis point down on the previous quarter as a result of a lower contribution from loans and advances.



Interest rates
(%)

Quarterly cost and income

€ million		4Q19 Average balance	4Q19 Income or expense	4Q19 Rate %	3Q19 Average balance	3Q19 Income or expense	3Q19 Rate %	2Q19 Average balance	2Q19 Income or expense	2Q19 Rate %
Financial Institutions		24,410	38	0.62	21,353	35	0.65	31,860	46	0.58
Loans and advances	(a)	214,376	1,196	2.21	215,173	1,207	2.23	212,858	1,196	2.25
Debt securities		33,825	69	0.81	35,137	81	0.91	36,524	93	1.02
Other assets with returns		64,826	468	2.86	64,955	429	2.62	60,071	472	3.15
Other assets		69,970	3	-	70,665	5	-	65,412	7	-
Total average assets	**(b)**	**407,407**	**1,774**	**1.73**	**407,283**	**1,757**	**1.71**	**406,725**	**1,814**	**1.79**
Financial Institutions		30,656	(51)	0.66	29,129	(58)	0.78	42,221	(70)	0.67
Retail customer funds	(c)	217,239	(11)	0.02	219,137	(15)	0.03	214,305	(16)	0.03
Demand deposits		186,470	(7)	0.02	186,901	(9)	0.02	181,765	(11)	0.02
Maturity deposits		30,770	(3)	0.05	32,237	(5)	0.07	32,540	(5)	0.07
Time deposits		27,832	(3)	0.05	28,893	(5)	0.08	29,274	(5)	0.07
Retail repurchase agreements and marketable debt securities		2,938	-	-	3,344	-	-	3,265	-	-
Wholesale marketable debt securities & other		29,359	(60)	0.81	28,553	(64)	0.89	28,694	(63)	0.88
Subordinated liabilities		5,400	(18)	1.32	5,400	(19)	1.36	5,400	(19)	1.40
Other funds with cost		74,139	(390)	2.08	73,771	(347)	1.87	68,421	(390)	2.29
Other funds		50,614	(13)	-	51,293	(12)	-	47,684	(15)	-
Total average funds	**(d)**	**407,407**	**(543)**	**0.53**	**407,283**	**(515)**	**0.50**	**406,725**	**(573)**	**0.57**
Net interest income			**1,231**			**1,242**			**1,241**	
Customer spread (%)	**(a-c)**		**2.19**			**2.20**			**2.22**	
Balance sheet spread (%)	**(b-d)**		**1.20**			**1.21**			**1.22**	

€ million		1Q19 Average balance	1Q19 Income or expense	1Q19 Rate %	4Q18 Average balance	4Q18 Income or expense	4Q18 Rate %
Financial Institutions		23,555	44	0.76	20,980	45	0.85
Loans and advances	(a)	210,726	1,188	2.29	208,608	1,195	2.27
Debt securities		39,323	90	0.93	36,067	90	1.00
Other assets with returns		56,592	383	2.75	54,478	416	3.03
Other assets		63,571	6	-	64,367	8	-
Total average assets	**(b)**	**393,767**	**1,711**	**1.76**	**384,500**	**1,754**	**1.81**
Financial Institutions		42,505	(62)	0.60	41,475	(51)	0.49
Retail customer funds	(c)	205,680	(13)	0.02	203,366	(20)	0.04
Demand deposits		173,969	(9)	0.02	171,236	(11)	0.03
Maturity deposits		31,711	(4)	0.05	32,130	(9)	0.12
Time deposits		29,004	(4)	0.06	29,343	(9)	0.13
Retail repurchase agreements and marketable debt securities		2,706	-	-	2,787	-	-
Wholesale marketable debt securities & other		26,734	(61)	0.92	25,935	(62)	0.95
Subordinated liabilities		5,400	(18)	1.36	5,723	(21)	1.44
Other funds with cost		65,286	(307)	1.91	63,100	(352)	2.21
Other funds		48,162	(13)	-	44,901	(12)	-
Total average funds	**(d)**	**393,767**	**(474)**	**0.49**	**384,500**	**(518)**	**0.53**
Net interest income			**1,237**			**1,236**	
Customer spread (%)	**(a-c)**		**2.27**			**2.23**	
Balance sheet spread (%)	**(b-d)**		**1.27**			**1.28**	

To help readers interpret the information contained in this report, the following aspects should be taken into account:

- According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial institutions on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being TLTRO II income. Conversely, the heading financial institutions on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.
- "Other assets with returns" and "Other funds with cost" relate largely to the Group’s life insurance activity.
- The balances of all headings except “Other assets” and “Other funds” correspond to balances with returns/cost. “Other assets” and “Other funds” incorporate balance items that do not have an impact on the Net interest income and on returns and costs that are not assigned to any other item.
- Until the fourth quarter of 2018, BPI's interest rate hedges were accounted for at net value in the “Other funds” heading. As of the first quarter of 2019, the presentation criteria has been unified with the rest of the Group's, and the impacts are recognised in the headings that include the hedged elements. The reclassification had a positive impact on “Maturity deposits” and “Other funds” and a negative impact on Debt securities and Loans and advances.

Fees and commissions

- **Fee and commission income reached €2,598 million**, **+0.6%** with respect to 2018. **Positive performance compared to the third quarter** (+5.7%) and to the same quarter of the previous year (+7.5%).
  - **Banking services, securities and other fees** includes income on securities transactions, transactions, risk activities, deposit management, payment methods and investment banking. The annual improvement (+0.8%) was largely down to the growth of electronic banking.
    A strong quarter when it comes to banking services fees, both compared to the third quarter (+5.5%) and to the same quarter of the previous year (+6.8%), positively impacted by the higher investment banking fees in the fourth quarter of 2019.
  - The **fees and commissions from insurance sales** dropped when compared to 2018 (-6.6%), impacted by the timing of new product roll-outs, albeit with a similar performance with respect to the third quarter and the same quarter of the previous year.
  - **Commissions from mutual funds, managed accounts and SICAVs** came to €538 million (down 2.6%). This change was impacted by, among other factors, the lower average net assets managed during 2019 as a result of the markets' negative performance at the end of 2018. The higher income of the last quarter (+3.2%) is explained mainly by the markets' recovery.
  - **Commissions from managing pension plans** stand at €222 million (up 2.4%).
    The growth in the quarter (+11.8%) was driven, among others, by the increase in average assets and the one-off income obtained from the returns on pension plans at year-end.
  - Growth in **Unit Link fees and commissions** in the year (+26.4%) and in the quarter (+17.4%) due to the market recovery and increased sales.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Banking services, securities and other fees	1,500	1,488	0.8	401	380	367	352	375
Sale of insurance products	213	227	(6.6)	52	51	55	55	52
Mutual funds, managed accounts and SICAVs	538	552	(2.6)	143	138	130	127	137
Pension plans	222	217	2.4	62	55	54	51	56
Unit Link and other[1]	125	99	26.4	36	32	30	27	25
Net fee and commission income	**2,598**	**2,583**	**0.6**	**694**	**656**	**636**	**612**	**645**

(1) Includes income corresponding to Unit Link and Flexible Investment Life Annuity (the part managed).

Income from equity investments

- The **Dividend income** in the second quarter of both financial years includes Telefónica's dividend for €104 million. In addition, the second quarter of 2019 included the recognition of €46 million corresponding to BFA. The fourth quarter of 2018 included a dividend of €23 million for the remaining investment in Repsol at that time.
- The **Share of profits/(loss) of entities accounted for using the equity method** dropped €401 million (-48.5%) on the previous year mainly due to not accounting for Repsol's and BFA's profits in 2019 (€434 million accounted for in 2018). Stripping out this impact, the performance of this heading is positive (+4.0%). The quarterly performance of attributable profit is largely due to the positive seasonal factors typically seen at SegurCaixa Adeslas in every year's third quarter.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Dividend income	163	146	11.1	2		151	10	24
Share of profit/(loss) of entities accounted for using the equity method	425	826	(48.5)	81	135	102	107	101
Income from equity investments	**588**	**972**	**(39.5)**	**83**	**135**	**253**	**117**	**125**

Trading income

- **Trading income** reached €298 million (+7.2%), which in 2019 includes the realisation of gains from fixed-income assets, mainly from the second quarter.

  In 2018 it included the repricing of BPI's stake in Viacer as part of its divestment process, the result of the hedging transactions in connection with the subordinated bonds redeemed ahead of maturity, and the realisation of gains in fixed-income assets. The negative evolution of the markets made an impact in the last quarter.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Trading income	298	278	7.2	13	24	213	48	(45)

Income and expense under insurance or reinsurance contracts

- The income derived from life-risk insurance business stood at €556 million, +1.0% in the year. Solid growth of 4.3% on the previous quarter and of 13.1% on the same quarter in 2018.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Income and expense under insurance or reinsurance contracts	556	551	1.0	149	143	134	130	132

Other operating income and expense

- The year-on-year change of **Other operating income and expense** (-26.4%) is essentially impacted by lower property expenses (Property Tax, maintenance and management costs from the portfolio of foreclosed assets), as a result of the sale of the real estate business in the fourth quarter of 2018.

  The heading includes, among other items, income and expenses at non-real estate subsidiaries, income from rentals and expenses incurred in managing foreclosed properties and contributions, levies and taxes. With regard to the latter, its timing generates a seasonal impact on the quarterly performance under this heading:

  - Contribution to the Deposit Guarantee Fund (DGF) of €242 million (€228 million in 2018) reported in the fourth quarter.
  - Contribution to the Single Resolution Fund of €103 million[1] (€97 million in 2018) in the second quarter.
  - Recognition in the first quarter of each year of an estimation of the Spanish property tax that will likely accrue (estimated at €16 million for 2019 on the €48 million in 2018).

  Excluding the contribution to the DGF, the quarter's performance was positive due to including, as in the previous year, one-off income associated with earnouts, mainly from SegurCaixa Adeslas.

(1) Includes BPI's contribution of €7 million to the Portuguese Resolution Fund (Fundo de Resoluçao).

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
SRF / DGF	(345)	(325)	6.2	(242)		(103)		(228)
Other real estate operating income and expense (including Spanish property tax)	1	(147)		12	1		(12)	(29)
Other	(42)	(52)	(19.2)	55	(36)	(38)	(23)	30
Other operating income and expense	(386)	(524)	(26.4)	(175)	(35)	(141)	(35)	(227)

Administration expenses, depreciation and amortisation

- **Recurring administrative expenses, depreciation and amortisation** came to €4,771 million, up 2.9%, although they showed an improvement of -1.3% compared to the previous quarter.
- The year-on-year performance was impacted by:
  - Personnel expenses increased by 1.4% in the year due to their organic rise, albeit with a improvement in the last two quarters after the Labour agreement reached this year.
  - General expenses dropped 3.5%, among other factors, due to the coming into force of IFRS 16. Excluding this effect (€154 million), greater expenditure following the transformation of the distribution model (Store branches, *InTouch* remote customer service), greater expenditure on technology, and new regulatory requirements have an impact on its growth.
  - Depreciation and amortisation rose 34.9% as a result, among other factors, of the coming into force of the IFRS 16, which involves the recognition and subsequent amortisation of leased property usage rights and is offset mainly by a reduction of general expenses. Stripping out this impact, the depreciation and amortisation expenses increased approximately 1.5%.
- In the second quarter of 2019, **extraordinary expenses** included the agreement reached with the employees' union representatives regarding a plan of compensated terminations, as well as other measures that would provide further labour flexibility for **€978 million, gross**. The majority of the agreed departures were implemented on 1 August, with the consequent reflection on cost savings in the last two quarters of the year.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Gross income	8,605	8,767	(1.8)	1,995	2,165	2,336	2,109	1,866
Personnel expenses	(2,978)	(2,937)	1.4	(723)	(731)	(760)	(764)	(733)
General expenses	(1,247)	(1,292)	(3.5)	(309)	(314)	(312)	(312)	(331)
Depreciation and amortisation	(546)	(405)	34.9	(142)	(144)	(132)	(128)	(104)
Recurring administrative expenses, depreciation and amortisation	**(4,771)**	**(4,634)**	**2.9**	**(1,174)**	**(1,189)**	**(1,204)**	**(1,204)**	**(1,168)**
Extraordinary expenses	(979)	(24)		(1)		(978)		(13)
Cost-to-income ratio (%) (12 months)	66.8	53.1	13.7	66.8	67.9	67.0	54.7	53.1
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	55.4	52.9	2.5	55.4	56.2	55.4	54.4	52.9

	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Core income	8,316	8,217	1.2	2,115	2,117	2,057	2,027	2,034
Recurring administrative expenses, depreciation and amortisation	(4,771)	(4,634)	2.9	(1,174)	(1,189)	(1,204)	(1,204)	(1,168)
Core cost-to-income ratio (12 months)	**57.4**	**56.4**	**1.0**	**57.4**	**57.9**	**57.7**	**56.9**	**56.4**

Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk** stood at €-376 million (-97 million in 2018). One-off events had an impact on its performance in both annual periods, especially the reversal of approximately €275 million in provisions in the third quarter of 2018 to update the recoverable value of the exposure to a large borrower.

  The fourth quarter of 2019 includes, among others, a negative impact from the recalibration of models, in a macroeconomic scenario of deceleration, and release of provisions after reviewing the expected credit losses associated with the credit risk adjustments made at the time BPI was acquired for €+119 million (€179 million in the year). In 2018 the review of BPI's credit risk adjustment reached €+78 million (entirely recognised in the last quarter).

  The **cost of risk** (12 months) came to **0.15%**.

- **Other charges to provisions** shows mainly the coverage of future contingencies and impairment of other assets.

  One-off events had an impact on its performance, especially in 2018, as it included the recognition of €-152 million resulting from the difference between the repurchase price from TPG for 51% of the real estate servicer and the fair value assigned to this holding at that given time. In the fourth quarter of 2018 it includes the recognition of €-53 million in connection with early retirements and, among other impacts, impairment due to the adjustments made to the recoverable value of certain assets.

  Allowances were recognised for legal contingencies in 2019, employing conservative criteria.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Allowances for insolvency risk	(376)	(97)		(88)	(84)	(81)	(123)	(47)
Other charges to provisions	(235)	(470)	(50.1)	(84)	(60)	(43)	(48)	(143)
Allowances for insolvency risk and other charges to provisions	**(611)**	**(567)**	**7.7**	**(172)**	**(144)**	**(124)**	**(171)**	**(190)**

Gains/(losses) on disposal of assets and others

- **Gains/(losses) on disposal of assets and others** includes, essentially, the results of completed one-off transactions and proceeds on asset sales and write-downs. The year-on-year change (-77.3%) essentially reflects extraordinary events in 2018:

  - The real estate results reflected the write-down of the 49% stake previously held in Servihabitat so as to bring its book value in line with its new fair value (€-52 million).
    It also includes the sale of the real estate business (including expenses, taxes and other costs) for €-60 million.

  - Other gains / losses includes the negative result derived from the agreement to sell the equity holding in Repsol (€-453 million), the change of accounting classification of the stake held in BFA (€-154 million), and the profit from the sale of the acquiring business of BPI (€+58 million).

