Business activity and results

January-June

2020

Contents

Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated 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 CaixaBank, hereinafter 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. Certain financial information in this report was rounded off and, specifically, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them.

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 decided to apply temporary exemption from applying IFRS 9 to the financial investments of the Group's insurance firms for all periods that come before 1 January 2021. This date is currently being reviewed by the European Commission as it awaits its alignment with the entry into force of the new IFRS 17: Insurance Contracts (expected on 1 January 2023), which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, the information shown below does not consider the application of IFRS 9 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. In accordance with this presentation, the balances of the technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed) are also included under the heading "Liabilities under the insurance business".

Commercial positioning

CaixaBank Group

15.4
million customers

27.8%
market penetration among individual customers in Spain

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

445,572
in total assets (€ million)

400,675
in customer funds (€ million)

242,956
in loans and advances to customers (€ million)

Balance sheet indicators

RISK MANAGEMENT

3.5%
NPL ratio

63%
NPL coverage ratio

0.61%
Cost of risk (12 months)

CAPITAL ADEQUACY

12.3 %
CET1

16.0%
Total capital

23.3%
PF MREL

LIQUIDITY

106,609
in total liquid assets (€ million)

198%
liquidity coverage ratio (LCR), trailing 12 months

140%
NSFR

Profitability and cost-to-income

105
Banking and insurance

205
profit attributable to the Group (€ million)

55
Equity Investments

45
BPI

56.9%
cost-to-income ratio (last 12 months)

5.6%
12-month ROTE

4.5%
12-month ROTE for the banking and insurance business

Key Group figures

€ million / %	January – June 2020	January – June 2019	Change	2Q20	Quarter-on-quarter
INCOME STATEMENT					
Net interest income	2,425	2,478	(2.1%)	1,225	2.1%
Net fee and commission income	1,266	1,248	1.5%	608	(7.5%)
Core income	4,064	4,084	(0.5%)	2,019	(1.3%)
Gross income	4,117	4,445	(7.4%)	2,134	7.6%
Recurring administrative expenses, depreciation and amortisation	(2,345)	(2,408)	(2.6%)	(1,157)	(2.6%)
Pre-impairment income	1,772	1,059	67.4%	976	22.7%
Pre-impairment income stripping out extraordinary expenses	1,772	2,037	(13.0%)	976	22.7%
Profit/(loss) attributable to the Group	205	622	(67.0%)	115	29.0%
INDICATORS OF PROFITABILITY (Last 12 months)					
Cost-to-income ratio	56.9%	67.0%	(10.1)	56.9%	(10.7)
Cost-to-income ratio stripping out extraordinary expenses	56.9%	55.4%	1.5	56.9%	0.8
ROE	4.7%	4.9%	(0.2)	4.7%	0.2
ROTE	5.6%	5.9%	(0.3)	5.6%	0.2
ROA	0.3%	0.3%	-	0.3%	-
RORWA	0.8%	0.8%	-	0.8%	-

	June 2020	December 2019	Change	March 2020	Quarter-on-quarter
BALANCE SHEET					
Total assets	445,572	391,414	13.8%	416,391	7.0%
Equity	24,393	25,151	(3.0%)	24,217	0.7%
Customer funds	400,675	384,286	4.3%	376,560	6.4%
Loans and advances to customers, gross	242,956	227,406	6.8%	231,367	5.0%
RISK MANAGEMENT					
Non-performing loans (NPL)	9,220	8,794	426	8,957	263
Non-performing loan ratio	3.5%	3.6%	(0.1)	3.6%	(0.1)
Cost of risk (last 12 months)	0.61%	0.15%	0.46	0.31%	0.29
Provisions for insolvency risk	5,786	4,863	923	5,218	567
NPL coverage ratio	63%	55%	8	58%	4
Net foreclosed available for sale real estate assets[1]	973	958	15	961	12
Foreclosed available for sale real estate assets coverage ratio	40%	39%	1	40%	-
LIQUIDITY					
Total Liquid Assets	106,609	89,427	17,182	96,227	10,382
Liquidity Coverage Ratio (last 12 months)	198%	186%	12	185%	13
Net Stable Funding Ratio (NSFR)	140%	129%	11	129%	11
Loan to deposits	99%	100%	(1)	101%	(2)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)[2]	12.3%	12.0%	0.3	12.0%	0.3
Tier 1	13.8%	13.5%	0.3	13.5%	0.3
Total capital	16.0%	15.7%	0.3	15.8%	0.2
MREL[3]	23.3%	21.8%	1.5	22.6%	0.7
Risk-weighted assets (RWAs)[4]	147,334	147,880	(546)	147,808	(474)
Leverage ratio	5.1%	5.9%	(0.8)	5.4%	(0.3)
SHARE INFORMATION					
Share price (€/share)	1.901	2.798	(0.897)	1.700	0.201
Market capitalisation	11,360	16,727	(5,367)	10,161	1,199
Book value per share (€/share)	4.08	4.20	(0.12)	4.05	0.03
Tangible book value per share (€/share)	3.36	3.49	(0.13)	3.33	0.03
Net income attributable per share (€/share) *(*12 months*)*	0.19	0.26	(0.07)	0.19	-
PER (Price/Profit)	9.83	10.64	(0.81)	9.11	0.72
Tangible PBV (Market value/ book value of tangible assets)	0.57	0.80	(0.23)	0.51	0.06
OTHER DATA (units)					
Employees[5]	35,589	35,736	(147)	35,569	20
Branches[6]	4,460	4,595	(135)	4,515	(55)
Of which: retail branches Spain	3,797	3,918	(121)	3,846	(49)

(1) Exposure in Spain.
(2) The CET1 ratio without applying the IFRS 9 transitional period stands at 11.8%.
(3) Pro-forma ratio at 30 June including the new issue of the social bond carried out in July for €1,000 million in Senior preferred debt (22.6 % excluding this issue).
(4) March 2020 details updated with COREP.
(5) Departures that took place on 1 April within the early retirement scheme have been deducted from the figure of March 2020.
(6) 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 **13.6 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% and for 24.4% CaixaBank is their main bank.

  In 2020 US magazine *Global Finance* named CaixaBank the **Best Bank in Spain** for the sixth consecutive year and **Best Bank in Western Europe** for the second consecutive time.

  Our service vocation helps us establish solid market shares[2]:

Loans	Deposits	Payroll deposits	Investment funds	Life insurance	Pension plans	Card turnover	Consumer lending
16.2%	15.4%	27.5%	17.5%	28.4%	26.0%	23.4%	16.1%

- BPI boasts a customer base of **1.9 million clients in Portugal**, with a market share[3] of 10.5% in lending activity and 11.2% in customer funds.

  BPI obtained the *Five Stars Award* in the category of major banks for its customer satisfaction and acknowledgement, and *Reader's Digest* recognised BPI as the most trusted bank brand in Portugal for the seventh consecutive year.

Digital transformation

- CaixaBank continues to strengthen its **leadership of the digital banking market**, with a proportion of digital customers[4] of 64.7%, maintaining a firm commitment towards digital transformation and supporting innovative companies with a potential for growth.
- The magazine *PWM* named CaixaBank as **best private bank in Europe** for its digital culture and vision, as a result of its promotion of innovation and the improvement of its service to customers. In addition, the Bank was runner-up in the "Big Data Analysis and Artificial Intelligence" category in the global ranking.
- With the aim of providing the best user experience and further security in operations, CaixaBank launched the **deployment of ATMs with facial recognition technology**, which received an award in 2019 as one of the best innovation banking projects in the *Tech Projects Awards* held by the magazine *The Banker*.
- CaixaBank is the foremost company[5] on *Bizum* by number of customers and transactions made.

(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, investment funds, capitalisation insurance, PPRs and OTRVs). Source: Banco de Portugal, APS, APFIPP.

(4) Private individual customers between 20-74, with at least one access to CaixaBankNow in the last 12 months.

(5) Latest available information. Source: Sociedad de Procedimientos de Pago, S.L.(Bizum).

People centric culture

- **Our staff** are at the heart of the organisation and employ new working methods that are more flexible and collaborative.
- CaixaBank is included in the **Bloomberg Gender-Equality Index**, a selection that acknowledges the companies that are most committed to gender equality, through their policies, and transparency in disseminating their gender-related programmes and data.
- In 2020, CaixaBank has agreed a new **Equality Plan** to promote diversity, increase the presence of women in management roles and strengthen work-life balance. In this context, CaixaBank has **adhered to the international Target Gender Equality programme**, promoted by the United Nations Global Compact.

Responsible management and social commitment

- CaixaBank is **firmly committed to being a key figure in helping alleviate the effects** caused by the **Covid-19 health crisis** by providing all its human, technological and financial resources in awarding loans, as well as other actions to help families, companies and society as a whole.

  Since the beginning of the crisis, several measures have been implemented to **support families**, among of which the consumer credit and mortgage legal moratoria and the extension of their conditions within the framework of the sectorial agreement as an entity associated with CECA are particularly noteworthy. In addition, pension, unemployment and temporary employment suspension benefits have been advanced and priority has been given to remotely assisting customers, especially the elderly.

  In the **scope of businesses,** CaixaBank has set in motion a support scheme for small companies, it has promoted the approval of credit with and without State-guarantees (ICO) and it has offered grace periods in the rent of capital goods and for vehicle leasing instalments, among other measures.

  In support of **society**, CaixaBank has led the contributions to the collective initiative carried out by the insurer Unespa with the aim of promoting a group life insurance for health care professionals. Together with the "la Caixa" Foundation, it has launched solidarity initiatives helping food banks and, through its real-estate subsidiary BuildingCenter, it has cancelled the rents of tenants provided they meet certain conditions.

  Following the end of the second quarter, **CaixaBank issued a social bond** for €1,000 million to curb the effects of COVID-19 by funding SMEs and micro-enterprises located in Spain's most disadvantaged areas.

  In **Portugal, BPI** has implemented similar measures, adapted to the Portuguese society and economy.

- The UK magazine *Euromoney* acknowledged CaixaBank with the **2020 Excellence in Leadership in Western Europe award** for its **social commitment** in its response to **the COVID-19 crisis**.
- **These actions are framed in CaixaBank Group being a key player in ensuring the recovery of the Spanish and Portuguese economies**. For this purpose, in addition to providing credit, it is important to efficiently use the capital and obtain adequate returns for shareholders. From this perspective**, different measures have been implemented in an exercise of prudence and social responsibility**:
  - Reduce the cash dividend for 2019 to 0.07 euros per share from 0.15 euros, resulting in a payout of 24.6%.
  - After considering the new regulatory and supervisory aspects, among others, the impact of the standards laid down in the Capital Requirements Directive V (CRD V) with regard to the composition of the Pillar 2 Requirement (P2R), the application of which has been put forward, reduce to 11.5% the objective of the CET1 capital adequacy ratio laid down in the 2019-2021 Strategic Plan for December 2021, revoking the objective of a 12% CET1 ratio plus a buffer of 1% that was set aside to absorb impacts of the implementation of Basel developments (Basel IV) and other regulatory impacts, the implementation of which will now be delayed.
  - As regards the dividend policy in force comprising the distribution of a cash dividend above 50% of the consolidated net profit, to exclusively modify it for 2020, to distribute a cash dividend of no more than 30% of the reported consolidated net profit. The Board of Directors in March also stated its intention of

allocating at least an amount above 50% of consolidated net profit to the cash remuneration for future financial years, once the circumstances that have brought about this amendment have ceased.

- It has announced future plans to distribute any capital that exceeds the CET1 capital adequacy ratio of 12% as a final dividend and/or buy-back shares. This extraordinary payout of excess capital will be conditional on the macroeconomic situation in which the Group operates returning to normal and will not take place in any event before 2021.

  In no case will the remuneration of preference shares eventually convertible into outstanding shares (Additional Tier 1) be affected by prior agreements, and it will continue to be paid in accordance with the regulatory and supervisory and regulatory framework in force.

- Following a principal of prudence in the variable remuneration, and as an act of joint responsibility between CaixaBank's Senior Management and the Bank, the Chief Executive Officer and members of the Management Committee have decided to waive their variable remuneration for 2020, both their yearly bonus and their participation in the second cycle of the 2020 Long-Term Incentives Plan. In addition, it has been agreed not to propose the granting of shares in this second cycle of the Long-Term Incentives Plan for the other 78 managers included therein.

- Within the environmental scope, the *Carbon Disclosure Project* has included **CaixaBank on its A- list of leading companies fighting climate change**. In addition, CaixaBank is carbon neutral since 2018.

  CaixaBank has **joined the United Nations Collective Commitment to Climate Action**, encouraging the financial sector to facilitate the economic transition towards a sustainable model. In 2020, it has signed **the first sustainable factoring agreement in Spain**, and has turned 'green' a guarantee facility for an amount of €1,000 million.

Attractive return and solid financials

Results and business activity

- **Attributable profit for the first half of 2020 reached €205 million** (-67.0% with respect to 2019).

  The 2020 result includes the recognition of an extraordinary provision to anticipate future impacts associated with Covid-19 (€1,155 million) and the cost associated with the early retirements (€109 million). Also noteworthy in the 2019 results is the impact of the labour agreement (€978 million).

- **Total loans and advances to customers, gross** stands at €242,956 million, up 6.8% in the year, essentially because of the increase of loans to business (+15.9%).

  The performance in the second quarter was also affected by the seasonal impact of the advance of double payments made to pension holders. If we exclude this impact, Total loans and advances to customers, gross would be up 6.0% during the year.

- **Customer funds** increased by 4.3% in the year, boosted by the strong growth of demand deposits. Assets under management dropped, mainly due to the negative impact of the markets, the second quarter's performance however showing a partial recovery thereof.

Risk management

- The **NPL ratio** stands at **3.5%**, down 6bp in the year and the **coverage ratio** rose to **63%** (+8pp in the year following the increase in provisions).
- The **cost of risk (last 12 months)** came to **0.61%** following the aforementioned provisions.

Liquidity management

- **Total liquid assets** amounted to **€106,609 million**, up €17,182 million in the year, mainly due to the generation and provision of collateral in the ECB facility.
- The Group's **Liquidity Coverage Ratio** (LCR) at 30 June 2020 was **283%**, showing an ample liquidity position (198% LCR average last 12 months) well clear of the minimum requirement of 100%.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 12.3%**. The first half includes +32 basis points from the one-off impact of reducing the established dividend against 2019 earnings, as one of the measures adopted by the Board of Directors due to Covid-19. The organic generation of capital has remained stable, the forecast of dividends resulted in -6 basis points and market and other influenced in -49 basis points. The adoption of the transitional period of IFRS 9 have had an effect of +48 basis points.
- The CET1 ratio without applying the IFRS 9 transitional period stands at 11.8%.
- The measures approved by the CRR 2.5 have had an impact of +37 basis points in CET1: +22 basis points due to changes in the method for calculating the IFRS 9 transitional adjustment and +15 basis points due to the drop of €1,800 million of risk-weighted assets as a result of the reduction factors of capital consumption in loans for SMEs and infrastructure projects.
- The **Tier 1** ratio reaches **13.8%,** the **Total Capital ratio 16.0%** and the **leverage ratio 5.1%**.
- As for the MREL requirement (22.7% of RWAs and 10.6% on TLOF at a consolidated level as of 31 December 2020), CaixaBank had a ratio of 22.6% on RWA and 9.0% on TLOF at 30 June, considering all liabilities currently classified as eligible by the Single Resolution Board. Including the new issue of the social bond carried out in July for €1,000 million in Senior preferred debt, the pro-forma MREL ratio would be 23.3%. At a subordinated level, including only Senior non-preferred debt, the MREL ratio reached 19.8%.

