

Other relevant information

CaixaBank S.A. is hereby providing restated comparative Group financial results for the quarters and full year of 2022, after the implementation of IFRS 17 and IFRS 9 in the insurance business on 1 January 2023. As previously disclosed, the new accounting standard for insurance contracts will primarily affect revenue lines related to the insurance business and its associated expenses, which will be reported in a new item called “Insurance service result”, and does not have a material impact on net attributable income. The quantitative impact on 1 January 2023 of the implementation of IFRS 17 and IFRS 9 relative to the reported equity and CET1% ratio as of 31 December 2022 is -€555 M post-tax and -20 basis points, respectively.

28 April 2023



RESTATEMENT OF 2022 FINANCIAL INFORMATION AFTER
IMPLEMENTATION OF IFRS 17 AND IFRS 9 (IN INSURANCE BUSINESS)



The Group has applied **IFRS 17: "Insurance Contracts"** and **IFRS 9: "Financial Instruments"** to the assets and liabilities of the insurance business as of 1 January 2023. IFRS 17 is the new accounting standard that sets out the principles for recognition, measurement and presentation of contracts that transfer significant insurance risk, whereas IFRS 9 is the accounting standard that the Group has already been applying to recognise and measure its financial assets and liabilities in its banking business.

Considering that, in accordance with IFRS 17, a minimum of one year of comparative information is required, the income statement for the fiscal year 2022 and the balance sheet at 31 December 2022 have been restated for comparative purposes, also taking into account IFRS 9 requirements.

Income statement 2022

Below is the **income statement for 2022** reported to the market (IFRS 4), as well as after applying IFRS 17 and IFRS 9 to the insurance contracts:

€ million	2022		
	Reported IFRS 4	IFRS 17/9 adjustments	IFRS 17/9 ¹
Net interest income	6,916	(389)	6,527
Dividend income	163	—	163
Share of profit/(loss) of entities accounted for using the equity method	264	(42)	222
Net fee and commission income	4,009	(155)	3,855
Trading income	338	(10)	328
Income and expense under insurance or reinsurance contracts	866	(866)	—
Insurance service result	—	961	961
Other operating income and expense	(963)	—	(963)
Gross income	11,594	(501)	11,093
Recurring administrative expenses, depreciation and amortisation	(6,020)	495	(5,525)
Extraordinary expenses	(50)	—	(50)
Pre-impairment income	5,524	(6)	5,519
Pre-impairment income stripping out extraordinary expenses	5,574	(6)	5,568
Allowances for insolvency risk	(982)	—	(982)
Other charges to provisions	(129)	0	(130)
Gains/(losses) on disposal of assets and others	(87)	—	(87)
Profit/(loss) before tax	4,326	(6)	4,320
Income tax expense	(1,179)	(10)	(1,189)
Profit/(loss) after tax	3,147	(16)	3,131
Profit/(loss) attributable to minority interest and others	2	—	2
Profit/(loss) attributable to the Group	3,145	(16)	3,129

(1) The financial information corresponding to the fiscal year 2022 in accordance with IFRS 17 / IFRS 9 is preliminary and includes unaudited information available to this date. Significant changes are not expected.

The total impact of the restatement on 2022 net income is not significant (€-16 million), as a result of a number of non-material adjustments of different sign. The main change is centred on the presentation of the income statement, as almost the entire insurance business is now reported under the heading 'Insurance service result', net of the expenses directly attributable to insurance contracts.

In this respect, the table above shows the differences between both standards in the "adjustments" column, which mainly corresponds to the aforementioned reclassification of the following line items in the income statement:

- > **Net interest income:** in accordance with IFRS 17, it continues to include the income from financial assets under the insurance business, and an expense for interest that includes the capitalisation of the new insurance liabilities, discounted at a very similar interest rate to the acquisition rate of the assets. The difference between this income and expense included in net interest income is not significant.
The margin on savings insurance contracts will now be recognised under the heading 'Insurance service result'.
- > **Share of profit/(loss) of entities accounted for using the equity method:** this line item includes the impacts resulting from applying IFRS 17 and IFRS 9 in affiliated companies with an insurance business, and they mainly focus on valuation differences in insurance liabilities and financial assets, with a particular impact on the income statement for 2022.
- > **Fee and commission income:** the fee and commission income generated by Unit Links and other, as well as the fees and commissions paid to third-party intermediaries and agents related to the insurance business, is reported in the heading 'Insurance service result'.
- > **Insurance service result:** it includes the accrual of the margin on savings insurance contracts, as well as on Unit Linked products, and the recognition of income and expenses from claims corresponding to short term risk-related insurance. For the entire insurance business, this line item is reported net of expenses directly attributable to the contracts.
- > The **expenses directly attributable** to insurance contracts are reported as lower income in the heading 'Insurance service result', and were previously recognised in **Operating expenses** and **Fee and commission income**.