  In the fourth quarter of 2019 the real estate results reflect, among others, the extraordinary adaptation of certain real estate assets to their fair value.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Real estate results	(84)	(117)	(28.2)	(61)	(8)	(5)	(10)	(64)
Other	(83)	(618)	(86.6)	(24)	(36)	(17)	(6)	(194)
Gains/(losses) on disposal of assets and others	**(167)**	**(735)**	**(77.3)**	**(85)**	**(44)**	**(22)**	**(16)**	**(258)**

Business activity

Balance sheet

Total assets reached €391,414 million, down 5.2% in the quarter (+1.3% in the year):

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
- Cash and cash balances at central banks and other demand deposits	15,110	19,965	(24.3)	19,158	(21.1)
- Financial assets held for trading[1]	7,370	14,392	(48.8)	9,810	(24.9)
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	427	548	(22.1)	704	(39.3)
Equity instruments	198	201	(1.5)	232	(14.7)
Debt securities	63	93	(32.3)	145	(56.6)
Loans and advances	166	254	(34.6)	327	(49.2)
- Financial assets at fair value with changes in other comprehensive income	18,371	20,276	(9.4)	21,888	(16.1)
- Financial assets at amortised cost	244,702	249,829	(2.1)	242,582	0.9
Credit institutions	5,159	6,583	(21.6)	7,555	(31.7)
Customers[1]	222,154	226,019	(1.7)	217,967	1.9
Debt securities	17,389	17,227	0.9	17,060	1.9
- Derivatives - Hedge accounting	2,133	2,546	(16.2)	2,056	3.7
- Investments in joint ventures and associates	3,941	4,053	(2.8)	3,879	1.6
- Assets under the insurance business[2]	72,683	73,978	(1.8)	61,688	17.8
- Tangible assets	7,282	7,367	(1.2)	6,022	20.9
- Intangible assets	3,839	3,781	1.5	3,848	(0.2)
- Non-current assets and disposal groups classified as held for sale	1,354	1,332	1.7	1,239	9.3
- Other assets	14,202	14,981	(5.2)	13,672	3.9
Total assets	**391,414**	**413,048**	**(5.2)**	**386,546**	**1.3**
Liabilities	**366,263**	**388,019**	**(5.6)**	**362,182**	**1.1**
- Financial liabilities held for trading[1]	2,338	14,179	(83.5)	9,015	(74.1)
- Financial liabilities at amortised cost	283,975	291,097	(2.4)	282,460	0.5
Deposits from central banks and credit institutions	20,656	27,412	(24.6)	37,440	(44.8)
Customer deposits	221,079	221,887	(0.4)	210,200	5.2
Debt securities	33,648	33,755	(0.3)	29,244	15.1
Other financial liabilities[1]	8,592	8,043	6.8	5,576	54.1
- Liabilities under the insurance business[2]	70,807	71,678	(1.2)	61,519	15.1
- Provisions	3,624	3,810	(4.9)	3,079	17.7
- Other liabilities	5,519	7,255	(23.9)	6,109	(9.7)
Equity	**25,151**	**25,029**	**0.5**	**24,364**	**3.2**
- Shareholders' equity[3]	26,247	25,831	1.6	25,384	3.4
- Minority interest	29	28	3.6	29	0.0
- Accumulated other comprehensive income[3]	(1,125)	(830)	35.5	(1,049)	7.2
Total liabilities and equity	**391,414**	**413,048**	**(5.2)**	**386,546**	**1.3**

(1) With regard to compensating the trading derivatives held via clearing houses LCH and EUREX, the compensation criteria established in IAS 32 have been met since 31 December 2019. This compensation has impacted in the following headings: "Financial assets held for trading", "Financial assets at amortised cost - Customers", "Financial liabilities held for trading" and "Financial liabilities at amortised cost – Other financial liabilities" for approximately €-4.2, €-2.4, €-8.0 and €+1.4 million, respectively.

(2) In accordance with the Amendments to IFRS 4, the Group has decided to apply temporary exemption from IFRS 9 in respect of the financial investments of the Group's insurance firms for all periods that come before 1 January 2021 as it awaits the entry into force of the new IFRS 17: Insurance Contracts, which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, these investments are grouped under "Assets under the insurance business" on the balance sheet. To make the information more readily comparable, the Group has also grouped together the technical provisions relating to Unit Link and Flexible Investment Annuity (part under management), which are now reported jointly under 'Liabilities under the insurance business'.

(3) The actuarial losses and gains previously recognised under the heading Shareholders' equity are shown under the heading 'Accumulated Other Comprehensive Income'. As a result of the change of accounting criterion, the equity figures corresponding to 31 December 2018 have been restated for comparison purposes, reclassifying €548 million under both headings, without any impact on total equity.

Most of the Group's defined benefit pension commitments have been externalised in an employees' Pension Fund, which in turn has taken out an insurance policies with the Group's own insurance subsidiary. To date, there has been a difference between the valuation of the financial assets covering this liability at a consolidated level and the latter's accounting valuation, due to the use of different discount rates, which has been reflected over time in “Accumulated other comprehensive income”.

As of 31 December 2019, the Group has applied IAS 19, which, in essence, eliminates this asymmetry, given that these liabilities are assumed by the Pension Fund and that it has taken out insurance policies with matching cash flows. This change in accounting policy has resulted in the reclassifying €1,617 million from “Provisions” to “Liabilities under the insurance business” for €1,196 million, as well as impacting “Deferred tax assets, net” for €135 million (of which -94 deferred tax assets and +41 deferred tax liabilities) and Equity for €286 million (recognised in “Accumulated other comprehensive Income”), which is reflected in a CET1 capital increase of +18 basis points[1].

(1) See Capital management section.

Similarly, the financial statements at 31 December 2018 have been restated for comparative purposes, reclassifying €1,531 million from “Provisions” to “Liabilities under the insurance business” (€1,067 million), “Deferred tax assets, net” (€158 million, of which -76 deferred tax assets and +81 deferred tax liabilities) and “Accumulated other comprehensive income” (€306 million).

Loans and advances to customers using management criteria

Loans and advances to customers, gross stood at **€227,406 million** (up 1.2%), while the **performing portfolio** gained 2.4% in 2019.

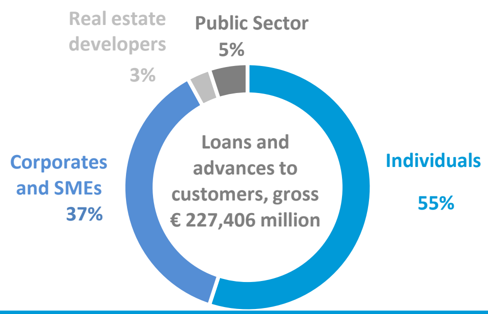
- Highlight annual changes by segment include:

  Loans for home purchases (-3.5% in the year and -1.1% in the quarter) continues to be marked by the deleveraging of families.

  Loans to individuals – other was up 1.3% in 2019, on the back of **consumer loans** (+13.8%).

  Loans to **corporates and SMEs** were up 7.2% in 2019. The market share[1] for loans to businesses came to 15.1%.

  Loans to **real estate developers** fell 3.8% in the year, and the **public sector** remains at similar levels.



Composition of the lending portfolio
(% of gross lending)

- Changes in loans and advances to customers, gross in the quarter (down 0.2%) are impacted positively by the changes in Loans to **corporates and SMEs** (+2.0%), which dampen the negative seasonal nature in the fourth quarter typically seen in home purchases, the negative impact of one-off transactions in the public sector (-8.9%) and portfolio sales.

  The **performing portfolio was up 0.3%** in the quarter.

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
Loans to individuals	**124,334**	**125,216**	**(0.7)**	**127,046**	**(2.1)**
Home purchases	88,475	89,445	(1.1)	91,642	(3.5)
Other	35,859	35,771	0.2	35,404	1.3
of which: Consumer lending	14,728	14,453	1.9	12,946	13.8
Loans to business	**91,308**	**89,749**	**1.7**	**85,817**	**6.4**
Corporates and SMEs	85,245	83,606	2.0	79,515	7.2
Real estate developers[2]	6,063	6,143	(1.3)	6,302	(3.8)
Public sector	**11,764**	**12,911**	**(8.9)**	**11,830**	**(0.6)**
Loans and advances to customers, gross[3]	**227,406**	**227,876**	**(0.2)**	**224,693**	**1.2**
Of which:					
Performing loans	219,006	218,417	0.3	213,962	2.4
Provisions for insolvency risk	(4,704)	(5,071)	(7.2)	(5,728)	(17.9)
Loans and advances to customers, net	**222,702**	**222,805**		**218,965**	**1.7**
Contingent Liabilities	16,856	16,443	2.5	14,588	15.5

(2) After a homogenisation of BPI's segmentation criteria with the Group's criteria, €527 million of developer loans were resegmented at 2018 year-end mainly to financing for Corporates and SMEs.

(3) See Reconciliation of activity indicators using management criteria in the Appendices - Glossary.

(1) Latest available information. Data prepared in-house.
Source: Bank of Spain. Market share in Spain.

Customer funds using management criteria

Customer funds came to €384,286 million, up 6.9% in 2019, impacted among other factors by the strength of the franchise and the recovery of the markets (+0.5% in the quarter).

- On-balance sheet funds stood at €277,272 million (+6.4%):
  - Growth in **demand deposits,** which reached €189,552 million (+8.8%). The quarterly change (+0.7%) was impacted, among others, by the seasonal effect of the double salary payment in the retail scope.
  - **Time deposits** totalled €28,980 million. Their yearly performance was impacted by the issue of a retail note in the first quarter for €950 million with a 5-year maturity, which partially offset the reduction of deposits in a backdrop of rock-bottom interest rates on renewal of maturities.
  - Increase of **liabilities under insurance contracts**[1] (+7.5% and +2.4% in the year and in the quarter, respectively) thanks to the evolution of the product portfolio and adaptation to the customers' needs. The positive trend of the Unit Link products, growing 35.3% in the year and 10.2% in the quarter, is noteworthy.

  CaixaBank has cemented its leadership of the life insurance market, with a share[2] of 28.1%.

- **Assets under management** rose to €102,316 million. The increase in this heading (+8.9%) was largely down to market recovery following the slump seen at the end of the fourth quarter of 2018.
  - The assets managed in **mutual funds, managed accounts and SICAVs** stood at €68,584 million (+6.3% in the year and +2.2% in the quarter).
  - **Pension plans** came to €33,732 million (+14.7% in the year and +3.7% in the quarter).

  CaixaBank has a market share[2] of 17.1% in investment funds, and a share of 25.5% in pension plans.

- Other accounts mainly includes temporary funds associated with transfers and collections.

(1) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

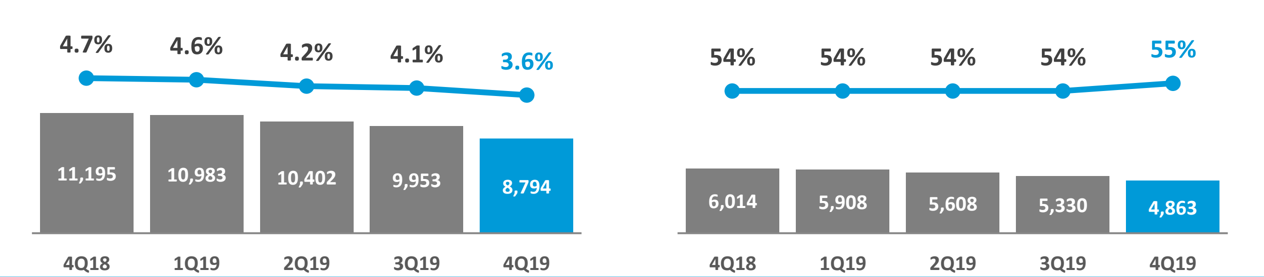
(2) Latest available information. Source: ICEA/INVERCO. Market share in Spain.

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
Customer funds	218,532	218,717	(0.1)	204,980	6.6
Demand deposits	189,552	188,322	0.7	174,256	8.8
Time deposits[3]	28,980	30,395	(4.7)	30,724	(5.7)
Insurance contract liabilities[4]	57,446	56,108	2.4	53,450	7.5
of which: Unit Link and other[5]	12,249	11,112	10.2	9,053	35.3
Reverse repurchase agreements and others	1,294	1,457	(11.2)	2,060	(37.2)
On-balance sheet funds	**277,272**	**276,282**	**0.4**	**260,490**	**6.4**
Mutual funds, managed accounts and SICAVs	68,584	67,133	2.2	64,542	6.3
Pension plans	33,732	32,544	3.7	29,409	14.7
Assets under management	**102,316**	**99,677**	**2.6**	**93,951**	**8.9**
Other accounts	**4,698**	**6,397**	**(26.6)**	**5,108**	**(8.0)**
Total customer funds [6]	**384,286**	**382,356**	**0.5**	**359,549**	**6.9**

(3) *Includes retail debt securities amounting to €1,625 million at 31 December 2019, €950 million of which correspond to the retail note issued in the first quarter of 2019.*
(4) The balance of previous periods was restated as a consequence of the change of accounting policy for certain defined benefit commitments with employees(€+1,220 million and €+1,067 million at 30 September 2019 and 31 December 2018, respectively).
(5) *Includes technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed).*
(6) *See 'Reconciliation of activity indicators using management criteria' in the 'Appendices - Glossary'.*

Risk management

Credit risk quality



Non-performing loans and non-performing loan ratio [1]
(€ million and %)

Provisions and Coverage ratio [1]
(€ million and %)

Non-performing loans have fallen €2,401 million in the year (down €1,159 million in the quarter), placing the **NPL ratio at 3.6%** (-108 basis points in the year). In addition to the active management of the non-performing portfolio and the normalisation of asset quality indicators, portfolio sales have been formalised in 2019 (especially impacting the fourth quarter).

(1) Calculations include loans and contingent liabilities.

Changes in non-performing assets

€ million	4Q18	1Q19	2Q19	3Q19	4Q19
Opening balance	**12,116**	**11,195**	**10,983**	**10,402**	**9,953**
Exposures recognized as non-performing (NPL-inflows)	996	799	668	680	777
Derecognitions from non-performing exposures	(1,917)	(1,011)	(1,249)	(1,129)	(1,936)
of which written off	(354)	(117)	(186)	(58)	(256)
Closing balance	**11,195**	**10,983**	**10,402**	**9,953**	**8,794**

NPL ratio by segment

	Dec. 31, 2018	Sep 30, 2019	Dec. 31, 2019
Loans to individuals	**4.7%**	**4.5%**	**4.4%**
Home purchases	3.8%	3.5%	3.4%
Other	7.2%	6.9%	6.7%
of which: Consumer lending	4.0%	4.5%	4.0%
Loans to business	**5.4%**	**4.2%**	**3.2%**
Corporates and SMEs	4.7%	4.0%	2.9%
Real estate developers	14.3%	8.0%	8.0%
Public sector	**0.4%**	**0.3%**	**0.3%**
NPL Ratio (loans and contingent liabilities)	**4.7%**	**4.1%**	**3.6%**

Changes in provisions for insolvency risk

€ million	4Q18	1Q19	2Q19	3Q19	4Q19
Opening balance	**6,579**	**6,014**	**5,908**	**5,608**	**5,330**
Charges to provisions	47	123	81	84	88
Amounts used	(584)	(209)	(363)	(353)	(540)
Transfers and other changes	(28)	(20)	(18)	(9)	(15)
Closing balance	**6,014**	**5,908**	**5,608**	**5,330**	**4,863**

Classification by stages of gross lending and provisions

The following tables show loan book exposure as well as associated provisions, segmented by credit risk stage as per the applicable IFRS 9 regulation.