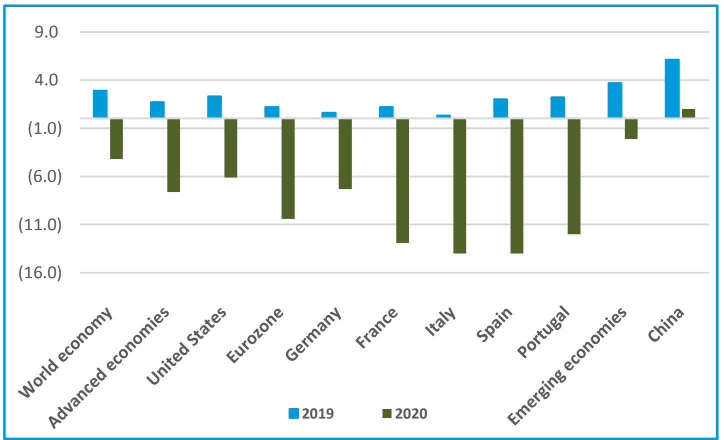
Macroeconomic trends and state of the financial markets

Scenarios subject to a high degree of uncertainty

The scenarios that follow have been built under an unusual situation of high uncertainty, arising from the many unknown epidemiological and health aspects of the Covid-19 pandemic and the variety of economic policy responses that can be implemented in the different countries in dealing with this shock.

Global economic outlook

Covid-19 and the activity restrictions needed to contain it have plunged the **world** into an unusually abrupt recession. In addition to the halt to the activity in those economies most affected by the pandemic, where the available data bear witness to the harsh impact of the confinement measures (the Chinese GDP contracted by almost -10% in quarter-on-quarter terms in the first quarter, whereas in the eurozone it is estimated that activity fell by around 25% in the last few weeks of March, when the confinement became more generalised), all economies are exposed to the shock caused by COVID-19 due to the fall in global demand, disruptions in the international supply chains and the hardening of the financial environment.



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

Throughout the second quarter, whilst the economic reactivation in China was gaining traction (and activity may have already normalised in sectors such as industry), in the main advanced economies activity fell sharply in April, but since May, the progressive lifting of restrictions has brought about a gradual recovery of the indicators. Overall, unprecedented falls in GDP are expected in the advanced economies for the whole of the second quarter. Moving forward, activities should begin to gradually re-establish themselves over the coming months although, without a vaccine or effective treatment, worldwide activity will continue to be conditioned by physical distancing measures. Subsequently, it is forecast that the global GDP in 2020 will register a fall greater than that of the recession of 2009, but in 2021 the global economy will once again be back on a path of growth.

To tackle this situation, all spheres of economic policy are rapidly deploying an array of extraordinary far-reaching measures, and the monetary policy of the main central banks has been especially aggressive in order to ease the financial stress, protect the proper functioning of the markets and establish an environment of low interest rates for an extended period of time. However, the evolution of the pandemic and the medical advances will be the main determining factor of this scenario in the coming quarters.

Economic scenario - Europe, Spain and Portugal

In the **eurozone**, the available indicators suggest that the fall in activity for the whole of the second quarter of the year will have been around 20%. That said, although it is forecast that activity will continue to gradually recover over the coming months, it is estimated that the fall in GDP for 2020 could be around 10% (followed by a rebound of over 8% in 2021), although with significant differences between countries. Economies that have been affected by the pandemic to a lesser extent, those with an economic structure less sensitive to the restrictions on mobility and/or more able to take action with regard to fiscal policy will better respond to this situation.

(1) CaixaBank Research forecasts for 2020.

In this shock context with asymmetrical effects depending on the country, both the measures being carried out by the ECB and the Recovery Plan agreed by the EU leaders constitute key actions to encourage synchronised re-activation among European economies. Furthermore, we should highlight that the importance of the Recovery Plan exceeds the strict framework for supporting the EU's way out of the recession, as it contains elements that could entail a step forward in terms of European construction.

The **Spanish** economy will follow a dynamic that is similar to the rest of Europe, although due to the importance of sectors that are particularly sensitive to mobility restrictions, it will probably suffer somewhat more intense declines in activity (the tourism sector represents 12.3% of the GDP and, overall, sectors such as accommodation and food services, trade, leisure as well as transport, represent around 25% of the GDP). Therefore, we forecast that the contraction of the GDP for the whole of 2020 will be around 13%-15%, the actual figure will depend on the ability to quickly control any new outbreak and minimise its impact on economic activity. In this situation, it is expected that the recovery that began halfway through this year will gain traction in 2021, with a rebound of 10%-11%. The measures taken by the authorities, both domestic and EU, which must be extended if necessary, and the expected recovery from the pandemic with a vaccine or effective treatment well into the coming year will contribute to this. Although this is the most likely scenario, we cannot rule out a more favourable outcome if occupation rates during the tourist season exceed 50% and if improved confidence supports a stronger short-term rebound of consumption and investment.

Portugal, which also has a significant dependence on tourism and foreign demand (the tourism sector exceeds 14% of the GDP, and total exports represent almost 45% of GDP), is faced with a scenario similar to Spain's. The available indicators suggest that the economic halt in April will be reflected in a sharp fall in GDP for the whole of Q2, despite the gradual recovery in May. Combined with the difficulties faced by tourism and the expectation that the recovery of the activity will be gradual, it is forecast that there will be a fall in GDP in 2020 of around 12% followed by a rebound of around 8% in 2021.

State of the financial markets

In the **financial markets** the confirmation of Covid-19 entailing a global economic shock of unprecedented intensity caused a very abrupt and severe volatility and risk aversion, resulting in a historic plummeting of the stock markets and raw materials, higher risk premiums and a general tightening of financial conditions. However, the investor sentiment stabilised and volatility waned, giving rise to a recovery of the risk appetite, first as a consequence of the economic policies' swift and aggressive action and subsequently as a result of deconfinement and the main international economies gradually resuming their activity. Thus, in spite of the stock markets being still in the negative over the entire year, the benchmark indices have recovered from the extremely low levels reached after the pandemic's outbreak and the risk premiums have dropped.

The central banks have acted firmly, with the aim of guaranteeing abundant liquidity and favourable access to loans and entrenching an environment of low interest rates. Specifically, in the United States the Fed has stated that it expects to maintain its benchmark interest rates at the current low values (0.00% - 0.25%), at least until late 2022, while it continues to increase its balance sheet with unlimited purchases of public and private debt, as well as to implement programmes that guarantee and promote loans to companies and families. Similarly, in Europe the ECB has increased the appeal of its liquidity injections (the last round of TLTRO III, which offered three-year financing at an interest rate between -1.0% and -0.5% in the 2020-2021 period and between -0.5% and 0.0% in the 2021-23 period, obtained a record net demand of approximately €550,000 million), and it has reinforced its programmes of purchases of assets, especially with the extension of the Pandemic Emergency Purchase Programme (PEPP) up to €1.35 billion, to be spent before mid-2021, and a reinvestment programme for the PEPP at least until late 2022.

Results

The Group's income statement

Year-on-year performance

€ million	1H20	1H19	Change	Change %
Net interest income	**2,425**	**2,478**	**(53)**	**(2.1)**
Dividend income	94	161	(67)	(41.6)
Share of profit/(loss) of entities accounted for using the equity method	97	209	(112)	(53.7)
Net fee and commission income	1,266	1,248	18	1.5
Trading income	142	261	(119)	(45.5)
Income and expense under insurance or reinsurance contracts	292	264	28	10.5
Other operating income and expense	(199)	(176)	(23)	12.9
Gross income	**4,117**	**4,445**	**(328)**	**(7.4)**
Recurring administrative expenses, depreciation and amortisation	(2,345)	(2,408)	63	(2.6)
Extraordinary expenses		(978)	978	
Pre-impairment income	**1,772**	**1,059**	**713**	**67.4**
Pre-impairment income stripping out extraordinary expenses	**1,772**	**2,037**	**(265)**	**(13.0)**
Allowances for insolvency risk	(1,334)	(204)	(1,130)	
Other charges to provisions	(184)	(91)	(93)	
Gains/(losses) on disposal of assets and others	(49)	(38)	(11)	31.6
Profit/(loss) before tax	**204**	**726**	**(522)**	**(71.9)**
Income tax expense	(1)	(104)	103	(99.2)
Profit/(loss) after tax	**203**	**622**	**(419)**	**(67.3)**
Profit/(loss) attributable to minority interest and others	(1)		(1)	
Profit/(loss) attributable to the Group	**205**	**622**	**(417)**	**(67.0)**

- **Attributable profit for the first half of 2020 amounts to €205 million,** down 67.0% with respect to the same period of the previous year.

Core income[1] shows a slight drop in the year, standing at €4,064 million (-0.5%), in spite of the complicated current economic scenario. Lower **Net interest income** (-2.1%), and growth of **Fee and commission income** (+1.5%) and **Income and expenses under insurance or reinsurance contracts** (+10.5%).

The change in Gross income (-7.4%) is mainly due to the reduction in **Trading income** and lower **Income from equity investments**.

Recurring administrative expenses, depreciation and amortisation drop by 2.6% after the materialisation of savings associated with the labour agreement and the active management of the cost base, measures that have made possible a reduction in spending greater than the drop of core income.

In the second quarter of 2019 recognition of the cost corresponding to the aforementioned labour agreement (€978 million, gross).

The performance of **Allowances for insolvency risk** is impacted by increased provisions for credit risk, which includes an extraordinary provision to anticipate future impacts associated with Covid-19 for €1,155 million.

Other charges to provisions includes €109 million in connection with early retirements in the first quarter of 2020.

(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	2Q20	1Q20	Change %	2Q19	Change %
Net interest income	**1,225**	**1,200**	**2.1**	**1,241**	**(1.3)**
Dividend income	93	1		151	(38.4)
Share of profit/(loss) of entities accounted for using the equity method	41	56	(27.9)	102	(60.2)
Net fee and commission income	608	658	(7.5)	636	(4.4)
Trading income	162	(20)		213	(24.3)
Income and expense under insurance or reinsurance contracts	141	150	(5.8)	134	5.6
Other operating income and expense	(136)	(62)		(141)	(3.4)
Gross income	**2,134**	**1,983**	**7.6**	**2,336**	**(8.7)**
Recurring administrative expenses, depreciation and amortisation	(1,157)	(1,188)	(2.6)	(1,204)	(3.9)
Extraordinary expenses				(978)	(100.0)
Pre-impairment income	**976**	**796**	**22.7**	**154**	
Pre-impairment income stripping out extraordinary expenses	**976**	**796**	**22.7**	**1,132**	**(13.7)**
Allowances for insolvency risk	(819)	(515)	58.8	(81)	
Other charges to provisions	(41)	(144)	(71.6)	(43)	(6.6)
Gains/(losses) on disposal of assets and others	(19)	(31)	(39.3)	(22)	(12.1)
Profit/(loss) before tax	**98**	**106**	**(7.2)**	**8**	
Income tax expense	15	(16)		81	(81.2)
Profit/(loss) after tax	**113**	**90**	**26.2**	**89**	**27.6**
Profit/(loss) attributable to minority interest and others	(2)				
Profit/(loss) attributable to the Group	**115**	**90**	**29.0**	**89**	**30.6**

- The **change in attributable profit in the second quarter of 2020 (€115 million) when compared to the previous quarter (€90 million), was largely a result of the following:**
  - **Gross income** grew 7.6% mainly due to the higher Trading income and Dividend Income, which compensate the drop in core income (-1.3%) and the recognition in the second quarter of the year of the contribution paid to the Single Resolution Fund[1] (SRF) for an amount of €111 million (versus €16 million of Spanish property tax in the previous quarter).
  - **Recurring administrative expenses, depreciation and amortisation** was down 2.6% on the back of efforts to manage and pare back expenses.
  - Recognition in the second quarter of insolvency provisions for Covid-19 for €755 million (€400 million in the first quarter). Other charges to provisions includes, in the first quarter, the recognition of the aforementioned early retirements.
- The **change in attributable profit in the second quarter of 2020 (€115 million) when compared to the same quarter of the previous year (€89 million), was largely a result of the following:**
  - The drop of **Gross income** and **Pre-impairment income stripping out extraordinary expenses** is mainly due to the lower **Trading income** and **Income from equity investments**. **Core income,** -1.8% dropped in a more restrained manner than the Recurring administrative expenses, depreciation and amortisation (-3.9%).
  - The second quarter of 2019 included €978 million in connection with the labour agreement.
  - The increase of the aforementioned provisions associated with Covid-19 had an effect on the performance of **Allowances for insolvency risk** in the second quarter of 2020.

(1) It includes BPI's contribution to the Portuguese Resolution Fund of €7 million.

Returns on average total assets[1]

%	2Q20	1Q20	4Q19	3Q19	2Q19
Interest income	1.57	1.70	1.73	1.71	1.79
Interest expense	(0.41)	(0.49)	(0.53)	(0.50)	(0.57)
Net interest income	**1.16**	**1.21**	**1.20**	**1.21**	**1.22**
Dividend income	0.09	0.00	0.00	0.00	0.15
Share of profit/(loss) of entities accounted for using the equity method	0.04	0.06	0.07	0.13	0.10
Net fee and commission income	0.58	0.66	0.68	0.64	0.63
Trading income	0.15	(0.02)	0.01	0.02	0.21
Income and expense under insurance or reinsurance contracts	0.13	0.15	0.15	0.14	0.13
Other operating income and expense	(0.13)	(0.06)	(0.17)	(0.03)	(0.14)
Gross income	**2.02**	**2.00**	**1.94**	**2.11**	**2.30**
Recurring administrative expenses, depreciation and amortisation	(1.09)	(1.20)	(1.14)	(1.16)	(1.19)
Extraordinary expenses	0.00	0.00	0.00	0.00	(0.96)
Pre-impairment income	**0.93**	**0.80**	**0.80**	**0.95**	**0.15**
Pre-impairment income stripping out extraordinary expenses	**0.93**	**0.80**	**0.80**	**0.95**	**1.11**
Allowances for insolvency risk	(0.78)	(0.52)	(0.09)	(0.08)	(0.08)
Other charges to provisions	(0.04)	(0.15)	(0.08)	(0.06)	(0.04)
Gains/(losses) on disposal of assets and others	(0.02)	(0.02)	(0.08)	(0.04)	(0.02)
Profit/(loss) before tax	**0.09**	**0.11**	**0.55**	**0.77**	**0.01**
Income tax expense	0.02	(0.02)	(0.12)	(0.14)	0.08
Profit/(loss) after tax	**0.11**	**0.09**	**0.43**	**0.63**	**0.09**
Profit/(loss) attributable to minority interest and others	0.00	0.00	0.00	0.00	0.00
Profit/(loss) attributable to the Group	**0.11**	**0.09**	**0.43**	**0.63**	**0.09**
Average total net assets (€ million)	423,859	398,813	407,407	407,283	406,725

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

Gross income

Net interest income

- **Net interest income** totalled €2,425 million in the first half of the year (down 2.1% on the same period in 2019) and to €1,225 million in the second quarter (down 1.3% with respect to the same quarter of the previous year). In an environment of negative interest rates, this decrease is due to:

  - Lower income from loans due to the interest rate decline, impacted by the change of structure of the lending portfolio resulting from the increase of ICO loans, the lower income from consumer lending and the drop of the rate curve. This rate reduction has been partially compensated by a higher volume.