Quarterly income statement for 2022 restated

Below is the [quarterly income statement for 2022 restated](#) after applying IFRS 17 and IFRS 9:

€ million	1Q22	2Q22	3Q22	4Q22	2022
Net interest income	1,455	1,518	1,593	1,961	6,527
Dividend income	1	130	—	32	163
Share of profit/(loss) of entities accounted for using the equity method	51	66	74	30	222
Net fee and commission income	936	991	968	959	3,855
Trading income	142	102	74	11	328
Income and expense under insurance or reinsurance contracts	—	—	—	—	—
Insurance service result	213	227	235	287	961
Other operating income and expense	(141)	(256)	(89)	(477)	(963)
Gross income	2,658	2,779	2,855	2,801	11,093
Recurring administrative expenses, depreciation and amortisation	(1,406)	(1,363)	(1,379)	(1,376)	(5,525)
Extraordinary expenses	(8)	(16)	(11)	(15)	(50)
Pre-impairment income	1,244	1,400	1,465	1,410	5,519
Pre-impairment income stripping out extraordinary expenses	1,252	1,416	1,476	1,425	5,568
Allowances for insolvency risk	(228)	(147)	(172)	(434)	(982)
Other charges to provisions	(45)	(44)	(34)	(6)	(130)
Gains/(losses) on disposal of assets and others	(9)	(26)	(20)	(32)	(87)
Profit/(loss) before tax	961	1,182	1,239	938	4,320
Income tax expense	(255)	(290)	(367)	(278)	(1,189)
Profit/(loss) after tax	707	892	872	660	3,131
Profit/(loss) attributable to minority interest and others	1	0	0	1	2
Profit/(loss) attributable to the Group	706	892	872	659	3,129

Below is a table showing the 'Insurance service result' arranged by business and the 'Recurring administrative expenses, depreciation and amortisation' restated by quarter:

€ million	1Q22	2Q22	3Q22	4Q22	2022
Risk business	131	145	152	173	600
Savings business	61	62	62	78	263
Unit linked business	20	21	21	36	98
Insurance service result	213	227	235	287	961

€ million	1Q22	2Q22	3Q22	4Q22	2022
Personnel expenses	(865)	(828)	(830)	(836)	(3,360)
General expenses	(364)	(356)	(363)	(352)	(1,435)
Depreciation and amortisation	(177)	(179)	(186)	(188)	(730)
Recurring administrative expenses, depreciation and amortisation	(1,406)	(1,363)	(1,379)	(1,376)	(5,525)

Balance sheet

The following table shows the **balance sheet at 31 December 2022** reported to the market, as well as the restated balance sheet after applying IFRS 17 and IFRS 9:

€ million	31 December 2022		
	Reported IFRS 4	IFRS 17/9 adjustments	IFRS 17/9 ¹
Cash and cash balances at central banks and other demand deposits	20,522	—	20,522
Financial assets held for trading	7,382	—	7,382
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	183	11,168	11,351
Equity instruments	127	11,168	11,295
Debt securities	6	—	6
Loans and advances	50	—	50
Financial assets designated at fair value through profit or loss	—	8,022	8,022
Financial assets at fair value with changes in other comprehensive income	12,942	51,590	64,532
Financial assets measured at amortised cost	442,754	3,414	446,168
Credit institutions	12,187	210	12,397
Customers	352,834	—	352,834
Debt securities	77,733	3,204	80,937
Derivatives - Hedge accounting	649	813	1,462
Investments in joint ventures and associates	2,034	20	2,054
Assets under the insurance business	68,534	(68,534)	—
Assets under reinsurance contracts	—	63	63
Tangible assets	7,516	—	7,516
Intangible assets	5,219	(195)	5,024
Non-current assets and disposal groups classified as held for sale	2,426	—	2,426
Other assets	22,075	253	22,328
Total assets	592,234	6,616	598,850
Liabilities	557,972	7,170	565,142
Financial liabilities held for trading	4,030	—	4,030
Financial liabilities designated at fair value through profit or loss	—	3,409	3,409
Financial liabilities at amortised cost	482,501	546	483,047
Deposits from central banks and credit institutions	28,810	—	28,810
Customer deposits	393,060	574	393,634
Debt securities issued	52,608	—	52,608
Other financial liabilities	8,022	(27)	7,995
Derivatives - Hedge accounting	1,371	6,398	7,769
Liabilities under the insurance business	65,654	(65,654)	—
Insurance contract liabilities	—	62,595	62,595
Provisions	5,263	(32)	5,231
Other liabilities	(847)	(92)	(939)
Equity	34,263	(555)	33,708
Shareholders' equity	36,639	(731)	35,908
Minority interest	32	—	32
Accumulated other comprehensive income	(2,409)	177	(2,232)
Total liabilities and equity	592,234	6,616	598,850