Dec. 31, 2019	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	203,451	15,555	8,400	227,406	(567)	(708)	(3,429)	(4,704)
Contingent liabilities	15,807	655	394	16,856	(19)	(12)	(128)	(159)
Total loans and advances and contingent liabilities	**219,258**	**16,210**	**8,794**	**244,262**	**(586)**	**(720)**	**(3,557)**	**(4,863)**

Sep. 30, 2019	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	203,507	14,910	9,459	227,876	(655)	(706)	(3,710)	(5,071)
Contingent liabilities	15,279	670	494	16,443	(31)	(17)	(211)	(259)
Total loans and advances and contingent liabilities	**218,786**	**15,580**	**9,953**	**244,319**	**(686)**	**(723)**	**(3,921)**	**(5,330)**

Dec. 31, 2018	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	197,618	16,344	10,731	224,693	(697)	(742)	(4,289)	(5,728)
Contingent liabilities	13,499	625	464	14,588	(37)	(24)	(225)	(286)
Total loans and advances and contingent liabilities	**211,117**	**16,969**	**11,195**	**239,281**	**(734)**	**(766)**	**(4,514)**	**(6,014)**

Refinancing

	Dec. 31, 2018		Sep. 30, 2019		Dec. 31, 2019	
€ million	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	5,557	3,444	5,155	3,261	5,009	3,179
Corporates and SMEs	3,371	2,085	3,190	1,839	2,617	1,369
Real estate developers	1,017	649	688	340	651	324
Public sector	218	21	248	19	246	15
Total	**10,163**	**6,199**	**9,281**	**5,459**	**8,523**	**4,887**
Provisions	2,501	2,321	2,216	1,997	1,860	1,693

Foreclosed real estate assets

- The portfolio of **net foreclosed real estate assets available for sale**[1] in Spain amounted to €958 million (€+218 million in the year and €+44 million in the quarter). **The coverage ratio**[2] **was 39%**, while the coverage ratio with accounting provisions[2] was 30%.
- Net foreclosed assets held for **rent** in Spain stood at €2,094 million (€-385 million in the year and €-141 million in the quarter).
- **Total properties sold**[3] **in 2019** amounted to €581 million.
- Meanwhile, **net foreclosed real estate assets at BPI** amounted to €4 million at 31 December 2019 (€-23 million in the year and €-13 million in the quarter).

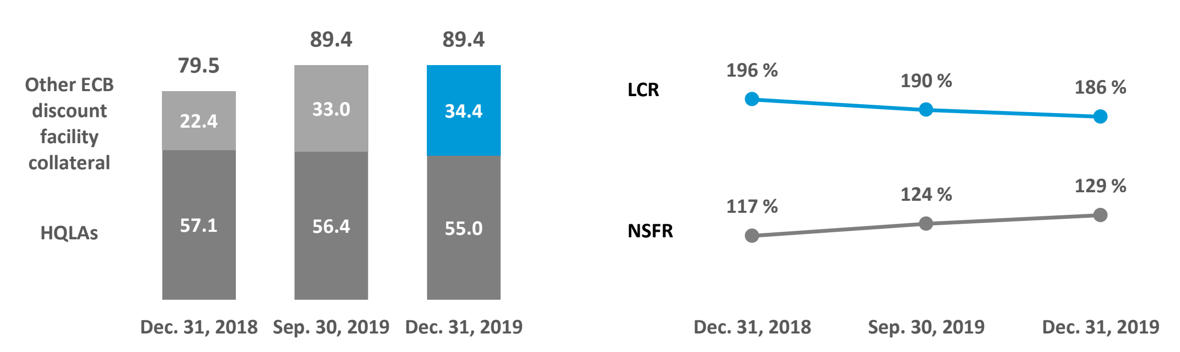
(1) Does not include real estate assets in the process of foreclosure (€142 million, net, at 31 December 2019).

(2) See definition in 'Appendices – Glossary'.

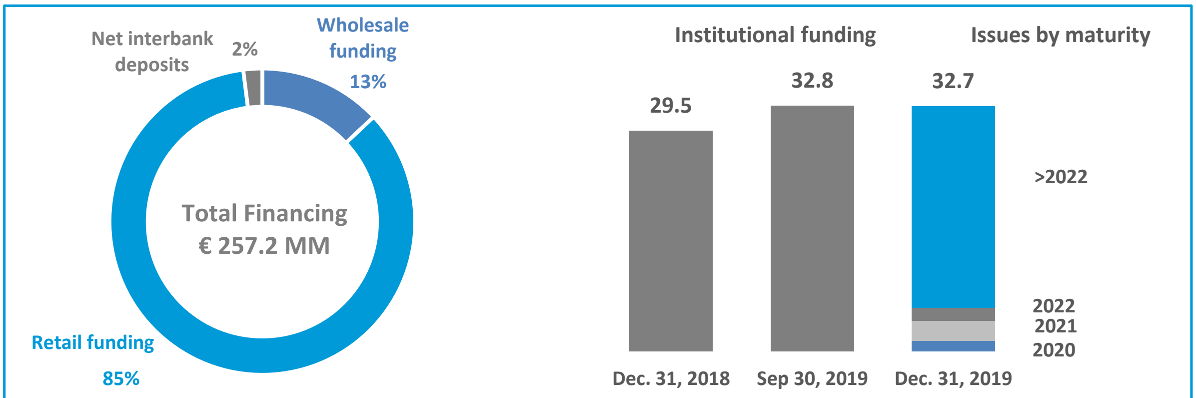
(3) At sale price.

Liquidity

and financing structure



Total liquid assets, Liquidity Coverage Ratio[1] and NSFR
(€ thousand million and %)



Financing structure
(€ thousand million)

- **Total liquid assets amounted to €89,427 million** at 31 December 2019, up €9,897 million in the year due to the shift in the loan-deposit gap and the fact that new issues exceeded maturities.
- The Group's average **Liquidity Coverage Ratio** (LCR)[1] at 31 December 2019 was **186%**, well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio** (NSFR) stood at 129% at 31 December 2019, above the 100% regulatory minimum required as of June 2021.
- Solid retail financing structure with a **loan to deposit ratio of 100%**.
- The **balance drawn** under the ECB facility at 31 December 2019 amounted to €12,934 million, of which €3,909 million correspond to TLTRO II and €9,025 million correspond to TLTRO III (during 2019, €24,274 million related to TLTRO II have been returned and €9,025 million related to TLTRO III have been drawn).
- **Institutional financing**[3] amounting to €32,716 million through various debt instrument issuances during 2019.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €3,727 million at 31 December 2019.

(1) Trailing last 12 months.

(2) Calculations applying the criteria established as per regulation (EU) 2019/876, to enter into force as of June 2021 (interpretation of the aforementioned criteria).

(3) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices - Glossary'.

Information on the Group's issuances in 2019

€ million Issue	Total amount	Amount	Maturity	Cost[1]	Demand[2]	Issuer
Senior debt	1,000	1,000	7 years	1.195% (midswap +0.90%)	2,250	CaixaBank
Senior non-preferred debt	3,382	1,000	5 years	2.47% (midswap +2.25%)	2,400	CaixaBank
		50	10 years	2.00% (midswap +1.56%)	Private	CaixaBank
		1,250	7 years	1.464% (midswap +1.45%)	4,000	CaixaBank
		82	15 years	1.231%	Private	CaixaBank
		1,000	5 years	0.765% (midswap +1.13%)	2,250	CaixaBank[3]
Mortgage covered bonds	500	500	15 years	1.40% (midswap +0.442%)	Private	CaixaBank[4]
Obrigações hipotecárias	500	500	5 years	0.343% (midswap +0.25%)	3,100	BPI

(1) Meaning the yield on the issuance.
(2) For the issuance of €1,250 million in Senior non-preferred debt and the Social Bond of €1,000 million of senior non-preferred debt, the maximum demand is indicated.
(3) In September 2019 CaixaBank completed the issuance of its first Social Bond, for an amount of €1,000 million of senior non-preferred debt.
(4) The Mortgage Covered Bonds correspond to 6 private placements with an average weighted cost of 1.40%.

Following the close of 2019, CaixaBank completed an issuance of €1,000 million in senior preferred debt maturing in 5 years and with a yield of 0.43%, equivalent to the midswap + 58bp. Demand for the issue has been close to €2,100 million.

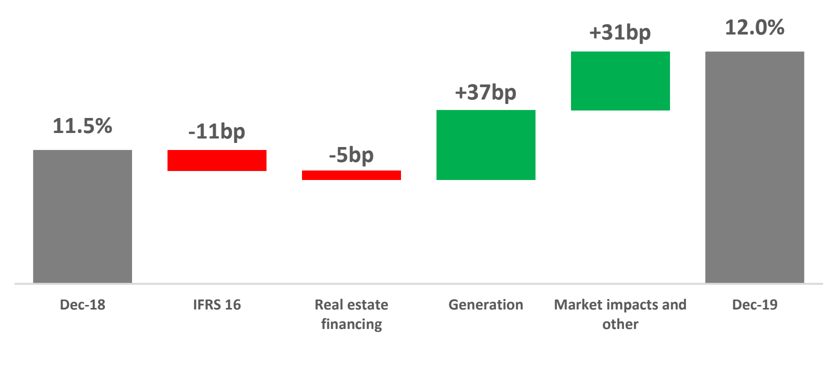
Information on collateralisation of CaixaBank, S.A. mortgage-covered bonds

€ million		Dec. 31, 2019
Mortgage covered bonds issued	a	49,859
Loans and credits (collateral for mortgage covered bonds)	b	86,537
Collateralisation	**b/a**	**174%**
Overcollateralisation	**b/a -1**	**74%**
Mortgage covered bond issuance capacity[5]		**2,633**

(5) CaixaBank S.A. is also able to issue €1,094 million in regional public-sector covered bonds.

Capital management

- **The Common Equity Tier 1 (CET1) ratio reached 12.0%**[1]. Excluding the extraordinary impact of the first quarter (-11 basis points due to the first-time application of the IFRS 16 regulation and -5 basis points due to the adjustment to credit risk requirements for the financing of property according to the applicable regulation[2]), the ratio this year registered +37 basis points due to organic generation of capital (+19 basis points in the quarter) and +31 basis points mostly caused by the positive performance of the markets and other impacts (+18 basis points in the quarter, which includes the new accounting criterion for some defined benefit commitments with employees[3] with an impact of +18 basis points).
- These levels of CET1 lay the foundations for achieving the capital target set in the 2019-2021 Strategic Plan, which stands at approximately 12%, with an additional 1 percentage point prudential buffer being established until the end of 2021 to cover any future regulatory changes, including the end of the Basel 3 framework.
- The **Tier 1** ratio was **13.5%.** Since last year, the Group has maintained 1.5% of AT1 instruments, in accordance with the provisions of Pillar 1 of the capital regulations.
- The **Total capital** ratio reached **15.7%.**
- The leverage ratio reached 5.9%.
- With regard to the MREL requirement (22.5% of the RWAs at a consolidated level as of 1 January 2021), at 31 December CaixaBank had a MREL ratio[4] of 21.9% taking into account all the liabilities currently eligible[5] by the Single Resolution Board. At a subordinated level, exclusively including Senior non-preferred debt, the MREL ratio reached 19.6%.
- Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The regulatory CET1 ratio under this perimeter remained at 13.8%, with risk-weighted assets totalling €135,718 million.
- Likewise, **BPI** also complies with its minimum capital requirements. The bank's capital ratios at a sub-consolidated level at 31 December 2019 are: 13.4% CET1, 14.9% Tier1 and 16.6% Total capital.
- The decisions of the European Central Bank (ECB) and the national supervisor required the Group to maintain, during 2019, CET1[6], Tier1 and Total Capital ratios of 8.78%, 10.28% and 12.28%, respectively.
- The Group's current level of capital adequacy confirm that the applicable requirements would not lead to any automatic restrictions of the provision of the capital adequacy regulations regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities (there is a margin of 326 basis points, equating to €4,813 million, until the Group's MDA[7] trigger). CaixaBank's dividends policy complies with the conditions outlined in the ECB recommendation published on 17 January 2020. Therefore, it does not present any limitations for the Company.



Change in CET1

(1) From 1 January 2019, CaixaBank's capital ratios in a fully-loaded perspective are equal to the regulatory ratios.

(2) See article 128 of Regulation 575/2013 "Capital Requirements Regulation" (CRR).

(3) See additional details under the section 'Business Activity'.

(4) Pro-forma MREL ratio with the January 2020 issuance of €1,000 million in Senior preferred debt would be 22.5%.

(5) Among the liabilities eligible by the Single Resolution Board are the senior non-preferred debt, senior preferred debt and other pari-passu liabilities.

(6) Includes the countercyclical buffer of 0.03% due to exposure in other countries (mainly the United Kingdom and Norway).

(7) See definition in 'Appendices - Glossary'.