  - Lower contribution of the fixed-income portfolio due to the reduction of the average rate partially mitigated by a higher volume.

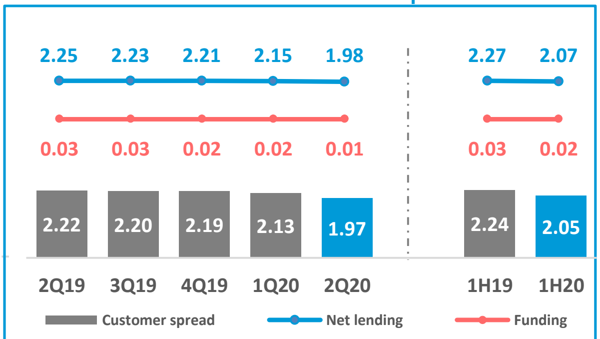
  These effects have been partially compensated by:

  - Reduction of costs for financial institutions, aided by the measures taken by the ECB in October 2019 (increasing the excess over the non-penalised reserve requirement with negative rates) and the increase of financing taken from the ECB at better conditions.

  - Savings in the costs of institutional financing due to a lower price, largely as a result of a drop in the curve.

  - Slightly lower retail funding costs.

  - Greater contribution by the insurance business (savings products).



Customer spread, Group
(%)

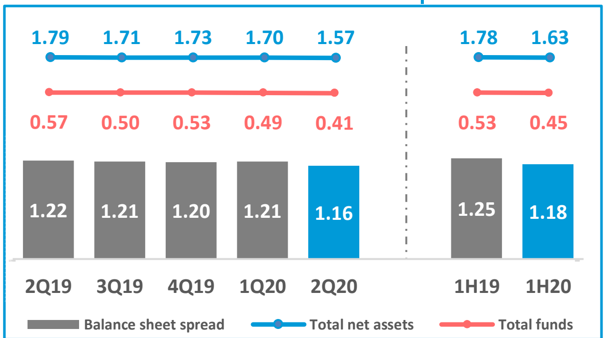
- Net interest income increased by 2.1% **quarter-on-quarter** due to:

  - Reduction of costs for financial institutions mainly due to the increase of financing taken from the ECB at lower rates.

  - Greater contribution of the fixed-income due to the increase of volume partially mitigated by a reduction of the rate.

  These effects have been partially compensated by:

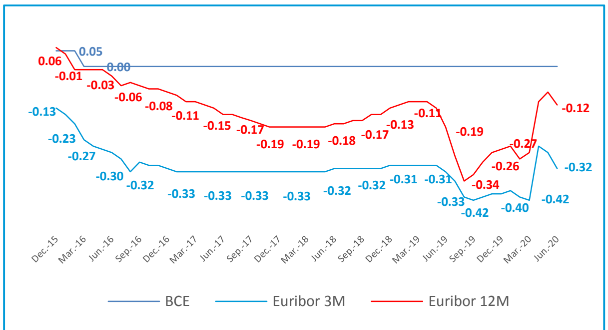
  - Decline in the income of loans and advances due to a lower portfolio interest rate, mainly due to the change of structure of the lending portfolio, the lower rate of consumer lending and the drop of the rate curve. This rate reduction has been partially compensated by a higher volume.



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

The **customer spread** fell by 16 basis points in the quarter to 1.97%, due to a reduction in the return on lending activity.

The **balance sheet spread** is 5 basis points below the previous quarter mainly due to the increase of financing taken from the ECB in the month of March and a higher outstanding balance reinvested in loans and debt securities at lower rates than those of the previous quarter.



Interest rates
(%)

Quarterly cost and income

€ million		2Q20 Average balance	2Q20 Income or expense	2Q20 Rate %	1Q20 Average balance	1Q20 Income or expense	1Q20 Rate %	4Q19 Average balance	4Q19 Income or expense	4Q19 Rate %
Financial Institutions		29,532	75	1.02	23,394	42	0.73	24,410	38	0.62
Loans and advances	(a)	224,866	1,110	1.98	214,295	1,148	2.15	214,376	1,196	2.21
Debt securities		47,870	74	0.62	36,055	63	0.70	33,825	69	0.81
Other assets with returns		63,272	395	2.51	64,733	423	2.63	64,826	468	2.86
Other assets		58,319	3	-	60,336	5	-	69,970	3	-
Total average assets	**(b)**	**423,859**	**1,657**	**1.57**	**398,813**	**1,681**	**1.70**	**407,407**	**1,774**	**1.73**
Financial Institutions		48,640	(33)	0.28	32,034	(39)	0.49	30,656	(51)	0.66
Retail customer funds	(c)	228,742	(8)	0.01	215,772	(11)	0.02	217,239	(11)	0.02
Demand deposits		200,528	(8)	0.02	186,265	(8)	0.02	186,470	(7)	0.02
Maturity deposits		28,214	(1)	0.01	29,508	(4)	0.04	30,770	(3)	0.05
Time deposits		25,101	(1)	0.01	26,808	(3)	0.04	27,832	(3)	0.05
Retail repurchase agreements and marketable debt securities		3,113	-	0.01	2,700	(1)	0.07	2,938	-	-
Wholesale marketable debt securities & other		29,965	(56)	0.75	30,339	(58)	0.77	29,359	(60)	0.81
Subordinated liabilities		5,400	(18)	1.37	5,400	(18)	1.32	5,400	(18)	1.32
Other funds with cost		71,373	(304)	1.71	73,594	(343)	1.87	74,139	(390)	2.08
Other funds		39,739	(12)	-	41,674	(12)	-	50,614	(13)	-
Total average funds	**(d)**	**423,859**	**(432)**	**0.41**	**398,813**	**(481)**	**0.49**	**407,407**	**(543)**	**0.53**
Net interest income			**1,225**			**1,200**			**1,231**	
Customer spread (%)	**(a-c)**		**1.97**			**2.13**			**2.19**	
Balance sheet spread (%)	**(b-d)**		**1.16**			**1.21**			**1.20**	

€ million		3Q19 Average balance	3Q19 Income or expense	3Q19 Rate %	2Q19 Average balance	2Q19 Income or expense	2Q19 Rate %
Financial Institutions		21,353	35	0.65	31,860	46	0.58
Loans and advances	(a)	215,173	1,207	2.23	212,858	1,196	2.25
Debt securities		35,137	81	0.91	36,524	93	1.02
Other assets with returns		64,955	429	2.62	60,071	472	3.15
Other assets		70,665	5	-	65,412	7	-
Total average assets	**(b)**	**407,283**	**1,757**	**1.71**	**406,725**	**1,814**	**1.79**
Financial Institutions		29,129	(58)	0.78	42,221	(70)	0.67
Retail customer funds	(c)	219,137	(15)	0.03	214,305	(16)	0.03
Demand deposits		186,901	(9)	0.02	181,765	(11)	0.02
Maturity deposits		32,237	(5)	0.07	32,540	(5)	0.07
Time deposits		28,893	(5)	0.08	29,274	(5)	0.07
Retail repurchase agreements and marketable debt securities		3,344	-	-	3,265	-	-
Wholesale marketable debt securities & other		28,553	(64)	0.89	28,694	(63)	0.88
Subordinated liabilities		5,400	(19)	1.36	5,400	(19)	1.40
Other funds with cost		73,771	(347)	1.87	68,421	(390)	2.29
Other funds		51,293	(12)	-	47,684	(15)	-
Total average funds	**(d)**	**407,283**	**(515)**	**0.50**	**406,725**	**(573)**	**0.57**
Net interest income			**1,242**			**1,241**	
Customer spread (%)	**(a-c)**		**2.20**			**2.22**	
Balance sheet spread (%)	**(b-d)**		**1.21**			**1.22**	

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 intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being income from ECB funding measures (TLTRO and MRO). Conversely, the heading financial intermediaries 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.
- 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 gave rise to a reduction in balances of headings "Other assets" and "Other funds" with respect to previous quarters.

Fees and commissions

- **Fee and commission income reached €1,266 million**, +1.5% on the same period of 2019. The downturn in economic activity since the second half of March 2020 and the behaviour of the markets have had an effect on its performance with respect to the first quarter (-7.5%) and the same quarter of the previous year (-4.4%).
  - **Banking services, securities and other fees** includes income on securities operations, bank transactions, risk activities, deposit management, payment methods and wholesale banking.

    The change in recurring fees and commissions (-4.6% with respect to the first half of 2019 and dropping by almost -15% with respect to the previous quarter and the same quarter of 2019) is mainly impacted by the lower fees and commissions from payment methods, and to a lesser extent, to fees associated with risk, as the rest of items of fees and commissions have resisted well to the lower economic activity.

    Good performance in the first half and more specifically in the second quarter of 2020, of the fees and commissions from wholesale banking, which mitigate the aforementioned drop in fees and commissions from payment methods.

    Thus, Banking services fees grew 0.7% year-on-year and the drop is reduced to -8.3% with respect to the first quarter of 2020 and -5.6% when compared to the same quarter of the previous year.
  - The **fees and commissions from sale of insurance products** dropped when compared to 2019 (-11.3%), mainly due to the lower commercial activity (-6.9% in the quarter and -14.7% with respect to the same quarter of the previous year).
  - **Commissions from mutual funds, managed accounts and SICAVs** came to €268 million, with a year-on-year increase of 4.3% despite the market volatility in 2020.

    Drop with respect to the previous quarter (-6.8%) and a slight decrease when compared to the same quarter of the previous year (-0.8%), mainly as a result of the lower average assets managed following the collapse of the markets.
  - **Commissions from managing pension plans** stand at €107 million, +2.6% on the same period of the previous year, essentially due to an increase of average assets. The quarterly performance includes, among others, the impact of the market drop (-7.5% with respect to the previous quarter and -4.1% with respect to the same quarter in the previous year).
  - Growth in **Unit Link fees and commissions** with respect to the first half of 2019 (+20.8%) and the same quarter of 2019 (+14.3%) is mainly due to managing a higher volume, which absorbs the impact of the downturn in the market. Decrease with respect to the previous quarter (-2.3%) as a consequence of the markets' downturn in the first quarter, despite their partial recovery and the positive net in-flows in this second quarter.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Banking services, securities and other fees	725	719	0.7	347	378	401	380	367
of which: Recurring	*625*	*654*	*(4.6)*	*288*	*336*	*344*	*345*	*337*
of which: Wholesale banking	*100*	*65*	*55.0*	*58*	*42*	*57*	*35*	*30*
Sale of insurance products	97	110	(11.3)	47	50	52	51	55
Mutual funds, managed accounts and SICAVs	268	257	4.3	129	139	143	138	130
Pension plans	107	105	2.6	52	56	62	55	54
Unit Link and other[1]	69	57	20.8	34	35	36	32	30
Net fee and commission income	**1,266**	**1,248**	**1.5**	**608**	**658**	**694**	**656**	**636**

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

Income from equity investments

- The **Dividend income** includes in the second quarter of 2020 the dividend from Telefónica for €50 million and BFA for €40 million (€104 million and €46 million, respectively, in 2019).

  In 2019, Telefónica's total dividend paid in the year accrued in the second quarter (€0.40/share). At 30 June 2020, only the first scrip dividend approved by the Telefónica Board of Directors for €0.193/share has been recognised, in which CaixaBank opted for cash remuneration. A second scrip dividend for a similar amount is expected to be approved in the fourth quarter.

- The **Share of profit/(loss) of entities accounted for using the equity method** drops 53.7% on the same period of the previous year due to the recognition of lower results attributed in the current economic scenario.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Dividend income	94	161	(41.6)	93	1	2		151
Share of profit/(loss) of entities accounted for using the equity method	97	209	(53.7)	41	56	81	135	102
Income from equity investments	**191**	**370**	**(48.5)**	**134**	**57**	**83**	**135**	**253**

Trading income

- **Trading income** stands at €142 million (down 45.5%). The change is partially marked by the markets' negative performance in the first quarter of 2020, which mainly affected the valuation of derivatives and has partially recovered in this second quarter. In addition, materialisation of unrealised gains from fixed-income assets in the second quarter of the previous year.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Trading income	**142**	**261**	**(45.5)**	**162**	**(20)**	**13**	**24**	**213**

Income and expense under insurance or reinsurance contracts

- The income from life-risk insurance business stands at €292 million, showing a solid growth of +10.5% with respect to the first half of 2019 and 5.6% with respect to the same quarter of the previous year, which was impacted by the schedule of product roll-outs. Down 5.8% with respect to the previous quarter following lower commercial activity in the current context.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Income and expense under insurance or reinsurance contracts	**292**	**264**	**10.5**	**141**	**150**	**149**	**143**	**134**

Other operating income and expense

- **Other operating income and expense** 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:

  - Recognition in the first quarter of an estimation of the Spanish property tax for €16 million in both years
  - The second quarter includes the contribution to the Single Resolution Fund of €111 million[1] in 2020 (€103 million in 2019)
  - Contribution to the Deposit Guarantee Fund (DGF) of €242 million in the fourth quarter of 2019

  The line Other includes, among other factors, the recognition in the first quarter of 2020 of BPI's annual contribution paid to the Portuguese banking sector (*Contribuição sobre o sector bancário*) of €16 million, which in 2019 was accrued throughout the year. The fourth quarter of 2019 included income from the earn out of SegurCaixa Adeslas.

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

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
SRF / DGF	(111)	(103)	7.3	(111)		(242)		(103)
Other real estate operating income and expense (including Spanish property tax)	(23)	(12)	95.3	(6)	(17)	12	1	
Other	(65)	(61)	6.8	(19)	(45)	55	(36)	(38)
Other operating income and expense	**(199)**	**(176)**	**12.9**	**(136)**	**(62)**	**(175)**	**(35)**	**(141)**

Administration expenses, depreciation and amortisation

- The year-on-year performance of **Recurring administrative expenses, depreciation and amortisation** (-2.6%) is a result of the cost base management.

  Personnel expenses fell by 4.6%, materialising among others the savings associated with the labour agreement[2] of 2019 and the early retirements[3] of 2020, which compensate the organic increase. General expenses dropped by 0.8% in the year.

  The increase in depreciation and amortisation (+4.4%) is explained by the investments made in the bank's transformation projects.

- Lower Recurring administrative expenses, depreciation and amortisation with respect to the previous quarter (-2.6%), mainly due to lower personnel expenses (-3.2%), which include savings from the early retirement scheme, among others. The drop in depreciation and amortisation (-5.8%) includes the impact of a review carried out in the quarter by BPI of the software's depreciable life[4].

- The effort in reducing costs, with a year-on-year reduction of -2.6%, higher than the drop of core income (-0.5%) has improved the core cost-to-income ratio by 1 percentage point.

(2) Agreement reached with the employees' union representatives in the second quarter of 2019 regarding a plan of compensated terminations for €978 million. The majority of the departures were implemented on 1 August 2019.

(3) Departure of employees included in the early retirement scheme effective on 1 April 2020.