(1) Opening balance sheet at 1 January 2023, after the unaudited restatement of IFRS 17 / IFRS 9.

The restated balance sheet includes the assets and liabilities under the insurance business in different line items in accordance with their nature. Previously, they were grouped in two specific line items.

Below is a summary of the main restatement adjustments:

- > Portfolio of financial investments related to Unit Linked products and other: it is classified in its entirety in 'Financial assets designated at fair value through profit or loss', except equity instruments, which are reported in 'Financial assets not designated for trading compulsorily measured at fair value through profit or loss'.
- > Rest of the portfolio of financial investments under the insurance business: they are mostly fixed-income assets that are eligible to be classified in 'Financial assets at fair value with changes in other comprehensive income'. Shares in mutual funds are compulsorily measured at fair value through profit or loss. A part of the fixed-income portfolio has been classified in 'Financial assets at amortised cost' to mitigate the volatility in other comprehensive income generated under IFRS 17.
- > Derivatives used to adjust the flows of financial instruments to the claims expected to be paid to the insured: these derivatives are classified in 'Derivatives – Hedge accounting' in accordance with IFRS 9. This item explains most of the increase in the balance sheet's total under IFRS 17. Under the previous accounting standard, it was reported at fair value together with the valuation of the associated financial instrument.
- > Intangible assets from business combinations carried out before the transition must be derecognised in accordance with IFRS 17, except those related to the short-term risk-related business.
- > With regard to Unit Linked products and other, the valuation of insurance liabilities is reported in 'Insurance contract liabilities', except those which do not bear significant insurance risk, which are included in 'Financial liabilities designated at fair value through profit or loss' and 'Financial liabilities at amortised cost'.
- > In accordance with IFRS 17, the new valuation of the rest of the insurance business is reported in 'Insurance contract liabilities', except for reinsurance contracts held which are reported separately in 'Assets under reinsurance contracts'. A component of this valuation is the specific estimate of the future profit expected and generated by each policy issued and not cancelled at year-end (known as the contractual service margin). The accrual of this margin throughout the life of the contract is included in the heading 'Insurance service result' of the income statement.
- > The tax effects of the above adjustments are included in 'Other assets' and 'Other liabilities'.

Following the restatement, the Group's total assets increase by €6,616 million and liabilities by €7,170 million. The impact on equity amounts to €-555 million, of which €-731 million correspond to Shareholders' equity and €+177 million to Accumulated other comprehensive income.

Main ratios

The following table shows the impact of the restatement on the main **cost-to-income, profitability and stock market ratios after applying IFRS 17 and IFRS 9**:

	2022		
	Reported IFRS 4	IFRS 17/9	Change
Administrative expenses, depreciation and amortisation stripping out extraordinary expenses	6,020	5,525	(495)
Gross income	11,594	11,093	(501)
Recurring cost-to-income ratio (12 months)	51.9%	49.8%	(2.1)
Profit/(loss) attributable to the Group adjusted by AT1	2,884	2,868	(16)
Average shareholder equity + valuation adjustments	34,880	34,578	(302)
ROE (12 months)	8.3%	8.3%	—
Profit/(loss) attributable to the Group adjusted by AT1	2,884	2,868	(16)
Average shareholder equity + valuation adjustments excluding intangible assets	29,533	29,368	(165)
ROTE (12 months)	9.8%	9.8%	—
Net profit adjusted by AT1	2,888	2,871	(17)
Average total assets	698,644	705,478	6,834
ROA (12 months)	0.4%	0.4%	—
Equity adjusted by minority interest	34,230	33,675	(555)
Shares outstanding, net of treasury shares	7,494	7,494	—
Book value per share at 31.12.22	4.57	4.49	(0.08)
Equity adjusted by minority interest and intangible assets	28,636	28,277	(359)
Shares outstanding, net of treasury shares	7,494	7,494	—
Tangible book value per share at 31.12.22	3.82	3.77	(0.05)