Performance and key capital adequacy indicators

€ million	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Quarter-on-quarter
CET1 Instruments	23,257	23,651	23,434	23,701	24,114	413
Shareholders' equity	25,384	25,832	25,218	25,831	26,247	416
Capital	5,981	5,981	5,981	5,981	5,981	
Profit/(loss) attributable to the Group	1,985	533	622	1,266	1,705	439
Reserves and other	17,418	19,318	18,615	18,584	18,561	(23)
Other CET1 instruments[1]	(2,127)	(2,181)	(1,784)	(2,131)	(2,133)	(2)
Deductions from CET1	(6,457)	(6,396)	(6,415)	(6,291)	(6,327)	(36)
Common Equity Tier 1 (CET1)	**16,800**	**17,255**	**17,019**	**17,409**	**17,787**	**378**
AT1 instruments	2,233	2,234	2,235	2,235	2,236	1
AT1 Deductions						
TIER 1	**19,033**	**19,489**	**19,253**	**19,645**	**20,023**	**378**
T2 instruments	3,295	3,288	3,278	3,170	3,224	54
T2 Deductions						
TIER 2	3,295	3,288	3,278	3,170	3,224	54
TOTAL CAPITAL	**22,328**	**22,777**	**22,531**	**22,815**	**23,247**	**432**
Other computable subordinated instruments MREL[2]	2,303	3,301	4,682	5,684	5,680	(4)
MREL, subordinated	**24,631**	**26,079**	**27,213**	**28,499**	**28,927**	**428**
Other computable instruments. MREL	2,943	4,000	3,907	3,393	3,392	(1)
MREL	**27,574**	**30,079**	**31,120**	**31,892**	**32,319**	**427**
Risk-weighted assets	145,942	148,892	147,331	149,332	147,832	(1,500)
CET1 Ratio	11.5%	11.6%	11.6%	11.7%	12.0%	0.3%
Tier 1 Ratio	13.0%	13.1%	13.1%	13.2%	13.5%	0.3%
Total Capital Ratio	15.3%	15.3%	15.3%	15.3%	15.7%	0.4%
MDA Buffer[3]	4,030	4,227	4,098	4,298	4,813	515
MREL Ratio, subordinated	16.9%	17.5%	18.5%	19.1%	19.6%	0.5%
MREL Ratio	18.9%	20.2%	21.1%	21.4%	21.9%	0.5%
Leverage ratio	5.5%	5.5%	5.5%	5.6%	5.9%	0.3%
CET1 Ratio - CABK (non-consolidated basis)	13.1%	13.1%	13.3%	13.2%	13.8%	0.6%
Tier 1 Ratio CABK (non-consolidated basis)	14.8%	14.8%	14.9%	14.8%	15.5%	0.7%
Total Capital Ratio - CABK (non-consolidated basis)	17.3%	17.2%	17.4%	17.2%	17.9%	0.7%
Risk-weighted assets (non-consolidated basis)	132,684	134,692	133,386	135,575	134,979	(596)
Profit/loss (non-consolidated basis)	1,163	370	551	1,328	2,074	746
ADIs[4]	1,909	2,215	1,689	2,458	3,161	703
MDA Buffer- CABK (non-consolidated basis)[3]	7,793	7,921	8,317	8,360	9,192	832
Leverage Ratio - CABK (non-consolidated basis)	6.2%	6.1%	6.2%	6.2%	6.6%	0.4%

From 1 January 2019, the regulatory and fully-loaded data are the same. The data shown for the non-consolidated of 2018 are regulatory. The data from previous quarters have been updated with the official COREP version.

(1) It mainly includes the forecast for dividends and OCI. The estimate of dividends for intervening quarters is 60% of the profit in accordance with the maximum amount distributable set in the dividend policy. December 2019 includes the effect of the new accounting criterion for pension liabilities.

(2) A social bond issue of €1,000 million of Senior non-preferred debt was made in the third quarter of 2019.

(3) The relevant MDA buffer is either the non-consolidated or the consolidated, whichever is lower.

(4) Does not include the share premium.

Segment reporting

This section shows financial information on the different businesses of the CaixaBank Group. After the sale of 80% of the real estate business in December 2018, starting from 2019 the non-core real estate business will no longer be reported separately and the remaining real estate assets are integrated in the Banking and Insurance business, except for the stake in Coral Homes which is integrated in the equity investment business. For comparative purposes, the 2018 information is presented aggregating both segments (Banking and Insurance plus Non-core real estate).

As a result, the Group is made up of the following business segments:

- **Banking and insurance business:** shows earnings from the Group's banking, insurance and asset management activity mainly in Spain, as well as liquidity management, ALCO, income from financing the other businesses and the Group-wide corporate centre. In addition, it includes the businesses acquired by CaixaBank from BPI during 2018 (i.e. insurance, asset management, and cards).

- **Equity investments:** this line of business essentially shows earnings on dividends and/or equity-accounted profits from the stakes, as well as trading income from Erste Group Bank, Repsol, Telefónica, BFA and BCI, net of the related funding costs. From 1 January 2019, the 20% stake in Coral Homes is added to this segment, after the sale of the real estate business at the end of December 2018. Similarly, it includes significant impacts on income of other relevant stakes in various sectors.

  It includes the stakes in BFA, which after reassessing the significant influence at 2018 year-end is classified as "Financial assets at fair value with changes in other comprehensive income", and in Repsol, until completing its sale in the second quarter of 2019.

- **BPI:** covers the income from BPI's domestic banking business. The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination and excludes the results and balance sheet figures associated with the assets of BPI assigned to the equity investments business (essentially BFA and BCI), as discussed previously.

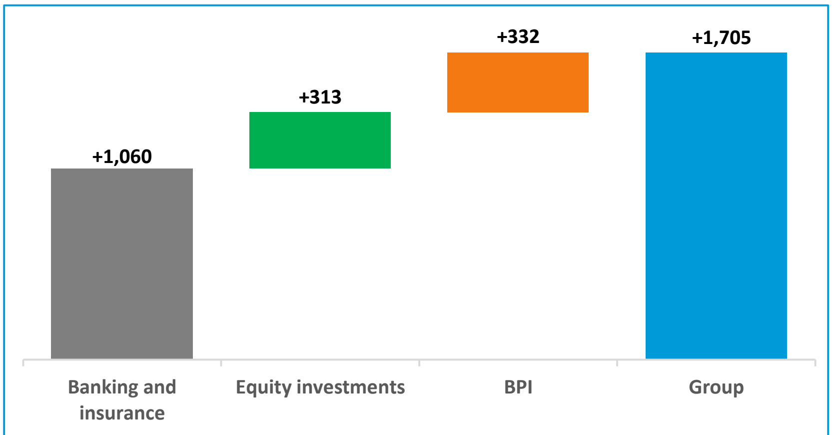
The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

In 2019, the allocation of capital to the investment businesses has been adapted to the Group's capital corporate objective of maintaining a Common Equity Tier 1 (CET1) ratio of 12%, taking into account both the 12% consumption of capital for risk-weighted assets (11% in 2018) and any applicable deductions.

The allocation of capital to BPI is at sub-consolidated level, i.e. taking into account the subsidiary's own funds. The capital consumed in BPI by the investees allocated to the investment business is allocated consistently to this business.

The difference between the Group's total shareholders' equity and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

Results for the year 2019 arranged by business are as follows:



Contribution to the result of 2019 (€ million)

€ million	Banking and insurance	Equity Investments	BPI	Group
Net interest income	**4,659**	**(124)**	**416**	**4,951**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	232	335	21	588
Net fee and commission income	2,340		258	2,598
Trading income	239	35	24	298
Income and expense under insurance or reinsurance contracts	556			556
Other operating income and expense	(369)		(17)	(386)
Gross income	**7,657**	**246**	**702**	**8,605**
Recurring administrative expenses, depreciation and amortisation	(4,304)	(4)	(463)	(4,771)
Extraordinary expenses	(978)		(1)	(979)
Pre-impairment income	**2,375**	**242**	**238**	**2,855**
Pre-impairment income stripping out extraordinary expenses	**3,353**	**242**	**239**	**3,834**
Allowances for insolvency risk	(573)		197	(376)
Other charges to provisions	(238)		3	(235)
Gains/(losses) on disposal of assets and others	(169)		2	(167)
Profit/(loss) before tax	**1,395**	**242**	**440**	**2,077**
Income tax expense	(332)	71	(108)	(369)
Profit/(loss) after tax	**1,063**	**313**	**332**	**1,708**
Profit/(loss) attributable to minority interest and others	3			3
Profit/(loss) attributable to the Group	**1,060**	**313**	**332**	**1,705**

Banking and insurance business

Profit in the banking and insurance business in 2019 stood at €1,060 million (down 36.5% on the previous year), mainly affected by the recognition of the extraordinary expense associated with the labour agreement (+4.6% excluding this effect).

ROTE[1] for the business, stripping out the labour agreement, was 9.5%.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
INCOME STATEMENT								
Net interest income	**4,659**	**4,659**		**1,149**	**1,160**	**1,174**	**1,176**	**1,169**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	232	220	5.6	44	81	48	59	37
Net fee and commission income	2,340	2,303	1.6	629	590	569	552	573
Trading income	239	219	9.1	14	20	212	(7)	(52)
Income and expense under insurance or reinsurance contracts	556	551	1.0	149	143	134	130	132
Other operating income and expense	(369)	(498)	(25.8)	(176)	(35)	(123)	(35)	(227)
Gross income	**7,657**	**7,454**	**2.7**	**1,809**	**1,959**	**2,014**	**1,875**	**1,632**
Recurring administrative expenses, depreciation and amortisation	(4,304)	(4,181)	2.9	(1,058)	(1,072)	(1,086)	(1,088)	(1,061)
Extraordinary expenses	(978)					(978)		
Pre-impairment income	**2,375**	**3,273**	**(27.4)**	**751**	**887**	**(50)**	**787**	**571**
Pre-impairment income stripping out extraordinary expenses	**3,353**	**3,273**	**2.4**	**751**	**887**	**928**	**787**	**571**
Allowances for insolvency risk	(573)	(199)		(221)	(109)	(97)	(146)	(135)
Other charges to provisions	(238)	(474)	(49.9)	(87)	(60)	(43)	(48)	(146)
Gains/(losses) on disposal of assets and others	(169)	(179)	(4.8)	(84)	(45)	(22)	(18)	(98)
Profit/(loss) before tax	**1,395**	**2,421**	**(42.4)**	**359**	**673**	**(212)**	**575**	**192**
Income tax expense	(332)	(695)	(52.2)	(85)	(179)	92	(160)	(30)
Profit/(loss) after tax	**1,063**	**1,726**	**(38.4)**	**274**	**494**	**(120)**	**415**	**162**
Profit/(loss) attributable to minority interest and others	3	57	(94.7)	1	2			24
Profit/(loss) attributable to the Group	**1,060**	**1,669**	**(36.5)**	**273**	**492**	**(120)**	**415**	**138**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	2.25	2.28	(0.03)	2.22	2.23	2.26	2.30	2.28
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	1,347	1,321	2.0	361	342	327	317	332
Sale of insurance products	160	175	(8.5)	40	36	42	42	38
Mutual funds, managed accounts and SICAVs	502	506	(1.0)	134	129	121	118	126
Pension plans	221	216	2.4	62	54	54	51	55
Unit Link and other	110	85	29.6	32	29	25	24	22
Net fee and commission income	**2,340**	**2,303**	**1.6**	**629**	**590**	**569**	**552**	**573**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(2,728)	(2,690)	1.4	(660)	(669)	(697)	(702)	(672)
General expenses	(1,097)	(1,123)	(2.4)	(273)	(276)	(273)	(275)	(294)
Depreciation and amortisation	(479)	(368)	30.2	(125)	(127)	(116)	(111)	(95)
Recurring administrative expenses, depreciation and amortisation	**(4,304)**	**(4,181)**	**2.9**	**(1,058)**	**(1,072)**	**(1,086)**	**(1,088)**	**(1,061)**
Extraordinary expenses	**(978)**					**(978)**		
OTHER INDICATORS								
Core income	7,746	7,682	0.8	1,964	1,964	1,917	1,901	1,901
ROTE[1]	9.5%	10.0%	(0.5)	9.5%	9.2%	9.6%	9.7%	10.0%
Cost-to-income ratio stripping out extraordinary expenses	56.2%	56.1%	0.1	56.2%	57.6%	57.2%	56.6%	56.1%
Cost of risk[2]	0.26%	0.09%	0.2	0.26%	0.22%	0.09%	0.10%	0.09%
Customers	13.7	13.7		13.7	13.7	13.7	13.7	13.7
Employees	30,896	32,552	(5.1)	30,896	30,800	32,680	32,682	32,552
Branches	4,118	4,608	(10.6)	4,118	4,254	4,430	4,537	4,608
of which retail	3,918	4,409	(11.1)	3,918	4,045	4,219	4,326	4,409
ATMs	9,111	9,425	(3.3)	9,111	9,151	9,229	9,335	9,425

(1) The ratio for 2019 excludes the impact from the labour agreement in 2Q19 (€-685 million, net).
The ratio for 2018 excludes the impact of the repurchase of Servihabitat (€-204 million, net), the extraordinary release of provisions in 3Q18 (€193 million, net) and the sale of the real estate business in 4Q18 (€-48 million, net). The coupon for the part of the AT1 issue assigned to this business has also been deducted.

(2) Cost of risk - 12 months: The ratio for the second quarter of 2019 and previous is affected by the extraordinary release of approximately €275 million in provisions.

The following aspects shaped the year-on-year performance of the banking and insurance business:

- **Gross income came to €7,657 million (up 2.7%)**, driven by the increase in core income (+0.8%) and lower costs associated with the real estate activity.
  - **Net interest income, €4,659 million, remains stable** (down 1.7% on the fourth quarter of 2018) due to, among other factors, an increase of income from loans as a result of a higher volume, a greater contribution from savings products of the insurance business, lower retail and institutional funding expenses. Countered by the lower return on loans and advances and on the fixed income portfolio, as well as lower income from financing the equity investment business. Customer spread is 2.25% (2.28% in the previous year).
  - **Fee and commission income** reached **€2,340 million** (up 1.6% in the year, mainly due to the increase in banking fees and Unit Link, and +9.7% with respect to the fourth quarter of 2018).
  - **Trading income** reached €239 million (+9.1% compared to 2018).
  - **Income and expense under insurance or reinsurance contracts** stood at €556 million, +1.0% in the year (+13.1% compared to the fourth quarter of 2018).
- **Other operating income and expense** amounted to €-369 million in 2019 (€-498 million in the same period of the previous year) mainly as a result of the lower expenses incurred following the sale of the real estate business. Both years include the contribution paid to the SRF and the DGF.
- **Recurring administrative expenses, depreciation and amortisation** stood at €4,304 million, +2.9%. **Extraordinary expenses** includes, in the year of 2019, recognition of the labour agreement.
- **Allowances for insolvency risk** rose to €-573 million, with a performance impacted by the extraordinary release of provisions in 2018, following an improvement in a major borrower's debt recoverability for approximately €275 million. In the fourth quarter of 2019 it includes, among others, the negative impact resulting from the recalibration of models based on the new macroeconomic forecast.
- **Other charges to provisions** stood at €-238 million (-49.9% compared to the same period of 2018). 2018 includes, among others, the recognition of €-152 million associated with the repurchase of Servihabitat, €-53 million associated with early retirement and impairments as a result of reviewing the recoverable value of certain assets.
- **Gains/(losses) on disposal of assets and others** amounted to €-169 million, -4.8% in the year. In 2018 it included, among others, the result of the sale of the real estate business. In the fourth quarter of 2019 it reflects, among others, the extraordinary adaptation of certain real estate assets to their fair value.
- **Profit/(loss) attributable to minority interest and others** includes €-55 million in 2018 relating to Servihabitat's contribution to consolidated earnings from its acquisition in July 2018 up to the formalisation of its sale in December 2018.

The following aspects were largely behind the quarterly change:

- **Gross income** was down 7.7% in the quarter mainly due to the contribution to the Deposit Guarantee Fund of €242 million reported in the fourth quarter of 2019.
  - **Net interest income** dropped slightly (-0.9%) with respect to the third quarter of 2019.
  - **Share of profit/(loss) of entities accounted for using the equity method** shows the seasonal factors affecting third-quarter earnings at SegurCaixa Adeslas, resulting from a lower claim ratio in the healthcare business.
  - **Fees and commissions** were up 6.3% in the quarter, mainly aided by the increase in non-recurring banking fees and the better performance of investment fund and pension plan fees, which reflect the market's recovery throughout the year. Similarly, the pension plans include year-end one-off income.
  - **Other operating income and expense** includes, in the fourth quarter, the aforementioned contribution to the DGF, and as in the fourth quarter of the previous year, one-off income associated with earnouts, mainly from SegurCaixa Adeslas.
- **Recurring administrative expenses, depreciation and amortisation** dropped 1.3% with a reduction in all lines on the back of efforts to manage expenses (-1.3% personnel expenses after the majority of the labour agreement departures agreed were implemented on 1 August).
- The quarterly performance of **Allowances for insolvency risk** reflects, among others, the aforementioned negative impact from the recalibration of risk parameters in this quarter.
- **Other charges to provisions** includes in the fourth quarter the recognition of provisions for contingencies with a conservative criteria.
- **Gains/(losses) on disposal of assets and others** includes in the last quarter of the year, among others, the extraordinary adaptation of certain real estate assets to their fair value.