(4) Based on a collaboration with an independent expert, an exercise to adapt the depreciable life of software developed internally.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Gross income	4,117	4,445	(7.4)	2,134	1,983	1,995	2,165	2,336
Personnel expenses	(1,454)	(1,524)	(4.6)	(715)	(739)	(723)	(731)	(760)
General expenses	(619)	(624)	(0.8)	(310)	(309)	(309)	(314)	(312)
Depreciation and amortisation	(272)	(260)	4.4	(132)	(140)	(142)	(144)	(132)
Recurring administrative expenses, depreciation and amortisation	**(2,345)**	**(2,408)**	**(2.6)**	**(1,157)**	**(1,188)**	**(1,174)**	**(1,189)**	**(1,204)**
Extraordinary expenses		(978)				(1)		(978)
Cost-to-income ratio (%) (12 months)	56.9	67.0	(10.1)	56.9	67.6	66.8	67.9	67.0
Cost-to-income ratio stripping out extraordinary expenses (%) (12 months)	56.9	55.4	1.5	56.9	56.1	55.4	56.2	55.4

	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Core income	4,064	4,084	(0.5)	2,019	2,045	2,115	2,117	2,057
Recurring administrative expenses, depreciation and amortisation	(2,345)	(2,408)	(2.6)	(1,157)	(1,188)	(1,174)	(1,189)	(1,204)
Core cost-to-income ratio (12 months)	**56.7**	**57.7**	**(1.0)**	**56.7**	**57.0**	**57.4**	**57.9**	**57.7**

Allowances for insolvency risk and other charges to provisions

- **Allowances for insolvency risk**[1] stand at €-1,334 million (€-204 million in the first half of 2019).

  In the first half of 2020, the Group changed the macroeconomic scenarios and the weighting established for each scenario employed in the estimate of expected loss due to credit risk.

  For this purpose, internal economic projection scenarios based on the impact of the Covid-19 health crisis on the economy and different levels of severity have been used. Combining scenarios helps reducing the uncertainty of projections in the current context, although these provisions will be updated in coming quarters based on new available information.

  As a result, a provision for credit risk of €1,155 million was recognised in the first half of 2020, of which €755 million in the second quarter following the new review of scenarios. In this second quarter, the weight provided to macroeconomic projections with a lesser contextual bias was discarded.

  The **cost of risk (last 12 months)** came to **0.61%** following the aforementioned provisions. The annualised half-yearly cost of risk stands at 1.06% following the provision made for the expected loss from impacts associated with Covid-19.

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

  The year-on-year performance is mainly affected by the recognition of €109 million associated with the early retirements in 2020. Allowances were recognised for legal contingencies in the last quarter of 2019, employing conservative criteria.

(1) The first half of 2020 includes, among others, the release in provisions established at the time BPI was acquired for €60 million (€+28 million in the first half of 2019). In the fourth quarter of 2019 €107 million were released.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Allowances for insolvency risk	(1,334)	(204)		(819)	(515)	(88)	(84)	(81)
Other charges to provisions	(184)	(91)		(41)	(144)	(84)	(60)	(43)
Allowances for insolvency risk and other charges to provisions	**(1,518)**	**(295)**		**(859)**	**(659)**	**(172)**	**(144)**	**(124)**

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

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Real estate results	(23)	(15)	53.3	(10)	(14)	(61)	(8)	(5)
Other	(26)	(23)	13.0	(9)	(17)	(24)	(36)	(17)
Gains/(losses) on disposal of assets and others	**(49)**	**(38)**	**31.6**	**(19)**	**(31)**	**(85)**	**(44)**	**(22)**

Business Activity

Balance sheet

Total assets reached €445,572 million, +7.0% in the quarter, driven by the items on the balance sheet that include the growth of customer loans and deposits and the balances associated with central banks' deposits and liquidity management.

€ million	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
- Cash and cash balances at central banks and other demand deposits	44,304	26,505	67.2	15,110	
- Financial assets held for trading	7,774	8,778	(11.4)	7,370	5.5
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	381	410	(7.1)	427	(10.8)
Equity instruments	184	195	(5.6)	198	(7.1)
Debt securities	54	52	3.8	63	(14.3)
Loans and advances	143	163	(12.3)	166	(13.9)
- Financial assets at fair value with changes in other comprehensive income	20,745	21,782	(4.8)	18,371	12.9
- Financial assets at amortised cost	269,430	257,962	4.4	244,702	10.1
Credit institutions	7,109	5,673	25.3	5,159	37.8
Customers	236,291	225,738	4.7	222,154	6.4
Debt securities	26,030	26,551	(2.0)	17,389	49.7
- Derivatives - Hedge accounting	392	399	(1.8)	2,133	(81.6)
- Investments in joint ventures and associates	3,928	3,892	0.9	3,941	(0.3)
- Assets under the insurance business[1]	72,700	69,629	4.4	72,683	0.0
- Tangible assets	7,229	7,301	(1.0)	7,282	(0.7)
- Intangible assets	3,883	3,842	1.1	3,839	1.1
- Non-current assets and disposal groups classified as held for sale	1,257	1,272	(1.2)	1,354	(7.2)
- Other assets	13,549	14,619	(7.3)	14,202	(4.6)
Total assets	**445,572**	**416,391**	**7.0**	**391,414**	**13.8**
Liabilities	**421,179**	**392,174**	**7.4**	**366,263**	**15.0**
- Financial liabilities held for trading	2,191	3,440	(36.3)	2,338	(6.3)
- Financial liabilities at amortised cost	339,710	311,690	9.0	283,975	19.6
Deposits from central banks and credit institutions	57,840	44,608	29.7	20,656	
Customer deposits	238,674	224,763	6.2	221,079	8.0
Debt securities issued	34,291	34,544	(0.7)	33,648	1.9
Other financial liabilities	8,905	7,775	14.5	8,592	3.6
- Liabilities under the insurance business[1]	70,769	68,001	4.1	70,807	(0.1)
- Provisions	3,356	3,419	(1.8)	3,624	(7.4)
- Other liabilities	5,153	5,624	(8.4)	5,519	(6.6)
Equity	**24,393**	**24,217**	**0.7**	**25,151**	**(3.0)**
- Shareholders' equity	25,996	25,876	0.5	26,247	(1.0)
- Minority interest	25	28	(10.7)	29	(13.8)
- Accumulated other comprehensive income	(1,628)	(1,687)	(3.5)	(1,125)	44.7
Total liabilities and equity	**445,572**	**416,391**	**7.0**	**391,414**	**13.8**

(1) In accordance with the Amendments to IFRS 4, the Group decided to apply temporary exemption from applying IFRS 9 to the financial investments of the Group's insurance firms for all periods that come before 1 January 2021. This date is currently being reviewed by the European Commission as it awaits its alignment with the entry into force of the new IFRS 17: Insurance Contracts (expected on 1 January 2023), 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'.

Loans and advances to customers using management criteria

Loans and advances to customers, gross stands at €242,956 million, (+6.8% and +5.0% in the year and in the quarter, respectively). The solid growth of loans to business stands out, as does the positive seasonal impact from the pension prepayments in June for an amount of €1,824 million (+6.0% and +4.2% of annual and quarterly growth, respectively, excluding the latter effect).

- Changes by segment include:

  Loans for home purchases (-1.9% in the year and -0.9% in the quarter) continues to be marked by the deleveraging of families in line with the trend of previous quarters, accentuated by the lower mortgage production due to the situation of recent months.

  Loans to individuals - Other has increased 4.1% in the year. The 5.8% growth in the quarter is due to, among other factors, the granting of government guaranteed loans for an amount of €951 million to self-employed workers (of which €944 million in Spain in ICO loans) and the advance of double payments made to pension holders in June (€1,824 million).

  The performance of **Consumer lending** (-2.8% and -3.7% in the year and in the quarter, respectively) is the result of the contained consumption during the state of alarm, following the good commercial activity in the first two months of the year, but in the month of June it is showing signs of recovery after lockdown easing.

  Financing for **Corporates and SMEs** was up 15.9% in the year. At the end of the first quarter, growth in response to the demand of loans in a context where companies were managing their liquidity requirements for the coming quarters.

  Loans to business grew by 12.5% in the second quarter, mainly due to government guaranteed loans for an amount of €9,485 million (of which €9,168 million in Spain in ICO loans).

  Loans to the **public sector** grew by 9.9% in the year, mainly from one-off transactions granted up to February, dropping in the second quarter by 9.7%.

€ million	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
Loans to individuals	**124,152**	**122,929**	**1.0**	**124,334**	**(0.1)**
Home purchases	86,828	87,643	(0.9)	88,475	(1.9)
Other	37,325	35,285	5.8	35,859	4.1
of which: Consumer lending	14,320	14,877	(3.7)	14,728	(2.8)
Loans to business	**105,870**	**94,119**	**12.5**	**91,308**	**15.9**
Corporates and SMEs	99,761	88,104	13.2	85,245	17.0
Real estate developers	6,109	6,015	1.6	6,063	0.8
Public sector	**12,934**	**14,320**	**(9.7)**	**11,764**	**9.9**
Loans and advances to customers, gross[1]	**242,956**	**231,367**	**5.0**	**227,406**	**6.8**
Of which:					
Performing loans	234,083	222,803	5.1	219,006	6.9
Provisions for insolvency risk	(5,655)	(5,061)	11.7	(4,704)	20.2
Loans and advances to customers, net	**237,301**	**226,306**	**4.9**	**222,702**	**6.6**
Contingent liabilities	17,305	17,234	0.4	16,856	2.7

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

Breakdown of government guaranteed loans

Below is the detail of government guaranteed loans based on the public guarantee schemes implemented within the framework of Covid-19:

	Jun. 30, 2020			Mar. 31, 2020
Amounts drawn, € million	**Spain (ICO)**	**Portugal**	**Total**	**Spain (ICO)[1]**
Loans to individuals	**1,014**	**7**	**1,021**	**70**
Other (self-employed)	1,014	7	1,021	70
Loans to business	**9,555**	**316**	**9,872**	**387**
Corporates and SMEs	9,514	315	9,829	386
Real estate developers	42	1	42	1
Public sector	**2**	**-**	**2**	**-**
Loans and advances to customers, gross[2]	**10,572**	**323**	**10,895**	**457**

(1) On 31 March 2020, no Portuguese government guaranteed loans were granted.
(2) Refers to the amount of loans and advances granted to and disposed by clients. In addition to those, CaixaBank has granted €455 million still to be disposed by clients.

Customer funds using management criteria

Customer funds reached €400,675 million on 30 June 2020 (+4.3% in the year and +6.4% in the quarter).

- On-balance sheet funds stood at €294,288 million (+6.1% in the year and +5.5% in the quarter).
  - **Demand deposits** rose to €209,341 million. Its growth (+10.4% in the year and +8.5% in the quarter) is impacted by the strength of the franchise in a scenario where families and companies have managed their liquidity needs and by the habitual seasonal effect of double salary and pension payments in the second quarter of each year.
  - **Time deposits** totalled €25,581 million (down 11.7% in the year). Their performance continues to be marked by the reduction of deposits against a backdrop of rock-bottom interest rates on renewal of maturities.
  - The increase of **liabilities under insurance contracts**[1] in the year (+0.4%) and in the quarter (+2.0%) includes the progressive recovery of the market in the second quarter in the valuation of Unit Links and the positive subscriptions in Unit Links and in the rest of insurance products in the first half of the year.
- **Assets under management** stand at €98,573 million. Its annual performance (-3.7%) is almost entirely due to the market collapse in the first quarter and its partial recovery in recent months, resulting in a quarterly growth of 6.7%.
  - The assets managed in **mutual funds, managed accounts and SICAVs** stood at €65,619 million (-4.3% in the year and +7.2% in the quarter).
  - **Pension plans** reached €32,954 million (-2.3% in the year and +5.9% in the quarter).
- Other accounts mainly includes temporary funds associated with transfers and collections, the performance of which in the second quarter is the result, among other factors, of the collection from filed income tax returns, which coincides with the end of the quarter.

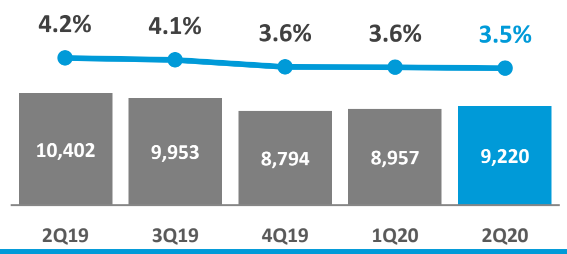
(1) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Link and Flexible Investment Life Annuity products (the part managed).

€ million	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
Customer funds	234,922	221,092	6.3	218,532	7.5
Demand deposits	209,341	192,904	8.5	189,552	10.4
Time deposits[2]	25,581	28,188	(9.2)	28,980	(11.7)
Insurance contract liabilities	57,700	56,553	2.0	57,446	0.4
of which: Unit Link and other[3]	12,227	11,044	10.7	12,249	(0.2)
Reverse repurchase agreements and other	1,666	1,301	28.1	1,294	28.7
On-balance sheet funds	**294,288**	**278,946**	**5.5**	**277,272**	**6.1**
Mutual funds, managed accounts and SICAVs	65,619	61,230	7.2	68,584	(4.3)
Pension plans	32,954	31,113	5.9	33,732	(2.3)
Assets under management	**98,573**	**92,343**	**6.7**	**102,316**	**(3.7)**
Other accounts	**7,814**	**5,271**	**48.2**	**4,698**	**66.3**
Total customer funds[4]	**400,675**	**376,560**	**6.4**	**384,286**	**4.3**

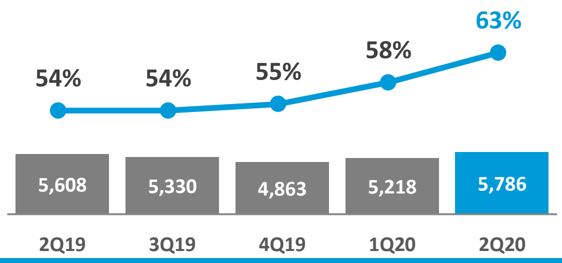
(2) Includes retail debt securities amounting to €1,474 million at 30 June 2020.
(3) Includes technical provisions corresponding to Unit Link and Flexible Investment Life Annuity products (the part managed).
(4) See 'Reconciliation of activity indicators using management criteria' in the 'Appendices - Glossary'.

Risk management

Credit risk quality



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



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

The **NPL ratio dropped to 3.5%** (-6bp in the year, of which -3 correspond to the positive seasonal impact from the pension prepayments). Increase of non-performing loans in the year of €426 million, partially due to a lower recovery activity during the state of alarm. The **coverage ratio rose** to **63% (+8pp in the year following the increase in provisions)**.

(1) Calculations include loans and contingent liabilities.

Changes in non-performing assets

€ million	2Q19	3Q19	4Q19	1Q20	2Q20
Opening balance	**10,983**	**10,402**	**9,953**	**8,794**	**8,957**
Exposures recognised as non-performing (NPL-inflows)	668	680	777	793	1,022
Derecognitions from non-performing exposures	(1,249)	(1,129)	(1,936)	(630)	(760)
of which: written off	(186)	(58)	(256)	(105)	(169)
Closing balance	**10,402**	**9,953**	**8,794**	**8,957**	**9,220**

NPL ratio by segment

	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020
Loans to individuals	**4.4%**	**4.5%**	**4.6%**
Home purchases	3.4%	3.5%	3.6%
Other	6.7%	7.0%	7.0%
of which: Consumer lending	4.0%	4.4%	5.0%
Loans to business	**3.2%**	**3.2%**	**3.0%**
Corporates and SMEs	2.9%	2.9%	2.6%
Real estate developers	8.0%	7.8%	7.9%
Public sector	**0.3%**	**0.3%**	**0.3%**
NPL Ratio (loans and contingent liabilities)	**3.6%**	**3.6%**	**3.5%**

The change in the NPL ratio for "Other" in the second quarter is mainly impacted by the pension prepayments, which increases and then decreases the volume of lending in the second and third quarters, respectively.