Results by business segment

The table below shows the **quarterly income statement for 2022 and the main balance sheet figures by business segment** reported to the market and restated after applying IFRS 17 / IFRS 9.

The **Banking and Insurance** business, which shows earnings from the insurance firm VidaCaixa, is the business most impacted by this adjustment, as it includes most of the Group's insurance business.

In **BPI**, the adjustment is due to the restatement of Allianz Portugal's net income (BPI holds a 35% stake in the company and markets its general insurance products in Portugal, recognising its income using the equity method).

The **Corporate centre** includes the difference between the Group's equity and the capital assigned to the businesses following the restatement:

€ million	Banking and Insurance			BPI		
	2022 reported IFRS 4	IFRS 17/9 adjustments	2022 IFRS 17/9	2022 reported IFRS 4	IFRS 17/9 adjustments	2022 IFRS 17/9
Net interest income	6,366	(380)	5,986	544	—	544
Dividend income and share of profit/(loss) of entities accounted for using the equity method	212	(46)	166	29	4	33
Net fee and commission income	3,714	(155)	3,559	296	—	296
Trading income	299	(10)	289	27	—	27
Income and expense under insurance or reinsurance contracts	866	(866)	—	—	—	—
Insurance service result	—	961	961	—	—	—
Other operating income and expense	(918)	—	(918)	(38)	—	(38)
Gross income	10,539	(496)	10,043	857	4	861
Recurring administrative expenses, depreciation and amortisation	(5,505)	495	(5,010)	(455)	—	(455)
Extraordinary expenses	(50)	—	(50)	—	—	—
Pre-impairment income	4,984	—	4,984	402	4	406
Pre-impairment income stripping out extraordinary expenses	5,034	—	5,034	402	4	406
Allowances for insolvency risk	(976)	—	(976)	(6)	—	(6)
Other charges to provisions	(98)	(1)	(99)	(22)	—	(22)
Gains/(losses) on disposal of assets and others	(69)	—	(69)	—	—	—
Profit/(loss) before tax	3,842	(1)	3,841	374	4	378
Income tax expense	(1,089)	(13)	(1,102)	(101)	—	(101)
Profit/(loss) after tax	2,753	(14)	2,739	272	4	276
Profit/(loss) attributable to minority interest and others	2	—	2	—	—	—
Profit/(loss) attributable to the Group	2,751	(14)	2,737	272	4	276
Assets	548,046	7,044	555,090	38,795	7	38,802
Liabilities	520,274	7,163	527,437	36,340	7	36,347
Assigned capital	27,740	(119)	27,621	2,455	—	2,455

€ million	Corporate centre		
	2022 reported IFRS 4	IFRS 17/9 adjustments	2022 IFRS 17/9
Net interest income	6	(10)	(4)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	187	—	187
Net fee and commission income	—	—	—
Trading income	12	—	12
Income and expense under insurance or reinsurance contracts	—	—	—
Insurance service result	—	—	—
Other operating income and expense	(7)	—	(7)
Gross income	198	(10)	188
Recurring administrative expenses, depreciation and amortisation	(60)	—	(60)
Extraordinary expenses	—	—	—
Pre-impairment income	138	(10)	128
Pre-impairment income stripping out extraordinary expenses	138	(10)	128
Allowances for insolvency risk	—	—	—
Other charges to provisions	(9)	—	(9)
Gains/(losses) on disposal of assets and others	(19)	—	(19)
Profit/(loss) before tax	110	(10)	100
Income tax expense	12	2	14
Profit/(loss) after tax	122	(7)	115
Profit/(loss) attributable to minority interest and others	—	—	—
Profit/(loss) attributable to the Group	122	(7)	115
Assets	5,394	(435)	4,959
Liabilities	1,358	—	1,358
Assigned capital	4,036	(435)	3,601