The following table shows business activity and asset quality indicators at 31 December 2019:

- **Loans and advances to customers, gross stood at €203,103 million** (+0.8% in the year), while the performing portfolio gained 2.0% in 2019, loans to businesses standing out.
- **Customer funds were up 7.3% in the year** and reached **€354,497 million**; noteworthy was the 9.1% growth in Assets under management on the back of the market recovery and the commercial activity.
- The **Non-performing loan ratio** fell to 3.7% (-100 basis points in the year after the normalisation of the asset quality indicators and portfolio sales), with a 53% coverage ratio**,** which is up 3% in the year.

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
BALANCE SHEET					
Assets	355,416	376,749	(5.7)	350,783	1.3
Liabilities	334,333	355,905	(6.1)	330,172	1.3
Assigned capital	21,054	20,816	1.1	20,582	2.3
LOANS AND ADVANCES					
Loans to individuals	**111,300**	**112,428**	**(1.0)**	**114,403**	**(2.7)**
Home purchases	77,104	78,266	(1.5)	80,471	(4.2)
Other	34,196	34,162	0.1	33,932	0.8
of which: Consumer lending	13,403	13,188	1.6	11,836	13.2
Loans to business	**81,835**	**80,398**	**1.8**	**76,812**	**6.5**
Corporates and SMEs	75,977	74,446	2.1	70,687	7.5
Real estate developers	5,858	5,952	(1.6)	6,125	(4.4)
Public sector	**9,968**	**11,128**	**(10.4)**	**10,202**	**(2.3)**
Loans and advances to customers, gross	**203,103**	**203,954**	**(0.4)**	**201,417**	**0.8**
Of which performing loans	195,385	195,393		191,636	2.0
Of which non-performing loans	7,718	8,561	(9.8)	9,781	(21.1)
Provisions for insolvency risk	(4,167)	(4,333)	(3.8)	(4,914)	(15.2)
Loans and advances to customers, net	**198,936**	**199,621**	**(0.3)**	**196,503**	**1.2**
Contingent Liabilities	15,281	14,812	3.2	12,952	18.0
FUNDS					
Customer funds	195,723	196,049	(0.2)	182,944	7.0
Demand deposits	175,077	174,042	0.6	160,922	8.8
Time deposits	20,646	22,007	(6.2)	22,022	(6.2)
Insurance contract liabilities	57,446	56,108	2.4	53,450	7.5
of which: Unit Link and other	12,249	11,112	10.2	9,053	35.3
Reverse repurchase agreements and others	1,278	1,440	(11.3)	2,044	(37.5)
On-balance sheet funds	**254,447**	**253,597**	**0.3**	**238,438**	**6.7**
Mutual funds, managed accounts and SICAVs	63,189	62,037	1.9	59,459	6.3
Pension plans	33,732	32,544	3.7	29,409	14.7
Assets under management	**96,921**	**94,581**	**2.5**	**88,868**	**9.1**
Other accounts	**3,129**	**4,726**	**(33.8)**	**3,156**	**(0.9)**
Total customer funds	**354,497**	**352,904**	**0.5**	**330,462**	**7.3**
ASSET QUALITY					
Non-performing loan ratio (%)	3.7%	4.1%	(0.4)	4.7%	(1.0)
Non-performing loan coverage ratio (%)	53%	50%	3.0	50%	3.0

Insurance activity

The banking and insurance business embraces all activity carried out by the Group's various insurance firms, mainly VidaCaixa de Seguros y Reaseguros and BPI Vida e Pensões. These companies offer a highly specialised range of life insurance, pensions and general insurance products, all of which are marketed to the Group's customer base.

The following table shows the income statement of the Group's **insurance firms[1], which came to €795 million, up 19.9%** with respect to 2018.

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Net interest income	**316**	**305**	**3.6**	**78**	**82**	**81**	**75**	**78**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	192	171	12.1	38	71	40	43	28
Net fee and commission income	(68)	(124)	(45.0)	(7)	(22)	(20)	(19)	(12)
Trading income	57	1				57		
Income and expense under insurance or reinsurance contracts	556	551	1.0	149	143	134	130	132
Other operating income and expense	79	51	54.9	77			2	45
Gross income	**1,132**	**955**	**18.5**	**335**	**274**	**292**	**231**	**271**
Recurring administrative expenses, depreciation and amortisation	(121)	(108)	11.8	(30)	(30)	(30)	(31)	(27)
Extraordinary expenses								
Pre-impairment income	**1,011**	**847**	**19.4**	**305**	**244**	**262**	**200**	**244**
Pre-impairment income stripping out extraordinary expenses	**1,011**	**847**	**19.4**	**305**	**244**	**262**	**200**	**244**
Allowances for insolvency risk		1						1
Other charges to provisions								
Gains/(losses) on disposal of assets and others		1						1
Profit/(loss) before tax	**1,011**	**849**	**19.1**	**305**	**244**	**262**	**200**	**246**
Income tax expense	(216)	(186)	16.1	(56)	(49)	(65)	(46)	(50)
Profit/(loss) after tax	**795**	**663**	**19.9**	**249**	**195**	**197**	**154**	**196**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**795**	**663**	**19.9**	**249**	**195**	**197**	**154**	**196**

- **Net interest income** includes the margin on life savings insurance products, which were up 3.6% on the year 2018, mainly due to a higher volume of the managed funds.
- **Share of profit/(loss) of entities accounted for using the equity method** shows the contribution made by SegurCaixa Adeslas, 49.9% of which is owned by VidaCaixa. The heading was up 12.1% in the year. The quarterly change was due to the seasonal effects of the third quarter, which typically sees a lower claims ratio in healthcare.
- **Fees and commissions[2]** is the net result of:
  - The fees and commissions received by VidaCaixa from managing Unit-Linked products and pension plans, with a good performance in the year, due to the rise in subscriptions and the market effect.
  - The fees and commissions the insurance firms pay the banks for marketing their products, lower in 2019 due to the different product roll-out schedule and mix.
- The **Trading income** includes the realisation of gains from fixed-income assets in the second quarter of 2019.
- **Income and expense under insurance or reinsurance contracts**, which shows the margin obtained from the difference between premia and the technical provisions, claims and other expenses of life-risk products, rose 1.0% in the year, with a progressive growth throughout the year.
- **Other operating income and expense** includes, in the fourth quarter of 2019, mainly the one-off income associated with SegurCaixa Adeslas' earnout.
- **Recurring administrative expenses, depreciation and amortisation** increased, supporting the business' growth and evolution objectives.

(1) At company level prior to consolidation adjustments.

(2) The commercial network in Spain also receives fees from SegurCaixa Adeslas for distributing its products through the branch network, although these fees are not included in the income statement for the insurance business because they relate instead to the banking business ex insurance.

Equity investments business

The segment contributed a total profit of €313 million to the Group in the year 2019. Its year-on-year comparison is mainly impacted by variations in the scope (Repsol and BFA) and due to extraordinary events in 2018, mainly from the negative result deriving from the agreement to sell the stake in Repsol.

- The **Net interest income** corresponds to the cost of financing the investee business. The fall is mainly due to the reduction of the assets financed in the framework of Repsol's divestment, partly offset by incorporating Coral Homes into this business as of 1 January 2019. The drop after the third quarter of 2019 is due to the lower funding expenses resulting from adapting the rate to market conditions.
- The **Dividend income** includes, in the second quarter of both financial years, €104 million corresponding to Telefónica and, in 2019, a €46 million dividend corresponding to BFA. The fourth quarter of 2018 shows a dividend of €23 million accruing on the remaining stake in Repsol.
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €184 million (€619 million accounted for in the same period of the previous year). Repsol's and BFA's contribution to this heading in 2018 was €434 million.
- **Trading income** reached €35 million in 2019 and includes the gains from hedge contracts on investees.
- **Gains/(losses) on disposal of assets and others** included in 2018 the recording of losses deriving from the agreement to sell the stake in Repsol (€-453 million) and from the change of accounting classification of the stake in BFA (€-154 million).

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
Net interest income	**(124)**	**(149)**	**(16.2)**	**(26)**	**(26)**	**(34)**	**(38)**	**(32)**
Dividend income	151	127	19.0			151		23
Share of profit/(loss) of entities accounted for using the equity method	184	619	(70.3)	33	50	47	54	72
Net fee and commission income								
Trading income	35	11		(11)	(4)	1	49	1
Income and expense under insurance or reinsurance contracts								
Other operating income and expense								
Gross income	**246**	**608**	**(59.5)**	**(4)**	**20**	**165**	**65**	**64**
Recurring administrative expenses, depreciation and amortisation	(4)	(4)		(1)	(1)	(1)	(1)	(1)
Extraordinary expenses								
Pre-impairment income	**242**	**604**	**(59.9)**	**(5)**	**19**	**164**	**64**	**63**
Pre-impairment income stripping out extraordinary expenses	**242**	**604**	**(59.9)**	**(5)**	**19**	**164**	**64**	**63**
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others		(607)						(154)
Profit/(loss) before tax	**242**	**(3)**		**(5)**	**19**	**164**	**64**	**(91)**
Income tax expense	71	90	(19.7)	11	59	5	(4)	77
Profit/(loss) after tax	**313**	**87**		**6**	**78**	**169**	**60**	**(14)**
Profit/(loss) attributable to minority interest and others		33						1
Profit/(loss) attributable to the Group	**313**	**54**		**6**	**78**	**169**	**60**	**(15)**
ROTE[1]	26.8%	40.1%	(13.3)	26.8%	25.3%	27.1%	28.8%	40.1%

(1) ROTE for 2018 excludes the impact of the agreement to sell Repsol. The coupon for the part of the AT1 issue assigned to this business has also been deducted.

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
BALANCE SHEET					
Assets					
Investments (Financial assets at fair value with changes in other comprehensive income and associates) and other[1]	4,554	4,842	(5.9)	4,685	(2.8)
Liabilities					
Intra-group financing and other liabilities	3,533	3,708	(4.7)	3,653	(3.3)
Assigned capital[2]	**1,021**	**1,134**	**(10.0)**	**1,032**	**(1.1)**

(1) The figures for 2019 include the investment in Coral Homes.

(2) The capital assigned to BFA and BCI is the amount required at sub-consolidated level for BPI for those interests.

BPI

Profit from the banking business of BPI reached €332 million (up 26.7% on 2018). **ROTE for the business, stripping out one-off impacts[1], was 7.5%.**

€ million	2019	2018	% Chg.	4Q19	3Q19	2Q19	1Q19	4Q18
INCOME STATEMENT								
Net interest income	**416**	**397**	**4.7**	**108**	**108**	**101**	**99**	**99**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	21	6		6	4	7	4	(7)
Net fee and commission income	258	280	(8.0)	65	66	67	60	72
Trading income	24	48	(49.5)	10	8		6	6
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(17)	(26)	(37.4)	1		(18)		
Gross income	**702**	**705**	**(0.4)**	**190**	**186**	**157**	**169**	**170**
Recurring administrative expenses, depreciation and amortisation	(463)	(449)	3.2	(115)	(116)	(117)	(115)	(106)
Extraordinary expenses	(1)	(24)		(1)				(13)
Pre-impairment income	**238**	**232**	**2.6**	**74**	**70**	**40**	**54**	**51**
Pre-impairment income stripping out extraordinary expenses	**239**	**256**	**(6.6)**	**75**	**70**	**40**	**54**	**64**
Allowances for insolvency risk	197	102		133	25	16	23	88
Other charges to provisions	3	4	(27.0)	3				3
Gains/(losses) on disposal of assets and others	2	51		(1)	1		2	(6)
Profit/(loss) before tax	**440**	**389**	**13.1**	**209**	**96**	**56**	**79**	**136**
Income tax expense	(108)	(107)	0.9	(49)	(22)	(16)	(21)	(39)
Profit/(loss) after tax	**332**	**282**	**17.7**	**160**	**74**	**40**	**58**	**97**
Profit/(loss) attributable to minority interest and others		20						3
Profit/(loss) attributable to the Group	**332**	**262**	**26.7**	**160**	**74**	**40**	**58**	**94**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	1.89	1.82	0.07	1.87	1.91	1.89	1.87	1.79
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	153	167	(8.5)	40	38	40	35	43
Sale of insurance products	53	52	1.9	12	15	13	13	14
Mutual funds, managed accounts and SICAVs	36	46	(19.6)	9	9	9	9	11
Pension plans	1	1			1			1
Unit Link and other	15	14	6.4	4	3	5	3	3
Net fee and commission income	**258**	**280**	**(8.0)**	**65**	**66**	**67**	**60**	**72**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(246)	(243)	1.2	(62)	(61)	(62)	(61)	(60)
General expenses	(150)	(169)	(11.1)	(36)	(38)	(39)	(37)	(37)
Depreciation and amortisation	(67)	(37)	82.4	(17)	(17)	(16)	(17)	(9)
Recurring administrative expenses, depreciation and amortisation	**(463)**	**(449)**	**3.2**	**(115)**	**(116)**	**(117)**	**(115)**	**(106)**
Extraordinary expenses	**(1)**	**(24)**		**(1)**				**(13)**
OTHER INDICATORS								
Core income	695	684	1.6	178	179	174	164	165
ROTE[1]	7.5%	8.0%	(0.5)	7.5%	6.7%	6.6%	7.5%	8.0%
Cost-to-income ratio stripping out extraordinary expenses (12 months)	66.0%	63.7%	2.3	66.0%	66.6%	67.0%	65.0%	63.7%
Customers	1.9	1.9		1.9	1.9	1.9	1.9	1.9
Employees	4,840	4,888	(1.0)	4,840	4,869	4,830	4,821	4,888
Branches	477	495	(3.6)	477	479	486	496	495

(1) The ratio for 2019 excludes the review carried out due to the passing of time in relation to the expected credit losses originally calculated at the time BPI was acquired (€130 million, net) and the extraordinary expenses.
The ratio for 2018 excludes extraordinary profit from the sale of BPI's acquiring business to Comercia Global Payments (€40 million, net), the review carried out by the passing of time in relation to the expected credit losses calculated in the fourth quarter of 2018 (€57 million, net), and the extraordinary expenses.
The coupon for the part of the AT1 issue assigned to this business has also been deducted.