Stripping out this effect, the NPL ratio for "Other" in 2Q20 would have been 7.3% and the total NPL ratio would have remained stable at 3.6%.

Changes in provisions for insolvency risk[1]

(1) Including loans and contingent liabilities.

€ million	2Q19	3Q19	4Q19	1Q20	2Q20
Opening balance	**5,908**	**5,608**	**5,330**	**4,863**	**5,218**
Charges to provisions	81	84	88	515	819
Amounts used	(363)	(353)	(540)	(153)	(247)
Transfers and other changes	(18)	(9)	(15)	(7)	(4)
Closing balance	**5,608**	**5,330**	**4,863**	**5,218**	**5,786**

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.

Jun. 30, 2020	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	219,870	14,214	8,873	242,956	(994)	(910)	(3,750)	(5,655)
Contingent liabilities	16,284	674	347	17,305	(18)	(13)	(99)	(131)
Total loans and advances and contingent liabilities	**236,153**	**14,888**	**9,220**	**260,261**	**(1,013)**	**(924)**	**(3,849)**	**(5,786)**

Mar. 31, 2020	Loan book exposure				Provisions			
€ million	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Loans and advances	208,136	14,666	8,565	231,367	(703)	(735)	(3,624)	(5,061)
Contingent liabilities	16,205	637	392	17,234	(18)	(12)	(127)	(157)
Total loans and advances and contingent liabilities	**224,341**	**15,304**	**8,957**	**248,602**	**(721)**	**(746)**	**(3,751)**	**(5,218)**

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)**

Below is a breakdown of the Provisions for insolvency risk assigned to Covid-19 at 30 June 2020 according to loan segment and stage:

Jun. 30, 2020 € million	Home purchases	Other	Loans to business	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Provisions for insolvency risk COVID-19	**405**	**432**	**318**	**1,155**	**461**	**301**	**393**	**1,155**

Breakdown of moratoria

Below are the moratoria requests[1] granted and in analysis on 30 June 2020:

(1) Moratoria according to Royal Decree-Law 8/2020, 11/2020, (10J/2020 in Portugal) or Sectorial Agreement.

	Jun. 30, 2020					
	Spain		Portugal		Total	
	No. of contracts	€ million	No. of contracts	€ million	€ million	% on portfolio
Moratoria to individuals	**355,545**	**9,778**	**73,288**	**3,070**	**12,848**	**10.3**
Home purchases	75,279	6,790	40,946	2,615	9,404	10.8
Other	280,266	2,989	32,342	455	3,444	9.2
of which: consumer lending	232,402	1,103	30,531	364	1,467	10.2
Moratoria to business	**1,943**	**70**	**32,081**	**2,565**	**2,634**	**2.5**
Corporates and SMEs	1,786	57	32,036	2,543	2,600	2.6
Real estate developers	157	13	45	22	35	0.6
Moratoria to the public sector	**-**	**-**	**2**	**16**	**16**	**0.1**
Total moratoria granted	**357,488**	**9,848**	**105,371**	**5,650**	**15,498**	**6.4**
Moratoria in analysis[2]	**54,614**	**1,173**	**1,693**	**78**	**1,251**	**-**
Total moratoria	**412,102**	**11,021**	**107,064**	**5,728**	**16,749**	**6.9**

(2) Moratoria in analysis refers to the moratoria applications in process of approval (excluding applications rejected by the Bank or declined by the client).

86% of moratoria granted in Spain correspond to contracts with mortgage guarantee, with an average LTV of 54%.

Breakdown of the total moratoria granted according to categories of credit risk established in IFRS 9:

	Jun. 30, 2020			
€ million	Stage 1	Stage 2	Stage 3	TOTAL
Individuals	**9,619**	**2,524**	**705**	**12,848**
Business	**2,418**	**204**	**12**	**2,634**
Public sector	**16**	**-**	**-**	**16**
Total moratoria approved	**12,053**	**2,728**	**717**	**15,498**

Loan-to-value breakdown at 30 June 2020 of the moratoria approved in the home purchases segment:

	Jun. 30, 2020				
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	LTV > 80%	TOTAL
Gross amount	1,930	3,356	3,103	1,015	9,404

Loan-to-value breakdown[1] of the Group's home purchases portfolio

Below is the breakdown of the Loan-to-value of the home purchases portfolio:

			Jun. 30, 2020		
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	24,799	32,094	21,893	7,344	86,130
of which: Non-performing	285	511	685	1,611	3,092

			Mar. 31, 2020		
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	24,501	32,064	22,501	7,865	86,931
of which: Non-performing	254	450	663	1,643	3,010

			Dec. 31, 2019		
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**LTV > 80%**	**TOTAL**
Gross amount	24,342	32,202	23,122	8,082	87,748
of which: Non-performing	245	433	652	1,664	2,994

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

Refinancing

€ million	Dec. 31, 2019 Total	Dec. 31, 2019 of which: NPL	Mar. 31, 2020 Total	Mar. 31, 2020 of which: NPL	Jun. 30, 2020 Total	Jun. 30, 2020 of which: NPL
Individuals	5,009	3,179	4,176	3,144	4,252	3,286
Corporates and SMEs	2,617	1,369	2,482	1,326	2,371	1,356
Real estate developers	651	324	567	305	604	309
Public sector	246	15	250	14	211	14
Total	**8,523**	**4,887**	**7,475**	**4,789**	**7,438**	**4,965**
Provisions	1,860	1,693	1,808	1,646	1,791	1,677

Foreclosed real estate assets

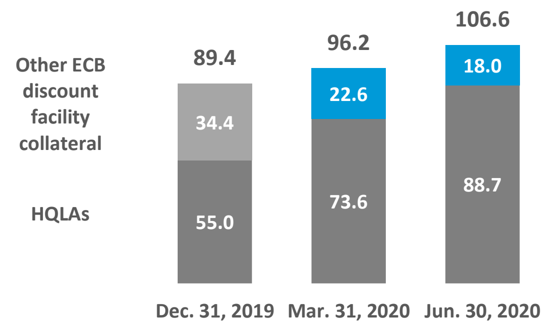
- The portfolio of **net foreclosed real estate assets available for sale[1]** in Spain amounts to €973 million (€+15 million in the first half of the year). **The coverage ratio[2] is 40%**, while the coverage ratio with accounting provisions[2] is 31%.
- Net foreclosed assets **held for rent** in Spain stand at €1,971 million (€-123 million in the first half).
- **Total properties sold[3] in 2020** amounts to €151 million.

(1) Does not include real estate assets in the process of foreclosure for €126 million at 30 June 2020.

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

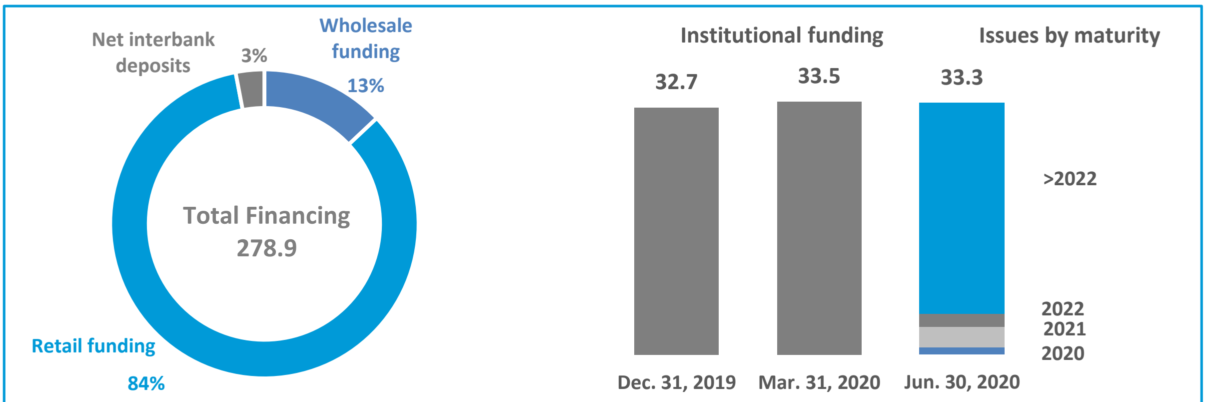
(3) At sale price.

Liquidity
and financing structure



	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020
Punctual LCR	179 %	234 %	283 %
Average LCR[1]	186 %	185 %	198 %
NSFR	129 %	129 %	140 %
LTD	100 %	101 %	99 %

Total liquid assets, Liquidity metrics and Balance sheet structure
(€ thousand million and %)



Financing structure
(€ thousand million)

- **Total liquid assets amounted to €106,609 million** at 30 June 2020, up €17,182 million in the year, mainly due to the generation and provision of collateral in the ECB facility.
- The Group's **Liquidity Coverage Ratio** (LCR) at 30 June 2020 was 283%, showing an ample liquidity position (**198%** LCR average last 12 months) well clear of the minimum requirement of 100%.
- The **Net Stable Funding Ratio** (NSFR)[2] stood at 140% at 30 June 2020, above the 100% regulatory minimum required from June 2021.
- Solid retail financing structure with a **loan-to-deposit** ratio of **99%.**
- The **balance drawn** under the ECB facility at 30 June 2020 amounted to €49,725 million, corresponding to TLTRO III. In the second quarter of 2020, €1,409 million of TLTRO II were repaid early, an extraordinary LTRO of €21,500 million and $2,000 million of ECB financing was amortised, and €40,700 million was drawn under TLTRO III.
- **Wholesale funding[3]** amounted to €33,340 million, diversified by investment instruments and maturities.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €2,900 million at the end of June 2020.

(1) Trailing 12 months.

(2) As of 30 June 2019 the regulatory criteria established in Regulation (EU) 2019/876 of the European Parliament and of the Council, of 20 May 2019, which will come into force in June 2021, is applied (better interpretation of the aforementioned criteria). The aforementioned calculations follow the criteria laid down by Basel.

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

Information on the Group's issuances in 2020.

€ million					
Issue	**Amount**	**Maturity**	**Cost[1]**	**Demand**	**Issuer**
Senior preferred debt	1,000	5 years	0.434% (mid-swap +0.58%)	2,100	CaixaBank

(1) Meaning the yield on the issuance.

Following the end of June, CaixaBank issued a Covid-19 Social Bond for €1,000 million in Senior Preferred debt maturing in 6 years and paying an annual return of 0.835%, equivalent to the mid-swap + 117bp. Demand for the issue was higher than €3,000 million.

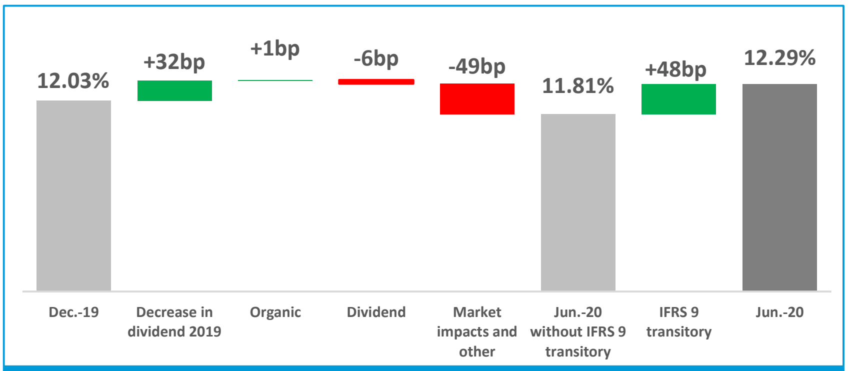
Collateralisation of mortgage covered bonds of CaixaBank, S.A.

€ million		Jun. 30, 2020
Mortgage covered bonds issued	a	49,483
Loans and credits (collateral for mortgage covered bonds)	b	85,046
Collateralisation	**b/a**	**172%**
Overcollateralisation	**b/a -1**	**72%**
Mortgage covered bond issuance capacity[2]		**1,355**

(2) CaixaBank S.A. is also able to issue €1,545 million in regional public-sector covered bonds.

Capital management

- The **Common Equity Tier 1 (CET1)** ratio **stands at 12.3%**. The first half includes +32 basis points from the extraordinary impact of reducing the established dividend against 2019 earnings, as one of the measures adopted by the Board of Directors due to Covid-19[1]. The organic generation of capital remained stable (+8 basis points in the quarter), the forecast of dividends resulted in -6 basis points[2] (-3 basis points in the quarter) and market and other impacted in -49 basis points (-12 basis points in the quarter). The adoption of the transitional period of IFRS 9[3] has impacted +48 basis points (of which +13 basis points in the quarter and +22 basis points are due to changes to the methodology introduced by the CRR 2.5). The change in RWAs includes €-1,800 million (+15 basis points of CET1) due to the impact of the CRR 2.5 on the reduction factors of capital consumption in loans for SMEs and infrastructure projects.
- The CET1 ratio without applying the IFRS 9 transitional period stands at 11.8%.
- After considering the new regulatory and supervisory aspects resulting from the Covid-19 crisis, the Board of Directors agreed to reduce at 11.5% the objective of the solvency rate CET1.
- The **Tier 1** ratio reached **13.8%.** 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 **16.0%.**
- The leverage ratio stood at 5.1%.
- As for the MREL requirement (22.7% of RWAs and 10.6% on TLOF at a consolidated level as of 31 December 2020), CaixaBank had a ratio of 22.6% on RWA and 9.0% on TLOF at 30 June, considering all liabilities currently classified as eligible[4] by the Single Resolution Board. Including the new issue of the social bond carried out in July for €1,000 million in Senior preferred debt[5], the pro-forma MREL ratio would be 23.3%. At a subordinated level, primarily including Senior non-preferred debt, the MREL ratio reached 19.8%.
- Similarly, **CaixaBank is subject to minimum capital requirements** on a non-consolidated basis. The CET1 ratio under this perimeter reached 14.1%.
- **BPI** is also compliant with its minimum capital requirements. Capital ratios at a sub-consolidated level are as follows: CET1 of 13.8%, Tier1 of 15.3% and Total Capital of 17.0%.
- The decisions of the European Central Bank and the national supervisor, including the measures adopted following the Covid-19 health crisis, required the Group to maintain, during 2020, CET1, Tier1 and Total Capital ratios of 8.10%, 9.88% and 12.26%, respectively.
- The Group's current level of capital adequacy confirm that the applicable requirements would not lead to any automatic restrictions according to 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 372 basis points, equating to €5,480 million, until the Group's MDA[6] trigger). On 26 March 2020, the Board of Directors amended the dividends policy exclusively for 2020, limiting the distribution of a cash dividend of no more than 30% of the reported consolidated net profit.



Change in CET1

(1) See detailed information in the section 'Responsible management and social commitment'.

(2) As set forth in the prudential standard (average payout of the last three years), 43% of the consolidated profit is deducted. If we consider the Dividend Policy approved by the Board of Directors, which establishes a maximum payment of 30% of the result, the CET1 would improve by 3pbs.

(3) In March, CaixaBank availed itself to the IFRS 9's transitional provisions, which permits partially mitigating in its capital adequacy calculations the pro-cyclicality associated with the provisions model under IFRS 9 throughout the established transitional period.

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

(5) See section 'Liquidity'.

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

Performance and key capital adequacy indicators

€ million	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Quarter-on-quarter
CET1 Instruments	23,434	23,701	24,114	24,080	24,646	566
Shareholders' equity	25,218	25,831	26,247	25,876	25,996	120
Capital	5,981	5,981	5,981	5,981	5,981	
Profit/(loss) attributable to the Group	622	1,266	1,705	90	205	115
Reserves and other	18,615	18,584	18,561	19,806	19,811	5
Other CET1 instruments[1]	(1,784)	(2,131)	(2,133)	(1,796)	(1,350)	446
Deductions from CET1	(6,415)	(6,291)	(6,327)	(6,333)	(6,538)	(205)
CET1	**17,019**	**17,409**	**17,787**	**17,747**	**18,108**	**361**
AT1 instruments	2,235	2,235	2,236	2,236	2,237	1
AT1 Deductions						
TIER 1	**19,253**	**19,645**	**20,023**	**19,983**	**20,345**	**362**
T2 instruments	3,278	3,170	3,224	3,329	3,196	(133)
T2 Deductions						
TIER 2	3,278	3,170	3,224	3,329	3,196	(133)
TOTAL CAPITAL	**22,531**	**22,815**	**23,247**	**23,312**	**23,541**	**229**
Other computable subordinated instruments MREL	4,682	5,684	5,680	5,680	5,667	(13)
MREL, subordinated	**27,213**	**28,499**	**28,927**	**28,993**	**29,208**	**215**
Other computable instruments MREL[2]	3,907	3,393	3,362	4,342	4,111	(231)
MREL	**31,120**	**31,892**	**32,289**	**33,335**	**33,319**	**(16)**
Risk-weighted assets	147,331	149,332	147,880	147,808	147,334	(474)
CET1 Ratio	11.6%	11.7%	12.0%	12.0%	12.3%	0.3%
Tier 1 Ratio	13.1%	13.2%	13.5%	13.5%	13.8%	0.3%
Total Capital Ratio	15.3%	15.3%	15.7%	15.8%	16.0%	0.2%
MDA Buffer[3]	4,098	4,298	4,805	5,193	5,480	287
MREL Ratio, subordinated	18.5%	19.1%	19.6%	19.6%	19.8%	0.2%
MREL Ratio	21.1%	21.4%	21.8%	22.6%	22.6%	
Leverage ratio	5.5%	5.6%	5.9%	5.4%	5.1%	(0.3%)
CET1 Ratio - CABK (non-consolidated basis)	13.3%	13.2%	13.8%	13.6%	14.1%	0.5%
Tier 1 Ratio CABK (non-consolidated basis)	14.9%	14.8%	15.4%	15.3%	15.7%	0.4%
Total Capital Ratio - CABK (non-consolidated basis)	17.4%	17.2%	17.8%	17.7%	18.1%	0.4%
Risk-weighted assets (non-consolidated basis)	133,386	135,575	135,725	136,395	135,306	(1,089)
Profit/loss (non-consolidated basis)	551	1,328	2,074	(141)	(135)	6
ADIs[4]	1,689	2,458	3,161	2,567	2,565	(2)
MDA Buffer- CABK (non-consolidated basis)[3]	8,317	8,360	9,139	9,041	9,573	532
Leverage Ratio - CABK (non-consolidated basis)	6.2%	6.2%	6.6%	6.1%	5.8%	(0.3%)

Data at March 2020 updated using the latest official information.

(1) It mainly includes the forecast for dividends, IFRS 9 transitional adjustment and OCIs.

(2) An issue of €1,000 million of Senior preferred debt was made in the first quarter of 2020.

(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 business segments of the CaixaBank Group, set up as follows:

- **Banking and Insurance:** 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. It also includes the businesses acquired by CaixaBank from BPI during 2018 (insurance, asset management and cards) as well as the remaining non-core real estate business (with the exception of Coral Homes) after the sale of 80% of this business in 2018.
- **Equity investments:** This line of business essentially shows earnings on dividends and/or equity-accounted profits, as well as the Trading income, from the stakes held in Erste Group Bank, Telefónica, BFA, BCI and Coral Homes (since 1 January 2019). Similarly, it includes the significant impacts on income of other relevant stakes acquired in various sectors.
- **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).

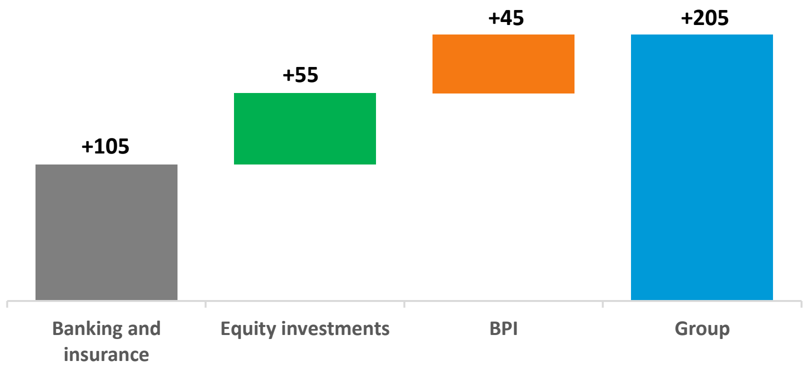
The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

In 2020, the allocation of capital to the investment businesses has been adapted to the Group's new capital corporate objective of maintaining a Common Equity Tier 1 (CET1) ratio of 11.5% (12% in 2019), taking into account both the 11.5% consumption of capital for risk-weighted assets 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 first quarter of 2020 arranged by business are as follows:



Contribution to the result of 2020 (€ million)

€ million	Banking & insurance	Equity Investments	BPI	Group
Net interest income	**2,254**	**(47)**	**217**	**2,425**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	85	97	9	191
Net fee and commission income	1,148		118	1,266
Trading income	160	(6)	(12)	142
Income and expense under insurance or reinsurance contracts	292			292
Other operating income and expense	(178)		(20)	(199)
Gross income	**3,760**	**45**	**312**	**4,117**
Recurring administrative expenses, depreciation and amortisation	(2,118)	(2)	(225)	(2,345)
Extraordinary expenses				
Pre-impairment income	**1,643**	**43**	**87**	**1,772**
Pre-impairment income stripping out extraordinary expenses	**1,643**	**43**	**87**	**1,772**
Allowances for insolvency risk	(1,315)		(19)	(1,334)
Other charges to provisions	(183)		(1)	(184)
Gains/(losses) on disposal of assets and others	(50)		1	(49)
Profit/(loss) before tax	**94**	**43**	**67**	**204**
Income tax expense	9	12	(22)	(1)
Profit/(loss) after tax	**103**	**55**	**45**	**203**
Profit/(loss) attributable to minority interest and others	(1)			(1)
Profit/(loss) attributable to the Group	**105**	**55**	**45**	**205**

Banking and insurance business

The performance of the banking and insurance business in the first half of 2020 stands at €105 million, (-64.4% with respect to the same period in 2019).

The ROTE[1] for the business is 4.5%.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
INCOME STATEMENT								
Net interest income	**2,254**	**2,350**	**(4.1)**	**1,138**	**1,116**	**1,149**	**1,160**	**1,174**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	85	107	(20.5)	44	42	44	81	48
Net fee and commission income	1,148	1,121	2.4	551	597	629	590	569
Trading income	160	205	(22.0)	164	(4)	14	20	212
Income and expense under insurance or reinsurance contracts	292	264	10.5	141	150	149	143	134
Other operating income and expense	(178)	(158)	13.1	(125)	(53)	(176)	(35)	(123)
Gross income	**3,760**	**3,889**	**(3.3)**	**1,913**	**1,848**	**1,809**	**1,959**	**2,014**
Recurring administrative expenses, depreciation and amortisation	(2,118)	(2,174)	(2.6)	(1,047)	(1,071)	(1,058)	(1,072)	(1,086)
Extraordinary expenses		(978)						(978)
Pre-impairment income	**1,643**	**737**		**866**	**777**	**751**	**887**	**(50)**
Pre-impairment income stripping out extraordinary expenses	**1,643**	**1,715**	**(4.2)**	**866**	**777**	**751**	**887**	**928**
Allowances for insolvency risk	(1,315)	(243)		(787)	(528)	(221)	(109)	(97)
Other charges to provisions	(183)	(91)		(40)	(143)	(87)	(60)	(43)
Gains/(losses) on disposal of assets and others	(50)	(40)	24.6	(19)	(31)	(84)	(45)	(22)
Profit/(loss) before tax	**94**	**363**	**(74.1)**	**19**	**75**	**359**	**673**	**(212)**
Income tax expense	9	(68)		17	(8)	(85)	(179)	92
Profit/(loss) after tax	**103**	**295**	**(64.9)**	**36**	**67**	**274**	**494**	**(120)**
Profit/(loss) attributable to minority interest and others	(1)			(2)	0	1	2	
Profit/(loss) attributable to the Group	**105**	**295**	**(64.4)**	**38**	**67**	**273**	**492**	**(120)**
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	2.08	2.28	(0.20)	1.99	2.17	2.22	2.23	2.26
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	655	644	1.5	313	341	361	342	327
Sale of insurance products	73	84	(12.4)	35	38	40	36	42
Mutual funds, managed accounts and SICAVs	252	239	5.5	121	130	134	129	121
Pension plans	107	105	2.6	51	56	62	54	54
Unit Link and other	62	49	25.1	30	32	32	29	25
Net fee and commission income	**1,148**	**1,121**	**2.4**	**551**	**597**	**629**	**590**	**569**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(1,329)	(1,399)	(5.0)	(653)	(676)	(660)	(669)	(697)
General expenses	(546)	(548)	(0.3)	(273)	(273)	(273)	(276)	(273)
Depreciation and amortisation	(243)	(227)	6.5	(121)	(121)	(125)	(127)	(116)
Recurring administrative expenses, depreciation and amortisation	**(2,118)**	**(2,174)**	**(2.6)**	**(1,047)**	**(1,071)**	**(1,058)**	**(1,072)**	**(1,086)**
Extraordinary expenses		**(978)**						**(978)**
OTHER INDICATORS								
Core income	3,767	3,818	(1.3)	1,871	1,896	1,964	1,964	1,917
ROTE[1]	4.5%	9.6%	(5.1)	4.5%	7.3%	9.5%	9.2%	9.6%
Cost-to-income ratio stripping out extraordinary expenses	56.4%	57.2%	(0.8)	56.4%	56.2%	56.2%	57.6%	57.2%
Cost of risk[2]	0.74%	0.09%	0.7	0.74%	0.44%	0.26%	0.22%	0.09%
Customers	13.6	13.7	(0.7)	13.6	13.6	13.7	13.7	13.7
Employees[3]	30,772	32,680	(5.8)	30,772	30,738	30,896	30,800	32,680
Branches	4,012	4,430	(9.4)	4,012	4,061	4,118	4,254	4,430
of which Retail	3,797	4,219	(10.0)	3,797	3,846	3,918	4,045	4,219
ATMs	8,982	9,229	(2.7)	8,982	9,041	9,111	9,151	9,229

(1) The ratio for 1H19 excludes: the impact from the labour agreement in 2Q19 (€-685 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 aforementioned adjustments are consistent with the way of calculating the ratio, that is, they correspond to 12 months.

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 1H19 is affected by the extraordinary release of approximately €275 million in provisions in the fourth quarter of 2018.

(3) Departures that took place on 1 April within the early retirement scheme have been deducted from the figure of March 2020.

The following highlights shaped the performance of the banking and insurance business (**€105 million,** -64.4%):

- **Gross income stands at €3,760 million (-3.3%):**
  - Core income dropped 1.3% with respect to the same period of 2019:
    - **Net interest income reached €2,254 million** (-4.1 % with respect to 2019) due to the lower return on loans and the fixed-income portfolio and lower income from financing the Equity investments business, which are partially offset by a higher volume of loans, lower funding expenses and higher contribution of the insurance business.
    - **Fee and commission income** reached **€1,148 million**, (+2.4% on the same period of 2019):
      - Growth of banking fees and commissions (+1.5%), with mainly lower payment methods' fees and commissions, which are compensated by a rise in wholesale banking fees. The rest of lines of banking fees and commissions are resisting well in the current economic scenario.
      - Lower fees and commissions from the sale of insurance products due to the drop of commercial activity (-12.4%).
      - Increase in Commissions from mutual funds, managed accounts and SICAVs of 5.5% and in Commissions from managing pension plans of 2.6% despite the market volatility in 2020.
      - Growth in Unit Link fees and commissions, +25.1%, even following the collapse of the market, due to managing more assets as a result of further activity.
    - **Income and expense under insurance or reinsurance contracts** shows a solid growth (+10.5%), influenced by the schedule of product roll-outs in 2019.
  - **Trading income** stands at €160 million (-22.0% compared to the same period of 2019). The change is partially marked by the markets' negative performance in the first quarter of 2020, which mainly affected the valuation of derivatives and has partially recovered in this second quarter. In addition, mainly further materialisation of unrealised gains from fixed-income assets in the second quarter of the previous year.
  - **Other operating income and expense** totalled €-178 million, including in the second quarter of both years the contribution to the Single Resolution Fund (SRF) of €-91 million in 2020 and €-85 million in 2019.
- **Recurring administrative expenses, depreciation and amortisation** drop with respect to the first half of 2019 and amounted to €2,118 million, -2.6% after an active management of the cost base, particularly personnel expenses, which were reduced by -5.0%, mainly as a result of the **Labour Agreement** reached in the second quarter of 2019 (with a cost of €978 million) and the early retirements of the second quarter of 2020.
- **Allowances for insolvency risk** amounted to €-1,315 million after increasing the coverage for credit risk and including provisions made to anticipate future impacts associated with Covid-19.

  The cost of risk (12 months) stands at 0.74% and the annualised half-yearly cost of risk at 1.17%.
- **Other charges to provisions** in the first quarter of 2020 included a total of €-109 million associated with early retirements.
- **Gains/(losses) on disposal of assets and others** stood at €-50 million (€-40 million in the same period of the previous year).

The performance in the second quarter amounts to €38 million (€67 million in the previous quarter), highlighting:

- **Gross income** grew 3.5% mainly due to the higher Trading income, which compensate the recognition in the second quarter of the contribution paid to the Single Resolution Fund (SRF) and the drop in core income (-1.3%), impacted by the situation of the economy and markets.
- **Operating expenses** dropped 2.2%, at a higher rate than core income (-1.3%).
- Growth of **Allowances for insolvency risk** in the second quarter following the higher provisions for the Covid-19 risk, partially compensated by lower **Other charges to provisions** due to the recognition, in the previous quarter, of the cost associated with early retirements.

The following table shows business activity and asset quality indicators at 30 June 2020:

- **Loans and advances to customers, gross stood at €218,024 million** (+7.3% in the year, +6.4% excluding the advance of double payments to pension holders), mainly meeting the financing demands of businesses and self-employed workers.

- **Customer funds stood at €369,524 million (up 4.2% in the year)**. Its performance is impacted by the increase of On-balance sheet funds (+5.9%), especially driven by Demand deposits (+10.2%), and by the decrease of Assets under management (-3.4%) following the markets' collapse, although they have partially recovered in the second quarter of the year.

- The **NPL ratio** decreased to 3.6% (down 10 basis points) and the **coverage ratio rose to 61%** (+8pp in the year following the increase of provisions).