Gross income was down 0.4% year-on-year, despite the 1.5% increase in **core income** (+4.9% without considering the changes in scope):

- **Net interest income** was up 4.7%, due to, among other factors, a higher volume of loans and advances.
- **Share of profit/(loss) of entities accounted for using the equity method** reached €21 million.
- **Fee and commission income** reached €258 million (-8.0% with respect to the previous year). In 2018 the heading includes fees from the businesses of asset management, cards and POS sold by BPI to CaixaBank Asset Management, CaixaBank Payments and Comercia, respectively, throughout the year. **Stripping out this impact, fees and commissions would have increased 5.7% with respect to 2018.**
- **Trading income** totalled €24 million (-49.5%).
- **Other operating income and expense** included the recognition of €-18 million paid to the SRF and to the Portuguese Fundo de Resoluçao (€-17 million in the previous year).

• **Recurring administrative expenses, depreciation and amortisation** stood at €463 million (+3.2%).

• The year-on-year performance of Profit/(loss) attributable to the Group was impacted by **Allowances for insolvency risk**, which includes in 2019 a positive impact of €179 million from reviewing the expected credit losses associated with the adjustment of credit risk calculated at the time BPI was acquired in February 2017 (€78 million in 2018).

• Changes to the heading **Gains/(losses) on disposal of assets and others** are impacted by the recording in 2018 of the profit from the sale of the acquiring business (point of sale terminals) by BPI to Comercia (€+58 million).

• The change in **Profit/(loss) attributable to minority interest and others** was down to CaixaBank's larger stake in BPI, up to 100% as of December 2018 after the approval was granted for it to be delisted.

The following aspects were largely behind the quarterly change:

• **Gross income** came to €190 million, +2.2% quarter on quarter, with a slight reduction in core income (-0.6%)

• **Allowances for insolvency risk** in the quarter reflects the aforementioned impact from reviewing the expected credit losses associated with the adjustment of credit risk calculated at the time BPI was acquired.

With regard to the indicators on business activity and asset quality of BPI:

- **Loans and advances to customers, gross** reached €24,303 million, up 4.4% in the year, and the performing portfolio gained 5.8% in 2019.
- **Customer funds stood at €29,789 million**, up 2.4% in the year.
- BPI's **Non-performing loan ratio** stood at 3.0% (-120 basis points in the year), as per the CaixaBank Group's NPL classification criteria. Its performance is impacted by, among others, the improvement of the asset's quality indicators and portfolio sales in the fourth quarter of 2019.
- The Non-performing loan coverage ratio, including the provisions posted by CaixaBank due to the business combination, came to 78%. The change in 2019 (-9 percentage points) mainly came in response to the aforementioned review of provisions in relation to the business combination.

€ million	**Dec. 31, 2019**	**Sep. 30, 2019**	**% Chg.**	**Dec. 31, 2018**	**% Chg.**
BALANCE SHEET					
Assets	31,444	31,457		31,078	1.2
Liabilities	28,397	28,406		28,357	0.1
Assigned capital	3,047	3,051	(0.1)	2,721	12.0
LOANS AND ADVANCES					
Loans to individuals	**13,034**	**12,788**	**1.9**	**12,643**	**3.1**
Home purchases	11,371	11,179	1.7	11,171	1.8
Other	1,663	1,609	3.4	1,472	13.0
of which: Consumer lending	1,325	1,265	4.7	1,110	19.4
Loans to business	**9,473**	**9,351**	**1.3**	**9,005**	**5.2**
Corporates and SMEs	9,268	9,160	1.2	8,828	5.0
Real estate developers	205	191	7.3	177	15.8
Public sector	**1,796**	**1,783**	**0.7**	**1,628**	**10.3**
Loans and advances to customers, gross	**24,303**	**23,922**	**1.6**	**23,276**	**4.4**
Of which performing loans	23,621	23,024	2.6	22,326	5.8
Of which non-performing loans	682	898	(24.1)	950	(28.2)
Provisions for insolvency risk	(537)	(738)	(27.2)	(814)	(34.0)
Loans and advances to customers, net	**23,766**	**23,184**	**2.5**	**22,462**	**5.8**
Contingent liabilities	1,575	1,631	(3.4)	1,636	(3.7)
FUNDS					
Customer funds	22,809	22,668	0.6	22,036	3.5
Demand deposits	14,475	14,280	1.4	13,334	8.6
Time deposits	8,334	8,388	(0.6)	8,702	(4.2)
Reverse repurchase agreements and others	16	17	(5.9)	16	
On-balance sheet funds	**22,825**	**22,685**	**0.6**	**22,052**	**3.5**
Mutual funds, managed accounts and SICAVs	5,395	5,096	5.9	5,083	6.1
Assets under management	**5,395**	**5,096**	**5.9**	**5,083**	**6.1**
Other accounts	**1,569**	**1,671**	**(6.1)**	**1,952**	**(19.6)**
Total customer funds	**29,789**	**29,452**	**1.1**	**29,087**	**2.4**
Memorandum items					
Insurance contracts sold[1]	4,555	4,480	1.7	4,120	10.6
ASSET QUALITY					
Non-performing loan ratio (%)	3.0%	3.9%	(0.9)	4.2%	(1.2)
Non-performing loan coverage ratio (%)	78%	83%	(5.0)	87%	(9.0)

(1) Relate to the insurance products of BPI Vida e Pensões, for which VidaCaixa is responsible under the Group's corporate structure. While reported under the banking and insurance business, the policies are marketed by BPI.

The CaixaBank share

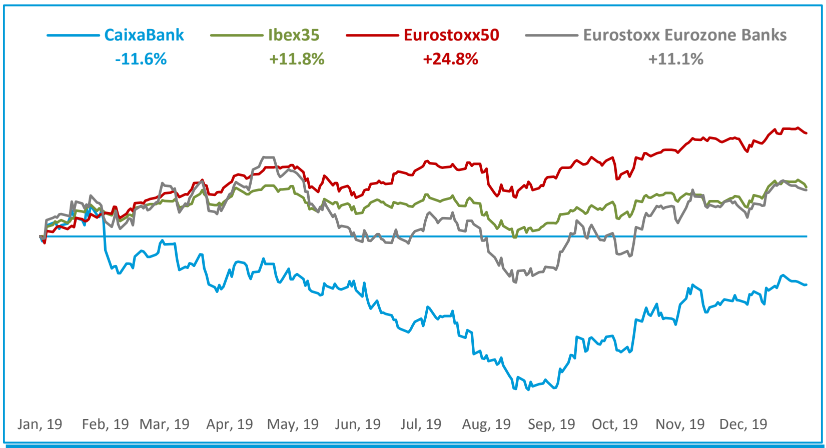
- The **CaixaBank share** closed trading on 31 December 2019 at €2,798/share, up +16.1% in the fourth quarter of the year (vs. +10.3% of the Eurostoxx Banks European selective and +5.5% of the Ibex 35 Banks), restraining the fall in the year to -11.6% (vs. a variation of +11.1% Eurostoxx Banks and -3.4% Ibex 35 Banks). The general indices closed 2019 trading with increases: Eurostoxx 50 +24.8% (+4.9% in the quarter) and Ibex 35 +11.8% (+3.3% in the quarter).

  The year 2019 has been marked by the slowdown in global growth, which was impacted by the uncertainty resulting from the trade war between the US and China, the political difficulties in the EU (mainly Brexit) and other global geopolitical tensions. However, late in the year, the trade agreement between Washington and Beijing and the publishing of a series of pleasantly surprising macroeconomic indicators boosted investor optimism and the risk appetite.

- Specifically in the European banking sector, the ECB announcement of a monetary policy measures package in the third quarter (with a restrained reduction of the rate on the deposit facility, the improved conditions of TLTRO III and a new remuneration system for liquidity deposited with the ECB) also contributed to the recovery in investor sentiment.

- In the fourth quarter of 2019, the trading volume[1] of the CaixaBank share in euros was 36.8% down on the same quarter of 2018 and 5.9% down on the previous quarter. Similarly, the number of shares traded fell 13.6% compared to the same period of the previous year, and down 18.0% compared to the third quarter of 2019.

(1) Traded in trading platforms, such as: BME, BATS Chi-X, TURQUOISE and BATS Europe, among others, while excluding over-the-counter transactions. It does not include block transactions or applications.



Performance of the CaixaBank share compared to the main Spanish and European indices.

Key performance indicators for the CaixaBank share

	Dec. 31, 2019
Market capitalization (€ million)	16,727
Number of outstanding shares[1]	5,978,309
Share price (€/share)	
Share price at the beginning of the period (December 31, 2018)	3.164
Price at closing of the period (December 31, 2019)	2.798
Maximum price[2]	3.400
Minimum price[2]	2.002
Trading volume in 2019 (number of shares, excluding non-recurring transactions, in thousands)	
Maximum daily trading volume	84,721
Minimum daily trading volume	3,520
Average daily trading volume	23,583
Stock market ratios	
Profit attributable to the Group (€ million) (12 months)	1,572
Average number of shares (12 months)[1]	5,978,203
Net income attributable per share (EPS) (€/share)	**0.26**
Net equity excluding minority interests (€ million).	25,123
Number of shares at December 31, 2019[1]	5,978,309
Book value (€/share)	**4.20**
Net equity excluding minority interests (tangible) (€ million).	20,867
Number of shares at December 31, 2019[1]	5,978,309
Tangible book value (€/share)	**3.49**
PER (Price/Profit)	**10.64**
Tangible P/BV (Market value / tangible book value)	**0.80**
Dividend yield[3]	**6.08%**

(1) Number of shares, in thousands, excluding treasury shares
(2) Price at close of trading.
(3) Calculated by dividing the remuneration for the financial year 2018 (0.17 euros/share) by the closing price at the end of the period (2,798 euros/share).

Shareholder returns

- In accordance with the dividend policy approved by the Board of Directors on 31 January 2019, the remuneration of shareholders, as of 2019, will be a single cash dividend to be paid around April 2020 after the close of the financial year.
- Likewise, in the 2019-2021 Strategic Plan, CaixaBank reported its intention, in compliance with the dividend policy, of remunerating shareholders by distributing an amount in cash greater than 50% of consolidated net profit, setting the maximum amount to be distributed charged to 2019 at 60% of the consolidated net profit.
- On 30 January 2020, the Board of Directors announced its intention to propose at the Annual General Meeting the payment of a cash dividend of €0.15 per share against profit for 2019. This payment would represent 53% of the profit for 2019, in line with the Strategic Plan. In addition, it agreed to set the maximum amount payable against 2020 earnings at 60% of the consolidated net profit.

Appendices

Investment portfolio

Main investees at 31 December 2019:

CaixaBank	%	Business segment
Telefónica	5.00%	Equity Investments
Erste Group Bank	9.92%	Equity Investments
Coral Homes	20.00%	Equity Investments
SegurCaixa Adeslas	49.92%	Banking and insurance
Comercia Global Payments	49.00%	Banking and insurance
BPI	100%	BPI
BFA	48.10%	Equity Investments
Banco Comercial e de Investimentos (BCI)	35.67%	Equity Investments

Information on financing for CaixaBank home purchases

Change in financing for home purchases

€ million	Dec. 31, 2018	Sep. 30, 2019	Dec 31, 2019
Without mortgage collateral	750	688	651
of which: non-performing	7	7	6
With mortgage collateral	79,721	77,578	76,453
of which: non-performing	3,045	2,700	2,660
Total	**80,471**	**78,266**	**77,104**

Loan-to-value breakdown[1]

€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	TOTAL
			Dec 31, 2019			
Gross amount	21,726	28,498	18,954	3,927	3,348	76,453
of which: Non-performing	204	362	535	512	1,047	2,660

€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	TOTAL
			Sep. 30, 2019			
Gross amount	21,668	28,984	19,489	4,014	3,423	77,578
of which: Non-performing	213	373	528	517	1,069	2,700

€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	TOTAL
			Dec. 31, 2018			
Gross amount	21,386	30,033	20,669	4,275	3,358	79,721
of which: Non-performing	222	409	587	585	1,242	3,045

(1) Loan to value calculated on the basis of latest appraisals according to the criteria set out in Circular 4/2016.

Ratings

Agency	Long-Term	Short-Term	Outlook	Last review date	Rating of mortgage covered bonds
S&P Global	BBB+	A-2	Stable	May. 31, 2019	AA
Fitch[2]	BBB+	F2	Stable	Sep. 27, 2019	-
Moody's	Baa1	P-2	Stable	May. 17, 2019	Aa1
DBRS	A	R-1 (low)	Stable	Mar. 29, 2019	AAA

(2) Senior preferred debt at Rating Watch Positive.

Glossary

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA Guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the company's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

Alternative Performance Measures used by the Group

1- Profitability and cost-to-income

a) Customer spread:

Explanation: difference between:

- average rate of return on loans (annualised income for the quarter from loans and advances divided by the net average balance of loans and advances for the quarter).
- average rate for retail deposits (annualised quarterly cost of retail deposits divided by the average balance of those same retail deposits for the quarter, excluding subordinated liabilities).

Purpose: allows the Group to track the spread between interest income and costs for customers.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	Annualised quarterly income from loans and advances to customers	4,741	4,818	4,797	4,789	4,745
Denominator	Net average balance of loans and advances to customers	208,608	210,726	212,858	215,173	214,376
(a)	**Average yield rate on loans (%)**	**2.27**	**2.29**	**2.25**	**2.23**	**2.21**
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	79	53	64	60	44
Denominator	Average balance of on-balance sheet retail customers funds	203,366	205,680	214,305	219,137	217,239
(b)	**Average cost rate of retail customer funds (%)**	**0.04**	**0.02**	**0.03**	**0.03**	**0.02**
	Customer spread (%) (a - b)	**2.23**	**2.27**	**2.22**	**2.20**	**2.19**

b) Balance sheet spread:

Explanation: difference between:

- average rate of return on assets (annualised interest income for the quarter divided by average total assets for the quarter).
- average cost of funds (annualised interest expenses for the quarter divided by total average funds for the quarter).

Purpose: allows the Group to track the spread between interest income and cost for its on-balance sheet assets and liabilities.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	Annualised quarterly interest income	6,959	6,939	7,276	6,971	7,038
Denominator	Average total assets for the quarter	384,500	393,767	406,725	407,283	407,407
(a)	**Average return rate on assets (%)**	**1.81**	**1.76**	**1.79**	**1.71**	**1.73**
Numerator	Annualised quarterly interest expenses	2,055	1,922	2,298	2,043	2,154
Denominator	Average total liabilities for the quarter	384,500	393,767	406,725	407,283	407,407
(b)	**Average cost of fund rate (%)**	**0.53**	**0.49**	**0.57**	**0.50**	**0.53**
	Balance sheet spread (%) (a - b)	**1.28**	**1.27**	**1.22**	**1.21**	**1.20**

c) ROE:

Explanation: profit attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon reported in shareholders' equity) divided by average shareholder equity plus valuation adjustments for the last 12 months.

Purpose: allows the Group to monitor the return on its shareholders' equity.

The ratios prior to 4Q19 have been restated (see section 'Business Activity-Balance Sheet').