€ million	**Jun. 30, 2020**	**Mar. 31, 2020**	**Change %**	**Dec. 31, 2019**	**Change %**
BALANCE SHEET					
Assets	404,867	377,668	7.2	355,416	13.9
Liabilities	384,228	357,221	7.6	334,333	14.9
Assigned capital	20,614	20,419	1.0	21,054	(2.1)
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**110,861**	**109,748**	**1.0**	**111,300**	**(0.4)**
Home purchases	75,199	76,132	(1.2)	77,104	(2.5)
Other	35,662	33,616	6.1	34,196	4.3
of which: Consumer lending	12,967	13,525	(4.1)	13,403	(3.3)
Loans to business	**96,091**	**84,578**	**13.6**	**81,835**	**17.4**
Corporates and SMEs	90,186	78,767	14.5	75,977	18.7
Real estate developers	5,905	5,811	1.6	5,858	0.8
Public sector	**11,072**	**12,562**	**(11.9)**	**9,968**	**11.1**
Loans and advances to customers, gross	**218,024**	**206,888**	**5.4**	**203,103**	**7.3**
Of which: Performing loans	209,828	199,023	5.4	195,385	7.4
Of which: Non-performing loans	8,196	7,864	4.2	7,718	6.2
Provisions for insolvency risk	(5,105)	(4,542)	12.4	(4,167)	22.5
Loans and advances to customers, net	**212,920**	**202,346**	**5.2**	**198,936**	**7.0**
Contingent liabilities	15,767	15,716	0.3	15,281	3.2
CUSTOMER FUNDS					
Customer funds	210,195	197,381	6.5	195,723	7.4
Demand deposits	192,914	177,432	8.7	175,077	10.2
Time deposits	17,281	19,949	(13.4)	20,646	(16.3)
Insurance contract liabilities	57,700	56,553	2.0	57,446	0.4
of which: Unit Link and other	12,227	11,044	10.7	12,249	(0.2)
Reverse repurchase agreements and other	1,650	1,285	28.4	1,278	29.1
On-balance sheet funds	**269,545**	**255,219**	**5.6**	**254,447**	**5.9**
Mutual funds, managed accounts and SICAVs	60,649	56,495	7.4	63,189	(4.0)
Pension plans	32,954	31,113	5.9	33,732	(2.3)
Assets under management	**93,603**	**87,608**	**6.8**	**96,921**	**(3.4)**
Other accounts	**6,376**	**3,812**	**67.3**	**3,129**	
Total customer funds	**369,524**	**346,639**	**6.6**	**354,497**	**4.2**
ASSET QUALITY					
Non-performing loan ratio (%)	3.6%	3.7%		3.7%	(0.1)
Non-performing loan coverage ratio (%)	61%	57%	4	53%	8

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 €321 million**, down **8.5%** on the first half of 2019.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Net interest income	**170**	**156**	**8.6**	**87**	**83**	**78**	**82**	**81**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	74	83	(11.0)	41	33	38	71	40
Net fee and commission income	(46)	(39)	16.9	(21)	(25)	(7)	(22)	(20)
Trading income	2	57		2	0			57
Income and expense under insurance or reinsurance contracts	292	264	10.5	141	150	149	143	134
Other operating income and expense	1	2		1		77		
Gross income	**492**	**523**	**(5.9)**	**252**	**241**	**335**	**274**	**292**
Recurring administrative expenses, depreciation and amortisation	(65)	(61)	7.0	(32)	(33)	(30)	(30)	(30)
Extraordinary expenses								
Pre-impairment income	**427**	**462**	**(7.6)**	**220**	**208**	**305**	**244**	**262**
Pre-impairment income stripping out extraordinary expenses	**427**	**462**	**(7.6)**	**220**	**208**	**305**	**244**	**262**
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others								
Profit/(loss) before tax	**427**	**462**	**(7.6)**	**220**	**208**	**305**	**244**	**262**
Income tax expense	(106)	(111)	(4.8)	(54)	(52)	(56)	(49)	(65)
Profit/(loss) after tax	**321**	**351**	**(8.5)**	**166**	**156**	**249**	**195**	**197**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**321**	**351**	**(8.5)**	**166**	**156**	**249**	**195**	**197**

- **Net interest income** includes the margin on life savings insurance products, which were up 8.6% on the year 2019, mainly due to a higher volume managed.
- **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, impacted in the first quarter by the negative market valuation of assets in March.
- **Net fee and commission income[2]** is the net result of:
  - The fees and commissions received by VidaCaixa from managing Unit Linked products and pension plans.
  - The fees and commissions the insurance firms pay the banks for marketing their products.
- **Trading income** includes in the first half of 2019 the realisation of gains from fixed-income assets.
- **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, consolidated its growth rising to 10.5% on the same period of the previous year, which was marked by the schedule of product roll-outs.
- **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 by 7.0%.

(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

In the first half of 2020, the equity investments business stood at €55 million (€229 million in the first half of 2019):

- The **Net interest income** corresponds to the cost of financing the investee business. The year-on-year fall is mainly due to the reduction of the asset financed in the framework of Repsol's divestment, completed in the second quarter of 2019, and lower funding expenses due to adapting the rate to market conditions.
- The **Dividend income** amounts to €90 million and includes €50 million from Telefónica (€104 million in the same period of 2019) and €40 million from BFA (€46 million in 2019).

  In 2019 Telefónica's total dividend paid in the year accrued in the second quarter (€0.40/share). At 30 June 2020, only the first scrip dividend approved by the Telefónica Board of Directors for €0.193/share has been recognised, and a second scrip dividend for a similar amount is expected to be approved in the fourth quarter.
- The **Share of profit/(loss) of entities accounted for using the equity method** stood at €7 million (€101 million in the same period of 2019) due to the lower results attributed in the current economic scenario.
- **Trading income** in the first half of 2019 includes the gains from hedge contracts on investees.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
Net interest income	**(47)**	**(72)**	**(35.1)**	**(22)**	**(25)**	**(26)**	**(26)**	**(34)**
Dividend income	90	151	(40.3)	90				151
Share of profit/(loss) of entities accounted for using the equity method	7	101	(93.3)	(4)	11	33	50	47
Net fee and commission income								
Trading income	(6)	50		(4)	(2)	(11)	(4)	1
Income and expense under insurance or reinsurance contracts								
Other operating income and expense								
Gross income	**45**	**230**	**(80.5)**	**60**	**(15)**	**(4)**	**20**	**165**
Recurring administrative expenses, depreciation and amortisation	(2)	(2)		(1)	(1)	(1)	(1)	(1)
Extraordinary expenses								
Pre-impairment income	**43**	**228**	**(81.3)**	**59**	**(16)**	**(5)**	**19**	**164**
Pre-impairment income stripping out extraordinary expenses	**43**	**228**	**(81.3)**	**59**	**(16)**	**(5)**	**19**	**164**
Allowances for insolvency risk								
Other charges to provisions								
Gains/(losses) on disposal of assets and others								
Profit/(loss) before tax	**43**	**228**	**(81.3)**	**59**	**(16)**	**(5)**	**19**	**164**
Income tax expense	12	1		5	7	11	59	5
Profit/(loss) after tax	**55**	**229**	**(76.1)**	**64**	**(9)**	**6**	**78**	**169**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**55**	**229**	**(76.1)**	**64**	**(9)**	**6**	**78**	**169**
ROTE[1]	13.8%	27.1%	(13.3)	13.8%	22.4%	26.8%	25.3%	27.1%

(1) ROTE for 1H19 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 in both years.

€ million	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
BALANCE SHEET					
Assets					
Investments (Financial assets at fair value with changes in other comprehensive income and Investments in joint ventures and associates) and other	3,890	3,902	(0.3)	4,554	(14.6)
Liabilities					
Intra-group financing and other liabilities	3,086	3,080	0.2	3,533	(12.7)
Assigned capital[1]	**804**	**822**	**(2.2)**	**1,021**	**(21.3)**

(1) 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 amounted to €45 million (-53.9% with respect to the first half of 2019 and -57.8% to the first quarter of 2020).

ROTE for the business, stripping out extraordinary impacts[1], was 5.4%.

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
INCOME STATEMENT								
Net interest income	**217**	**200**	**8.6**	**109**	**108**	**108**	**108**	**101**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	9	11	(20.1)	4	5	6	4	7
Net fee and commission income	118	127	(6.9)	57	61	65	66	67
Trading income	(12)	6		2	(14)	10	8	
Income and expense under insurance or reinsurance contracts								
Other operating income and expense	(20)	(18)	13.6	(11)	(9)	1		(18)
Gross income	**312**	**326**	**(4.3)**	**161**	**151**	**190**	**186**	**157**
Recurring administrative expenses, depreciation and amortisation	(225)	(232)	(2.9)	(109)	(116)	(115)	(116)	(117)
Extraordinary expenses						(1)		
Pre-impairment income	**87**	**94**	**(7.8)**	**52**	**35**	**74**	**70**	**40**
Pre-impairment income stripping out ext. expenses	**87**	**94**	**(7.8)**	**52**	**35**	**75**	**70**	**40**
Allowances for insolvency risk	(19)	39		(32)	13	133	25	16
Other charges to provisions	(1)			(1)	(0)	3		
Gains/(losses) on disposal of assets and others	1	2	(73.6)	1		(1)	1	
Profit/(loss) before tax	**67**	**135**	**(50.1)**	**20**	**47**	**209**	**96**	**56**
Income tax expense	(22)	(37)	(39.9)	(7)	(16)	(49)	(22)	(16)
Profit/(loss) after tax	**45**	**98**	**(53.9)**	**13**	**32**	**160**	**74**	**40**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**45**	**98**	**(53.9)**	**13**	**32**	**160**	**74**	**40**

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
INCOME STATEMENT BREAKDOWN								
NET INTEREST INCOME								
Customer spread (%)	1.78	1.88	(0.10)	1.77	1.81	1.87	1.91	1.89
FEE AND COMMISSION INCOME								
Banking services, securities and other fees	70	75	(5.8)	33	37	40	38	40
Sale of insurance products	24	26	(7.6)	12	12	12	15	13
Mutual funds, managed accounts and SICAVs	16	18	(10.8)	8	8	9	9	9
Pension plans	0			0	0		1	
Unit Link and other	7	8	(7.6)	4	3	4	3	5
Net fee and commission income	**118**	**127**	**(6.9)**	**57**	**61**	**65**	**66**	**67**
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION								
Personnel expenses	(123)	(123)	(0.1)	(61)	(62)	(62)	(61)	(62)
General expenses	(73)	(76)	(4.4)	(37)	(36)	(36)	(38)	(39)
Depreciation and amortisation	(29)	(33)	(10.4)	(11)	(19)	(17)	(17)	(16)
Recurring administrative expenses, depreciation and amortisation	**(225)**	**(232)**	**(2.9)**	**(109)**	**(116)**	**(115)**	**(116)**	**(117)**
Extraordinary expenses						**(1)**		

€ million	1H20	1H19	Change %	2Q20	1Q20	4Q19	3Q19	2Q19
OTHER INDICATORS								
Core income	344	338	1.7	169	174	178	179	174
ROTE[1]	5.4%	6.6%	(1.2)	5.4%	6.3%	7.5%	6.7%	6.6%
Cost-to-income ratio stripping out ext. exp. (12 months)	66.3%	67.0%	(0.7)	66.3%	67.8%	66.0%	66.6%	67.0%
Customers	1.9	1.9		1.9	1.9	1.9	1.9	1.9
Employees	4,817	4,830	(0.3)	4,817	4,831	4,840	4,869	4,830
Branches	448	486	(7.8)	448	454	477	479	486

(1) The different period's ratios (12 months) exclude the following amounts net of taxes:

- *Release of provisions (PPA) corresponding to the quarterly recalculation carried out by the passing of time in relation to the expected credit losses associated with the credit risk adjustments made at the time BPI was acquired (€125 million in 1H20 and €86 million in 1H19)*
- *Result on the sale of BPI's acquiring business to Comercia Global Payments (€40 million) in the ratio of 1H19*
- *Extraordinary expenses (€1 million in 1H20 and €15 million in 1H19)*
- *Deduction of the coupon for the part of the AT1 issue assigned to this business*

- **Gross income** is down 4.3% with respect to the previous year mainly due to the Trading income, as **core income** grows 1.7%.
  - **Net interest income** totalled €217 million, with an 8.6% increase with respect to the previous year, although it remains stable when compared to the previous quarter (+0.5%).
  - **Fee and commission income** stand at €118 million, down 6.9% year-on-year, and down 5.6% with respect to the first quarter mainly due to lower fees and commissions, especially from payment methods.
  - **Trading income** amounted to €-12 million in the half (€+6 million in 2019) and mainly includes the value update of financial assets.
  - **Other operating income and expense** includes the contribution paid to the SRF and the Portuguese Fundo de Resoluçao (€-21 million in 2020 and €-18 million in 2019). In addition, the first quarter of 2020 includes the recognition of BPI's annual contribution paid to the Portuguese banking sector of €-16 million when last year it was accrued throughout the year.
- **Recurring administrative expenses, depreciation and amortisation** dropped 2.9%. The drop in depreciation and amortisation in the second quarter of 2020 is due to, among other factors, the review of the software's depreciable lifecycle.
- **Allowances for insolvency risk** increased, among others, due to the provision associated with the Covid-19 crisis for €48 million. It also includes charges to provisions made by BPI, net of the use of funds[1] for credit risk established at the time the Portuguese bank was acquired by CaixaBank in February 2017.

(1) In the first semester the use of funds reached €60 million (€45 million and €15 million in the first and second quarter, respectively), compared to the €28 million in the same period of the previous year.

With regard to the indicators on business activity and asset quality of BPI, the following stands out:

- **Loans and advances to customers, gross** stood at €24,932 million, up 2.6% in the year, boosted by loans to individuals - home purchases and loans to business, the latter marked by government guaranteed loans.
- **Customer funds stood at €31,151 million** (+4.6% in the year). The increase of On-balance sheet funds (+8.4%), especially by Demand deposits (+13.5%), and by the decrease of Assets under management (-7.9%) following the markets' collapse, although they have partially recovered in the second quarter of the year, particularly stand out in its performance.
- BPI's **NPL** ratio fell to 2.8% in the quarter, as per the CaixaBank Group's NPL classification criteria.
- The NPL coverage ratio, including the provisions posted by CaixaBank due to the business combination, came to 81%.