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Adjusted profit attributable to the Group 12M**	1,902	1,720	1,195	1,359	**1,572**
Denominator	**Average shareholder equity + valuation adjustments 12M**	24,278	24,400	24,519	24,574	**24,732**
	ROE (%)	**7.8%**	**7.1%**	**4.9%**	**5.5%**	**6.4%**
	ROE (%) excluding Labour Agreement	**-**	**-**	**7.7%**	**8.3%**	**9.0%**

d) ROTE:

Explanation: quotient between:

- profit attributable to the Group (adjusted by the amount of the *Additional Tier 1* coupon reported in shareholder equity).
- 12-month average shareholder equity plus valuation adjustments deducting intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet).

Purpose: metric used to measure the return on a company's tangible equity.

The ratios prior to 4Q19 have been restated (see section 'Business Activity-Balance Sheet').

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Adjusted profit attributable to the Group 12M**	1,902	1,720	1,195	1,359	**1,572**
Denominator	**Average shareholder equity + valuation adjustments excluding intangible assets 12M**	20,035	20,146	20,257	20,314	**20,484**
	ROTE (%)	**9.5%**	**8.5%**	**5.9%**	**6.7%**	**7.7%**
	ROTE (%) excluding Labour Agreement	**-**	**-**	**9.3%**	**10.0%**	**10.8%**

e) ROA:

Explanation: net profit (adjusted by the amount of the *Additional Tier 1* coupon reported in shareholder equity) divided by average total assets for the last 12 months.

Purpose: measures the level of return relative to assets.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Adjusted net profit 12M**	1,957	1,743	1,210	1,365	**1,575**
Denominator	**Average total assets 12M**	383,801	387,900	393,278	398,069	**403,842**
	ROA (%)	**0.5%**	**0.4%**	**0.3%**	**0.3%**	**0.4%**
	ROA (%) excluding Labour Agreement	-	-	**0.5%**	**0.5%**	**0.6%**

f) RORWA:

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total risk-weighted assets for the last 12 months.

Purpose: measures the return based on risk-weighted assets.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Adjusted net profit 12M**	1,957	1,743	1,210	1,365	**1,575**
Denominator	**Risk-weighted assets 12M**	148,191	147,881	147,863	147,834	**148,114**
	RORWA (%)	**1.3%**	**1.2%**	**0.8%**	**0.9%**	**1.1%**
	RORWA (%) excluding Labour Agreement	-	-	**1.3%**	**1.4%**	**1.5%**

g) Cost-to-income ratio:

Explanation: operating expenses (administrative expenses, depreciation and amortisation) divided by gross income (or core income[1] for the core cost-to-income ratio) for the last 12 months.

Purpose: metric widely used in the banking sector to compare the cost to income generated.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Administrative expenses + depreciation and amortisation 12M**	4,658	4,710	5,732	5,756	**5,750**
Denominator	**Gross income 12M**	8,767	8,614	8,558	8,476	**8,605**
	Cost-to-income ratio	**53.1%**	**54.7%**	**67.0%**	**67.9%**	**66.8%**

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Administrative expenses + depreciation and amortisation stripping out extraordinary expenses 12M**	4,634	4,689	4,738	4,765	**4,771**
Denominator	**Gross income 12M**	8,767	8,614	8,558	8,476	**8,605**
	Cost-to-income ratio stripping out extraordinary expenses	**52.9%**	**54.4%**	**55.4%**	**56.2%**	**55.4%**

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Administrative expenses + depreciation and amortisation stripping out extraordinary expenses 12M**	4,634	4,689	4,738	4,765	**4,771**
Denominator	**Core income[1] 12M**	8,217	8,236	8,210	8,235	**8,316**
	Core cost-to-income ratio	**56.4%**	**56.9%**	**57.7%**	**57.9%**	**57.4%**

(1) Includes net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

2- Risk Management

a) Cost of risk:

Explanation: total allowances for insolvency risk (12 months) divided by average of gross loans to customers plus contingent liabilities, using management criteria.

Purpose: indicator used to monitor and track the cost of allowances for insolvency risk on the loan book.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	Allowances for insolvency risk 12M	97	81	53	335	**376**
Denominator	Average of gross loans + contingent liabilities 12M	237,253	238,364	239,771	241,593	**243,143**
	Cost of risk (%)	0.04%	0.03%	0.02%	0.14%	0.15%
	Cost of risk (%), excluding the release of provisions 3Q18	0.16%	0.15%	0.14%	-	-

b) Non-performing loan ratio

Explanation: quotient between:

- non-performing loans and advances to customers and contingent liabilities, using management criteria.
- total gross loans and advances to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor and track the change and quality of the loan portfolio.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	NPLs (including contingent liabilities)	11,195	10,983	10,402	9,953	**8,794**
Denominator	Total gross loans and advances to customers + contingent liabilities	239,281	241,234	246,555	244,319	**244,262**
	Non-performing loan ratio (%)	4.7%	4.6%	4.2%	4.1%	3.6%

c) Coverage ratio:

Explanation: quotient between:

- total credit loss provisions for loans and advances to customers and contingent liabilities, using management criteria.
- non-performing loans and advances to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor NPL coverage via provisions.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	Provisions on loans and advances to customers + contingent liabilities	6,014	5,908	5,608	5,330	**4,863**
Denominator	NPLs (including contingent liabilities)	11,195	10,983	10,402	9,953	**8,794**
	Coverage ratio (%)	54%	54%	54%	54%	55%

d) Real estate available for sale coverage ratio:

Explanation: quotient between:

- gross debt cancelled at the foreclosure or surrender of the real estate asset less the present net book value of the real estate asset.
- gross debt cancelled at the foreclosure or surrender of the real estate asset.

Purpose: reflects the coverage level via write-downs and accounting provisions on foreclosed real estate assets available for sale.

		4Q18	1Q19	2Q19	3Q19	4Q19
(a)	Gross debt cancelled at the foreclosure	1,209	1,339	1,420	1,499	1,576
(b)	Net book value of the foreclosed asset	740	813	863	914	958
Numerator	**Total coverage of the foreclosed asset (a - b)**	**469**	**526**	**557**	**585**	**618**
Denominator	**Gross debt cancelled at the foreclosure**	**1,209**	**1,339**	**1,420**	**1,499**	**1,576**
	Real estate available for sale coverage ratio (%)	**39%**	**39%**	**39%**	**39%**	**39%**

e) Real estate available for sale coverage ratio with accounting provisions:

Explanation: quotient between:

- Accounting coverage: charges to provisions of foreclosed assets.
- Book value of the foreclosed asset: sum of net carrying amount and the accounting provision.

Purpose: indicator of accounting provisions covering foreclosed real estate assets available for sale.

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Accounting provisions of the foreclosed assets**	**285**	**328**	**366**	**389**	**414**
(a)	Net book value of the foreclosed asset	740	813	863	914	958
(b)	Accounting provisions of the foreclosed assets	285	328	366	389	414
Denominator	**Gross book value of the foreclosed asset (a + b)**	**1,025**	**1,141**	**1,229**	**1,303**	**1,372**
	Real estate available for sale accounting coverage (%)	**28%**	**29%**	**30%**	**30%**	**30%**

3- Liquidity

a) Total Liquid Assets

Explanation: Sum of HQLAs (High Quality Liquid Assets within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA).

Purpose: shows the Bank's liquidity position.

		4Q18	1Q19	2Q19	3Q19	4Q19
(a)	**High Quality Liquid Assets (HQLAs)**	57,093	64,061	54,112	56,437	**55,017**
(b)	**Available balance under the ECB facility (non- HQLAs)**	22,437	21,957	33,462	33,005	**34,410**
	Total liquid assets (a + b)	**79,530**	**86,018**	**87,574**	**89,442**	**89,427**

b) Loan-to-deposits:

Explanation: quotient between:

- net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions).
- on-balance sheet customer funds.

Purpose: metric showing the retail funding structure (allows us to value the proportion of retail lending being funded by customer funds).

		4Q18	1Q19	2Q19	3Q19	4Q19
Numerator	**Loans and advances to customers, net (a-b-c)**	**214,370**	**216,205**	**221,075**	**218,399**	**218,420**
(a)	Loans and advances to customers, gross	224,693	226,432	230,867	227,876	227,406
(b)	Provisions for insolvency risk	5,728	5,662	5,369	5,071	4,704
(c)	Brokered loans	4,595	4,565	4,423	4,406	4,282
Denominator	**On-balance sheet customer funds**	**204,980**	**211,295**	**220,764**	**218,717**	**218,532**
	Loan to Deposits (%)	**105%**	**102%**	**100%**	**100%**	**100%**

Other relevant indicators:

EPS (Earnings per share): profit attributable to the Group[1] for the last 12 months divided by the average number of shares outstanding.

The **average number of shares outstanding** is calculated as average shares issued less the average number of treasury shares.

Market capitalisation: share price multiplied by the number of outstanding shares minus the number of treasury shares held at the end of the period.

BVPS (Book value per share): equity less minority interests divided by the number of fully diluted shares outstanding at a specific date.

Fully-diluted outstanding shares equals shares issued (less treasury shares) plus the shares resulting from a theoretical redemption/conversion of the issued exchangeable debt instruments, at a specific date.

TBVPS (Tangible book value per share): quotient between:

- equity less minority interests and intangible assets; and
- the number of fully-diluted outstanding shares at a specific date.

PER (Price-to-earnings ratio): share price divided by earnings per share (EPS).

P/BV: share price divided by book value.

P/TBV tangible: share price divided by tangible book value.

Dividend yield: dividends paid (in shares or cash) in the last 12 months divided by the period-end share price.

MDA (maximum distributable amount) buffer: the capital threshold below which limitations exist on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments. It is defined as Pillar 1 + Pillar 2 capital requirements + capital buffers + possible AT1 and T2 deficits.

Available Distributable Items (ADIs): sum of profit and unrestricted reserves, net of dividends (based on the individual financial statements). Does not include the share premium.

OCI*:* other comprehensive income.

MREL (Minimum Requirement for Eligible Liabilities): minimum requirement of shareholder equity and eligible liabilities with the capacity to absorb losses, in addition to the issues eligible for total capital; it includes Senior non-preferred debt, Senior preferred debt and other pari-passu liabilities, in accordance with the Single Resolution Board.

Subordinated MREL: comprises eligible issues for total capital and issues of Senior non-preferred debt.

(1) Figures adjusted to reflect the amount of the Additional Tier 1 coupon reported in equity.

Adaptation of the layout of the public income statement to management format

Net fee and commission income. Includes the following line items:

- Fee and commission income.
- Fee and commission expenses.

Trading income. Includes the following line items:

- Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets not designated for trading compulsorily measured fair value through profit or loss (net).
- Gains/(losses) on financial assets and liabilities held for trading, net.
- Gains/(losses) from hedge accounting, net.
- Exchange differences (net).

Administrative expenses, depreciation and amortisation. Includes the following line items:

- Administrative expenses.
- Depreciation and amortisation.

Pre-impairment income.

- (+) Gross income.
- (-) Operating expenses.

Allowances for insolvency risk and charges to provisions. Includes the following line items:

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss or net profit or loss due to a change.
- Provisions/(reversal) of provisions.

Of which: Allowances for insolvency risk.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

Of which: Other charges to provisions.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

Gains/(losses) on disposal of assets and others. Includes the following line items:

- Impairment or reversal of impairment on investments in joint ventures or associates.
- Impairment or reversal of impairment on non-financial assets.
- Gains/(losses) on derecognition of non-financial assets and investments, net.
- Negative goodwill recognised in profit or loss.
- Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net).

Profit/(loss) attributable to minority interests and others. Includes the following line items:

- Profit/(loss) for the period attributable to minority interests (non-controlling interests).
- Profit/(loss) after tax from discontinued operations.

Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

December 2019 € million	
Financial assets at amortised cost - Customers (Public Balance Sheet)	**222,154**
Reverse repurchase agreements (public and private sector)	(813)
Clearing Houses	(1,239)
Other, non-retail, financial assets	(319)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	**166**
Fixed income bonds considered retail financing (Financial assets at amortised cost - Debt securities, Balance Sheet)	**2,403**
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	**350**
Provisions for insolvency risk	**4,704**
Loans and advances to customers (gross), using management criteria	**227,406**

Liabilities under insurance contracts

December 2019 € million	
Liabilities under the insurance business (Public Balance Sheet)	**70,807**
Capital gains/(losses) under the insurance business (excluding unit link and other)	(13,361)
Insurance contract liabilities, using management criteria	**57,446**

Customer funds

December 2019 € million	
Financial liabilities at amortised cost - Customer deposits (Public Balance Sheet)	**221,079**
Non-retail funds (registered under Financial liabilities at amortised cost - Customer deposits)	**(2,878)**
Multi-issuer covered bonds and subordinated deposits	(2,932)
Counterparties and other	54
Retail funds (registered under Financial liabilities at amortised cost - Debt securities)	**1,625**
Retail issues and other	1,625
Liabilities under insurance contracts, using management criteria	**57,446**
Total on-balance sheet customer funds	**277,272**
Assets under management	**102,316**
Other accounts[1]	**4,698**
Total customer funds	**384,286**

(1) Includes, among others, transitional funds associated with transfers and collection activity, as well as other funds distributed by the Group.

Institutional issuances for banking liquidity purposes

December 2019 € million	
Financial liabilities at amortised cost - Debt securities (Public Balance Sheet)	**33,648**
Institutional financing not considered for the purpose of managing bank liquidity	**(3,864)**
Securitised bonds	(1,387)
Value adjustments	(969)
Retail	(1,625)
Issues acquired by companies within the group and other	117
Customer deposits for the purpose of managing bank liquidity[1]	**2,932**
Institutional financing for the purpose of managing bank liquidity	**32,716**

(1) A total of €2,899 million in multi-issuer covered bonds (net of retained issues) and €33 million in subordinated deposits.

Foreclosed real estate assets (available for sale and held for rent)

December 2019 € million	
Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	**1,354**
Other non-foreclosed assets	(415)
Inventories under the heading - Other assets (Public Balance Sheet)	**19**
Foreclosed available for sale real estate assets	**958**
Tangible assets (Public Balance Sheet)	**7,282**
Tangible assets for own use	(4,915)
Other assets	(273)
Foreclosed rental real estate assets	**2,094**

Historical income statement figures for the CABK and BPI perimeters

a) Quarterly performance of the income statement and solvency ratios

	CABK				
€ million	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q18**
Net interest income	**1,124**	**1,135**	**1,141**	**1,139**	**1,138**
Dividend income	1		103	10	24
Share of profit/(loss) of entities accounted for using the equity method	72	125	91	99	77
Net fee and commission income	629	590	569	552	573
Trading income	14	20	213	42	(52)
Income and expense under insurance or reinsurance contracts	149	143	134	130	132
Other operating income and expense	(176)	(35)	(123)	(35)	(227)
Gross income	**1,813**	**1,978**	**2,128**	**1,937**	**1,665**
Recurring administrative expenses, depreciation and amortisation	(1,059)	(1,073)	(1,087)	(1,089)	(1,062)
Extraordinary expenses			(978)		
Pre-impairment income	**754**	**905**	**63**	**848**	**603**
Pre-impairment income stripping out extraordinary expenses	**754**	**905**	**1,041**	**848**	**603**
Allowances for insolvency risk	(221)	(109)	(97)	(146)	(135)
Other charges to provisions	(87)	(60)	(43)	(48)	(146)
Gains/(losses) on disposal of assets and others	(84)	(45)	(22)	(18)	(98)
Profit/(loss) before tax	**362**	**691**	**(99)**	**636**	**224**
Income tax expense	(75)	(172)	102	(164)	35
Profit/(loss) after tax	**287**	**519**	**3**	**472**	**259**
Profit/(loss) attributable to minority interest and others	1	2			23
Profit/(loss) attributable to the Group	**286**	**517**	**3**	**472**	**236**
Risk-weighted assets	129,882	131,755	129,964	131,644	129,015
Common Equity Tier 1 (CET1)	*11.8%*	*11.5%*	*11.3%*	*11.3%*	*11.3%*
Total capital	*15.6%*	*15.2%*	*15.4%*	*15.3%*	*15.3%*

	BPI				
€ million	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q18**
Net interest income	**107**	**107**	**100**	**98**	**98**
Dividend income	1		48		
Share of profit/(loss) of entities accounted for using the equity method	9	10	11	8	24
Net fee and commission income	65	66	67	60	72
Trading income	(1)	4		6	7
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	1		(18)		
Gross income	**182**	**187**	**208**	**172**	**201**
Recurring administrative expenses, depreciation and amortisation	(115)	(116)	(117)	(115)	(106)
Extraordinary expenses	(1)				(13)
Pre-impairment income	**66**	**71**	**91**	**57**	**82**
Pre-impairment income stripping out extraordinary expenses	**67**	**71**	**91**	**57**	**95**
Allowances for insolvency risk	133	25	16	23	88
Other charges to provisions	3				3
Gains/(losses) on disposal of assets and others	(1)	1		2	(160)
Profit/(loss) before tax	**201**	**97**	**107**	**82**	**13**
Income tax expense	(48)	30	(21)	(21)	(27)
Profit/(loss) after tax	**153**	**127**	**86**	**61**	**(14)**
Profit/(loss) attributable to minority interest and others					5
Profit/(loss) attributable to the Group	**153**	**127**	**86**	**61**	**(19)**
Risk-weighted assets	17,949	17,577	17,367	17,248	16,928
Common Equity Tier 1 (CET1)	*13.4%*	*12.7%*	*13.1%*	*13.5%*	*13.2%*
Total capital	*16.6%*	*15.9%*	*14.8%*	*15.2%*	*14.9%*

b) Quarterly cost and income as part of net interest income

		CAIXABANK														
		4Q19			3Q19			2Q19			1Q19			4Q18		
€ million		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions		22,065	32	0.57	19,327	29	0.60	29,465	44	0.60	21,638	41	0.76	19,625	42	0.86
Loans and advances	(a)	193,221	1,098	2.25	194,270	1,106	2.26	192,144	1,097	2.29	190,052	1,091	2.33	187,960	1,096	2.31
Debt securities		29,095	62	0.85	30,106	76	1.00	31,410	88	1.12	34,450	85	1.00	31,421	85	1.08
Other assets with returns		64,826	468	2.86	64,955	429	2.62	60,071	472	3.15	56,592	383	2.75	54,478	416	3.03
Other assets		69,921	1	-	70,700	4	-	65,653	4	-	63,787	3	-	63,961	3	-
Total average assets	**(b)**	**379,128**	**1,661**	**1.74**	**379,358**	**1,644**	**1.72**	**378,743**	**1,705**	**1.81**	**366,519**	**1,603**	**1.77**	**357,445**	**1,642**	**1.82**
Financial Institutions		27,374	(50)	0.73	26,142	(57)	0.86	38,949	(69)	0.71	38,977	(60)	0.63	37,596	(50)	0.53
Retail customer funds	(c)	194,650	(12)	0.03	196,676	(15)	0.03	192,238	(16)	0.03	184,227	(12)	0.03	182,176	(14)	0.03
Demand deposits		172,200	(7)	0.02	172,872	(9)	0.02	168,138	(11)	0.03	161,054	(9)	0.02	158,563	(11)	0.03
Maturity deposits		22,450	(5)	0.10	23,804	(6)	0.10	24,101	(5)	0.09	23,173	(3)	0.05	23,614	(3)	0.06
Time deposits		19,511	(5)	0.10	20,460	(6)	0.11	20,835	(5)	0.10	20,466	(3)	0.06	20,827	(3)	0.06
Retail repurchase agreements and marketable debt securities		2,939	-	-	3,344	-	-	3,265	-	-	2,707	-	-	2,786	-	-
Wholesale marketable debt securities & other		28,302	(56)	0.78	27,455	(60)	0.87	27,440	(59)	0.86	25,889	(57)	0.89	25,415	(62)	0.97
Subordinated liabilities		5,400	(18)	1.32	5,400	(19)	1.36	5,400	(19)	1.40	5,400	(18)	1.36	5,723	(21)	1.44
Other funds with cost		74,139	(390)	2.08	73,771	(347)	1.87	68,421	(390)	2.29	65,286	(307)	1.91	63,100	(352)	2.21
Other funds		49,263	(11)	-	49,914	(11)	-	46,295	(11)	-	46,740	(10)	-	43,435	(5)	-
Total average funds	**(d)**	**379,128**	**(537)**	**0.56**	**379,358**	**(509)**	**0.53**	**378,743**	**(564)**	**0.60**	**366,519**	**(464)**	**0.51**	**357,445**	**(504)**	**0.56**
Net interest income			1,124			1,135			1,141			1,139			1,138	
Customer spread (%)	(a-c)		2.22			2.23			2.26			2.30			2.28	
Balance sheet spread (%)	(b-d)		1.18			1.19			1.21			1.26			1.26	

		BPI														
		4Q19			3Q19			2Q19			1Q19			4Q18		
€ million		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions		2,423	7	1.12	2,072	5	0.98	2,449	3	0.45	2,095	4	0.74	1,942	3	0.63
Loans and advances	(a)	21,286	99	1.84	21,044	101	1.91	20,889	99	1.89	20,854	97	1.89	20,815	100	1.90
Debt securities		5,305	10	0.78	5,376	9	0.66	5,414	9	0.67	5,172	9	0.68	4,946	13	1.08
Other assets with returns		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets		3,101	1	-	3,201	3	-	3,279	2	-	3,195	2	-	3,303	4	-
Total average assets	**(b)**	**32,115**	**117**	**1.44**	**31,693**	**118**	**1.47**	**32,031**	**113**	**1.41**	**31,316**	**112**	**1.45**	**31,006**	**120**	**1.54**
Financial Institutions		3,299	(1)	0.14	3,030	(1)	0.08	3,462	(1)	0.16	3,726	(2)	0.22	4,065	(2)	0.15
Retail customer funds	(c)	22,793	2	(0.03)	22,752	-	-	22,574	-	-	21,961	(1)	0.02	21,756	(6)	0.11
Demand deposits		14,390	-	-	14,246	-	-	13,994	-	-	13,258	-	-	13,123	-	-
Maturity deposits		8,403	2	(0.08)	8,506	-	(0.01)	8,580	-	-	8,703	(1)	0.05	8,633	(6)	0.28
Time deposits		8,403	2	(0.08)	8,506	-	(0.01)	8,580	-	-	8,703	(1)	0.05	8,633	(6)	0.28
Retail repurchase agreements and marketable debt securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale marketable debt securities & other		1,057	(4)	1.54	1,098	(4)	1.47	1,254	(4)	1.41	845	(4)	2.04	520	(4)	3.38
Subordinated liabilities		300	(4)	5.47	300	(4)	5.63	300	(4)	5.59	300	(4)	5.55	300	(4)	5.55
Other funds with cost		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other funds		4,666	(3)	-	4,513	(2)	-	4,441	(4)	-	4,484	(3)	-	4,365	(6)	-
Total average funds	**(d)**	**32,115**	**(10)**	**0.11**	**31,693**	**(11)**	**0.13**	**32,031**	**(13)**	**0.16**	**31,316**	**(14)**	**0.18**	**31,006**	**(22)**	**0.29**
Net interest income			107			107			100			98			98	
Customer spread (%)	(a-c)		1.87			1.91			1.89			1.87			1.79	
Balance sheet spread (%)	(b-d)		1.33			1.34			1.25			1.27			1.25	

c) Quarterly change in fees and commissions

	CAIXABANK				
€ million	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q18**
Banking services, securities and other fees	361	342	327	317	332
Sale of insurance products	40	36	42	42	38
Mutual funds, managed accounts and SICAVs	134	129	121	118	126
Pension plans	62	54	54	51	55
Unit Link and other	32	29	25	24	22
Net fee and commission income	**629**	**590**	**569**	**552**	**573**

	BPI				
€ million	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q18**
Banking services, securities and other fees	40	38	40	35	43
Sale of insurance products	12	15	13	13	14
Mutual funds, managed accounts and SICAVs	9	9	9	9	11
Pension plans		1			1
Unit Link and other	4	3	5	3	3
Net fee and commission income	**65**	**66**	**67**	**60**	**72**

d) Quarterly change in administrative expenses, depreciation and amortisation

	CAIXABANK				
€ million	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q18**
Gross income	**1,813**	**1,978**	**2,128**	**1,937**	**1,665**
Personnel expenses	(661)	(670)	(698)	(703)	(673)
General expenses	(273)	(276)	(273)	(275)	(294)
Depreciation and amortisation	(125)	(127)	(116)	(111)	(95)
Recurring administrative expenses, depreciation and amortisation	**(1,059)**	**(1,073)**	**(1,087)**	**(1,089)**	**(1,062)**
Extraordinary expenses			(978)		

	BPI				
€ million	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q18**
Gross income	**182**	**187**	**208**	**172**	**201**
Personnel expenses	(62)	(61)	(62)	(61)	(60)
General expenses	(36)	(38)	(39)	(37)	(37)
Depreciation and amortisation	(17)	(17)	(16)	(17)	(9)
Recurring administrative expenses, depreciation and amortisation	**(115)**	**(116)**	**(117)**	**(115)**	**(106)**
Extraordinary expenses	(1)				(13)

e) Changes in the NPL ratio

	CAIXABANK			BPI		
	Dec. 31, 2019	**Sep. 30, 2019**	**Dec. 31, 2018**	**Dec. 31, 2019**	**Sep. 30, 2019**	**Dec. 31, 2018**
Loans to individuals	**4.5%**	**4.6%**	**4.8%**	**3.1%**	**3.6%**	**3.9%**
Home purchases	3.5%	3.5%	3.8%	3.0%	3.5%	3.8%
Other	6.9%	7.1%	7.3%	4.0%	4.3%	4.3%
Loans to business	**3.3%**	**4.2%**	**5.5%**	**2.9%**	**4.6%**	**5.1%**
Corporates and SMEs	2.9%	4.0%	4.7%	2.5%	4.3%	4.7%
Real estate developers	7.5%	7.5%	14.1%	19.8%	21.6%	22.9%
Public sector	**0.4%**	**0.4%**	**0.4%**		**0.1%**	**-**
NPL Ratio (loans and contingent liabilities)	**3.7%**	**4.1%**	**4.7%**	**3.0%**	**3.9%**	**4.2%**

Activity indicators by region

This additional view of the Group's activities has been included to show loans and funds by the region in which they originated (for instance, loans and funds of BPI Vida, BPI Gestao de Activos, BPI Global Investment Fund and the cards business are reported in Portugal and not in Spain, to which they would otherwise relate under the Group's corporate structure).

Spain

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
LOANS AND ADVANCES					
Loans to individuals	**111,164**	**112,300**	**(1.0)**	**114,275**	**(2.7)**
Home purchases	77,104	78,266	(1.5)	80,471	(4.2)
Other	34,060	34,034	0.1	33,804	0.8
of which: Consumer lending	13,348	13,135	1.6	11,786	13.3
Loans to business	**81,453**	**79,804**	**2.1**	**76,140**	**7.0**
Corporates and SMEs	75,595	73,852	2.4	70,015	8.0
Real estate developers	5,858	5,952	(1.6)	6,125	(4.4)
Public sector	**9,968**	**11,128**	**(10.4)**	**10,202**	**(2.3)**
Loans and advances to customers, gross	**202,585**	**203,232**	**(0.3)**	**200,617**	**1.0**
FUNDS					
Funds from customer activity	195,723	196,261	(0.3)	183,558	6.6
Demand deposits	175,077	174,171	0.5	161,418	8.5
Time deposits	20,646	22,090	(6.5)	22,140	(6.7)
Insurance contract liabilities	52,891	51,628	2.4	49,330	7.2
of which: Unit Link and other	9,599	8,574	12.0	6,739	42.4
Reverse repurchase agreements and others	1,278	1,440	(11.3)	2,044	(37.5)
On-balance sheet funds	**249,892**	**249,329**	**0.2**	**234,932**	**6.4**
Mutual funds, managed accounts and SICAVs	63,189	61,970	2.0	59,275	6.6
Pension plans	30,637	29,466	4.0	26,589	15.2
Assets under management	**93,826**	**91,436**	**2.6**	**85,864**	**9.3**
Other accounts	**3,129**	**4,726**	**(33.8)**	**3,156**	**(0.9)**
Total customer funds	**346,847**	**345,491**	**0.4**	**323,952**	**7.1**

Portugal

€ million	Dec. 31, 2019	Sep. 30, 2019	% Chg.	Dec. 31, 2018	% Chg.
LOANS AND ADVANCES					
Loans to individuals	**13,170**	**12,916**	**2.0**	**12,771**	**3.1**
Home purchases	11,371	11,179	1.7	11,171	1.8
Other	1,799	1,737	3.6	1,600	12.4
of which: Consumer lending	1,380	1,318	4.7	1,160	19.0
Loans to business	**9,855**	**9,945**	**(0.9)**	**9,677**	**1.8**
Corporates and SMEs	9,650	9,754	(1.1)	9,500	1.6
Real estate developers	205	191	7.3	177	15.8
Public sector	**1,796**	**1,783**	**0.7**	**1,628**	**10.3**
Loans and advances to customers, gross	**24,821**	**24,644**	**0.7**	**24,076**	**3.1**
FUNDS					
Funds from customer activity	22,809	22,456	1.6	21,422	6.5
Demand deposits	14,475	14,151	2.3	12,838	12.8
Time deposits	8,334	8,305	0.3	8,584	(2.9)
Insurance contract liabilities	4,555	4,480	1.7	4,120	10.6
of which: Unit Link and other	2,650	2,538	4.4	2,314	14.5
Reverse repurchase agreements and others	16	17	(5.9)	16	-
On-balance sheet funds	**27,380**	**26,953**	**1.6**	**25,558**	**7.1**
Mutual funds, managed accounts and SICAVs	5,395	5,163	4.5	5,267	2.4
Pension plans	3,095	3,078	0.6	2,820	9.8
Assets under management	**8,490**	**8,241**	**3.0**	**8,087**	**5.0**
Other accounts	**1,569**	**1,671**	**(6.1)**	**1,952**	**(19.6)**
Total customer funds	**37,439**	**36,865**	**1.6**	**35,597**	**5.2**

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