€ million	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
BALANCE SHEET					
Assets	36,815	34,821	5.7	31,444	17.1
Liabilities	33,865	31,873	6.2	28,397	19.3
Assigned capital	2,950	2,948	0.1	3,047	(3.2)
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**13,291**	**13,180**	**0.8**	**13,034**	**2.0**
Home purchases	11,629	11,511	1.0	11,371	2.3
Other	1,662	1,669	(0.4)	1,663	(0.1)
of which: Consumer lending	1,353	1,352	0.1	1,325	2.1
Loans to business	**9,779**	**9,541**	**2.5**	**9,473**	**3.2**
Corporates and SMEs	9,575	9,337	2.5	9,268	3.3
Real estate developers	204	204	0.3	205	(0.3)
Public sector	**1,862**	**1,758**	**5.9**	**1,796**	**3.7**
Loans and advances to customers, gross	**24,932**	**24,479**	**1.8**	**24,303**	**2.6**
Of which: Performing loans	24,255	23,779	2.0	23,621	2.7
Of which: Non-performing loans	677	700	(3.3)	682	(0.8)
Provisions for insolvency risk	(550)	(520)	5.9	(537)	2.5
Loans and advances to customers, net	**24,382**	**23,960**	**1.8**	**23,766**	**2.6**
Contingent liabilities	1,538	1,518	1.3	1,575	(2.3)
CUSTOMER FUNDS					
Customer funds	24,727	23,711	4.3	22,809	8.4
Demand deposits	16,427	15,472	6.2	14,475	13.5
Time deposits	8,300	8,239	0.7	8,334	(0.4)
Reverse repurchase agreements and other	16	16	-	16	-
On-balance sheet funds	**24,743**	**23,727**	**4.3**	**22,825**	**8.4**
Mutual funds, managed accounts and SICAVs	4,970	4,735	5.0	5,395	(7.9)
Assets under management	**4,970**	**4,735**	**5.0**	**5,395**	**(7.9)**
Other accounts	**1,438**	**1,459**	**(1.4)**	**1,569**	**(8.3)**
Total customer funds	**31,151**	**29,921**	**4.1**	**29,789**	**4.6**
Memorandum items					
Insurance contracts sold[1]	4,472	4,370	2.3	4,555	(1.8)
ASSET QUALITY					
Non-performing loan ratio (%)	2.8%	3.0%	(0.2)	3.0%	(0.2)
Non-performing loan coverage ratio (%)	81%	74%	7	78%	3

(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**

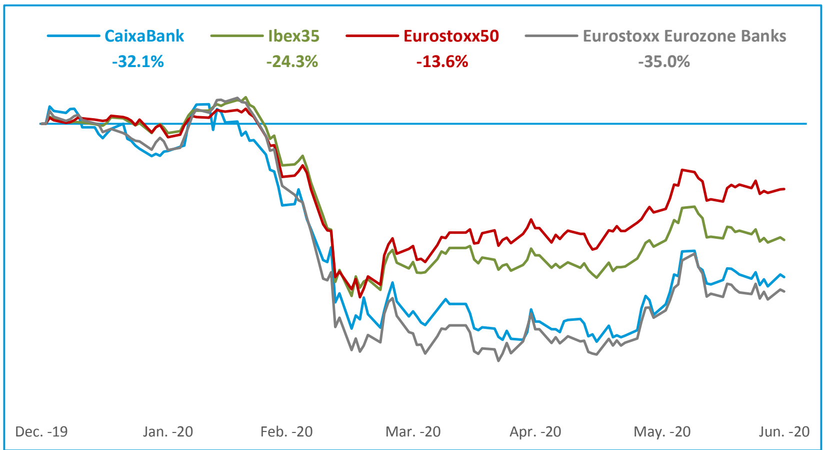
- The **CaixaBank share** closed trading on 30 June 2020 at €1.901, **up 11.8% in the quarter** and recovering from the lows reached in May. Both the EURO STOXX 50 and the EURO STOXX Banks also registered double-digit gains, 16.0% and of 15.6% respectively, while the Spanish indices show lower improvement: the IBEX 35 gained 6.6% and IBEX 35 Banks 2.3%.

  After a first quarter marked by the pandemic arriving to Europe and the greatest collapse of markets in several decades, the second quarter started with a slight reassurance among investors. The continuous deployment of monetary and fiscal incentives and the gradual reopening of the main European economies revived risk appetite, which slightly declined in June following the increased number of cases in the Americas and second outbreaks in Asia and Europe.

  At the European level, the response of the financial authorities since the start of the crisis has been substantial. Among other things, this included an EC Recovery Plan "Next Generation EU", or the set of measures launched by the ECB to guarantee the liquidity of the markets, extend the funding capacity of financial institutions and support loans and advances to businesses and households, in an economic environment that is expected to be exigent in the coming quarters.

- In the second quarter of 2020, the total number of shares traded[1] rose 2.0% with respect to the same period of the previous year and dropped 19.5% on the first quarter of 2020. In addition, the trading volume[1] in euros of the share was 35.2% down on the volume of shares traded in the second quarter of 2019 and 39.6% down on the previous quarter.

(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

	Jun. 30, 2020
Market capitalisation (€ million)	11,360
Number of outstanding shares[1]	5,977,356
Share price (€/share)	
Share price at the beginning of the period (Dec. 31, 2019)	2,798
Share price at closing of the period (Jun. 30, 2020)	1.901
Maximum price[2]	2.913
Minimum price[2]	1.522
Trading volume in 2020 (number of shares, excluding non-recurring transactions, in thousands)	
Maximum daily trading volume	91,038
Minimum daily trading volume	10,021
Average daily trading volume	26,294
Stock market ratios	
Profit attributable to the Group (€ million) (12 months)	1,156
Average number of shares (12 months)[1]	5,978,116
Net income attributable per share (EPS) (€/share)	**0.19**
Net equity excluding minority interests (€ million)	24,368
Number of shares at Jun. 30, 2020[1]	5,977,356
Book value (€/share)	**4.08**
Net equity excluding minority interests (tangible) (€ million)	20,073
Number of shares at Jun. 30, 2020[1]	5,977,356
Tangible book value (€/share)	**3.36**
PER (Price/Profit)	**9.83**
Tangible P/BV (Market value / tangible book value)	**0.57**
Dividend yield[3]	**3.68%**

(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 2019 (0.07 euros/share) by the closing price at the end of the period (1.901 euros/share).

Shareholder returns

- On 15 April 2020, 0.07 euros were paid per share, resulting in a payout of 24.6%. This was the total shareholder remuneration charged to 2019 profits.
- As regards the dividend policy in force comprising the distribution of a cash dividend above 50% of the consolidated net profit, the Board of Directors agreed to modify it exclusively for 2020 as a show of prudence and social responsibility, limiting the distribution to a cash dividend of no more than 30% of the reported consolidated net profit[4].

(4) See Inside Information # 119 in CNMV (26 March 2020) for further detail.

Appendices

Investment portfolio

Main investees at 30 June 2020:

CaixaBank	%	Business segment
Telefónica[1]	5.0%	Equity Investments
Erste Group Bank	9.9%	Equity Investments
Coral Homes	20.0%	Equity Investments
SegurCaixa Adeslas	49.9%	Banking and insurance
Comercia Global Payments	49.0%	Banking and insurance
BPI	100.0%	BPI
BFA	48.1%	Equity Investments
Banco Comercial e de Investimentos (BCI)	35.7%	Equity Investments

(1) 4.9% share on 8 July 2020 after the last scrip dividend payable in cash (date of registration in the Companies Registry of the Telefónica, S.A. capital increase as part of the last scrip dividend).

Ratings

	Issuer Rating						
Agency	**Long-Term**	**Short-Term**	**Outlook**	**Senior Preferred Debt**	**Last review date**	**Rating mortgage covered bonds**	**Last date review mortgage covered bonds**
S&P Global	BBB+	A-2	Stable	BBB+	Apr. 29, 2020	AA	Mar. 19, 2019
Fitch Ratings	BBB+	F2	Negative	A-	Mar. 27, 2020	-	-
Moody's	Baa1	P-2	Stable	Baa1	May. 17, 2019	Aa1	Apr. 17, 2018
DBRS	A	R-1 (low)	Stable	A	Mar. 30, 2020	AAA	Jan. 15, 2020

On 27 March 2020, within the framework of updating its analytical methodology, Fitch acted on CaixaBank's different ratings, highlighting the upgrade in the senior preferred debt rating to A- (from BBB+) and a downgrade in the Tier 2 subordinated debt rating to BBB- (from BBB).

On the same date, Fitch concluded a sectorial review in order to reflect the risks in the operating environment and the credit profile of Spanish financial institutions arising from Covid-19, positioning CaixaBank's long-term issuer rating from a Stable to a Negative outlook.

At 30 March 2020, DBRS confirmed CaixaBank's ratings, including the long-term issuer rating at A with a Stable outlook.

At 29 April 2020, S&P confirmed the ratings of CaixaBank, maintaining the long-term issuer rating outlook as Stable. This action incorporates the vision by the agency that economical risks for the Spanish banking sector will further increase in the medium term, due to the Covid-19 crisis.

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 Group'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 quarterly income from loans and advances to customers divided by the net average balance of loans and advances to customers for the quarter).
- average rate for retail customer funds (annualised quarterly cost of retail customer funds divided by the average balance of those same retail customer funds for the quarter, excluding subordinated liabilities).

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

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	Annualised quarterly income from loans and advances to customers	4,797	4,789	4,745	4,617	4,452
Denominator	Net average balance of loans and advances to customers	212,858	215,173	214,376	214,295	224,866
(a)	**Average yield rate on loans (%)**	**2.25**	**2.23**	**2.21**	**2.15**	**1.98**
Numerator	Annualised quarterly cost of on-balance sheet retail customer funds	64	60	44	44	32
Denominator	Average balance of on-balance sheet retail customers funds	214,305	219,137	217,239	215,772	228,742
(b)	**Average cost rate of retail customer funds (%)**	**0.03**	**0.03**	**0.02**	**0.02**	**0.01**
	Customer spread (%) (a - b)	**2.22**	**2.20**	**2.19**	**2.13**	**1.97**

b) Balance sheet spread:

Explanation: difference between:

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

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	Annualised quarterly interest income	7,276	6,971	7,038	6,761	6,664
Denominator	Average total assets for the quarter	406,725	407,283	407,407	398,813	423,859
(a)	**Average return rate on assets (%)**	**1.79**	**1.71**	**1.73**	**1.70**	**1.57**
Numerator	Annualised quarterly interest expenses	2,298	2,043	2,154	1,935	1,737
Denominator	Average total funds for the quarter	406,725	407,283	407,407	398,813	423,859
(b)	**Average cost of fund rate (%)**	**0.57**	**0.50**	**0.53**	**0.49**	**0.41**
	Balance sheet spread (%) (a - b)	**1.22**	**1.21**	**1.20**	**1.21**	**1.16**

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 shareholder equity.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Adjusted profit attributable to the Group 12M**	1,195	1,359	1,572	1,119	**1,156**
Denominator	**Average shareholder equity + valuation adjustments 12M**	24,519	24,574	24,732	24,831	**24,760**
	ROE (%)	**4.9%**	**5.5%**	**6.4%**	**4.5%**	**4.7%**
	ROE (%) excluding Labour Agreement	**7.7%**	**8.3%**	**9.0%**	**7.1%**	**-**

d) ROTE:

Explanation: quotient between:

- Profit/(loss) attributed to the Group (adjusted by the amount of the Additional Tier 1 coupon, registered 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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Adjusted profit attributable to the Group 12M**	1,195	1,359	1,572	1,119	**1,156**
Denominator	**Average shareholder equity + valuation adjustments excluding intangible assets 12M**	20,257	20,314	20,484	20,587	**20,513**
	ROTE (%)	**5.9%**	**6.7%**	**7.7%**	**5.4%**	**5.6%**
	ROTE (%) excluding Labour Agreement	**9.3%**	**10.0%**	**10.8%**	**8.5%**	**-**

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Adjusted net profit 12M**	1,210	1,365	1,575	1,120	**1,154**
Denominator	**Average total assets 12M**	393,278	398,069	403,842	405,070	**410,410**
	ROA (%)	**0.3%**	**0.3%**	**0.4%**	**0.3%**	**0.3%**
	ROA (%) excluding Labour Agreement	**0.5%**	**0.5%**	**0.6%**	**0.4%**	**-**

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Adjusted net profit 12M**	1,210	1,365	1,575	1,120	**1,154**
Denominator	**Risk-weighted assets 12M**	147,863	147,834	148,114	148,213	**148,078**
	RORWA (%)	**0.8%**	**0.9%**	**1.1%**	**0.8%**	**0.8%**
	RORWA (%) excluding Labour Agreement	**1.3%**	**1.4%**	**1.5%**	**1.2%**	**-**

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Administrative expenses + depreciation and amortisation 12M**	5,732	5,756	5,750	5,734	**4,709**
Denominator	**Gross income 12M**	8,558	8,476	8,605	8,479	**8,277**
	Cost-to-income ratio	**67.0%**	**67.9%**	**66.8%**	**67.6%**	**56.9%**

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Administrative expenses + depreciation and amortisation stripping out extraordinary expenses 12M**	4,738	4,765	4,771	4,755	**4,707**
Denominator	**Gross income 12M**	8,558	8,476	8,605	8,479	**8,277**
	Cost-to-income ratio stripping out extraordinary expenses	**55.4%**	**56.2%**	**55.4%**	**56.1%**	**56.9%**

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Administrative expenses + depreciation and amortisation stripping out extraordinary expenses 12M**	4,738	4,765	4,771	4,755	**4,707**
Denominator	**Core income[1] 12M**	8,210	8,235	8,316	8,334	**8,296**
	Core cost-to-income ratio	**57.7%**	**57.9%**	**57.4%**	**57.0%**	**56.7%**

(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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	Allowances for insolvency risk 12M	53	335	376	768	**1,506**
Denominator	Average of gross loans + contingent liabilities 12M	239,771	241,593	243,143	244,477	**247,898**
	Cost of risk (%)	0.02%	0.14%	0.15%	0.31%	0.61%
	Cost of risk (%), excluding the release of provisions 3Q18	0.14%	-	-	-	-

The annualised half-yearly cost of risk corresponds to the total allowances for insolvency risk of the annualised half year divided by the average of gross loans plus contingent liabilities in that period, using management criteria.

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	Non-performing loans and advances to customers + contingent liabilities	10,402	9,953	8,794	8,957	**9,220**
Denominator	Total gross loans and advances to customers + contingent liabilities	246,555	244,319	244,262	248,602	**260,261**
	NPL ratio (%)	4.2%	4.1%	3.6%	3.6%	3.5%

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	Provisions on loans and advances to customers + contingent liabilities	5,608	5,330	4,863	5,218	**5,786**
Denominator	Non-performing loans and advances to customers + contingent liabilities	10,402	9,953	8,794	8,957	**9,220**
	Coverage ratio (%)	54%	54%	55%	58%	63%

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
(a)	Gross debt cancelled at the foreclosure	1,420	1,499	1,576	1,597	1,626
(b)	Net book value of the foreclosed asset	863	914	958	961	973
Numerator	**Total coverage of the foreclosed asset (a - b)**	**557**	**585**	**618**	**636**	**653**
Denominator	**Gross debt cancelled at the foreclosure**	**1,420**	**1,499**	**1,576**	**1,597**	**1,626**
	Real estate available for sale coverage ratio (%)	**39%**	**39%**	**39%**	**40%**	**40%**

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Accounting provisions of the foreclosed assets**	**366**	**389**	**414**	**430**	**445**
(a)	Net book value of the foreclosed asset	863	914	958	961	973
(b)	Accounting provisions of the foreclosed assets	366	389	414	430	445
Denominator	**Gross book value of the foreclosed asset (a + b)**	**1,229**	**1,303**	**1,372**	**1,391**	**1,418**
	Real estate available for sale accounting coverage (%)	**30%**	**30%**	**30%**	**31%**	**31%**

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.

		2Q19	3Q19	4Q19	1Q20	2Q20
(a)	**High Quality Liquid Assets (HQLAs)**	54,112	56,437	55,017	73,624	**88,655**
(b)	**Available balance under the ECB facility (non-HQLAs)**	33,462	33,005	34,410	22,603	**17,954**
	Total liquid assets (a + b)	**87,574**	**89,442**	**89,427**	**96,227**	**106,609**

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).

		2Q19	3Q19	4Q19	1Q20	2Q20
Numerator	**Loans and advances to customers, net (a-b-c)**	**221,075**	**218,399**	**218,420**	**222,230**	**233,663**
(a)	Loans and advances to customers, gross	230,867	227,876	227,406	231,367	242,956
(b)	Provisions for insolvency risk	5,369	5,071	4,704	5,061	5,656
(c)	Brokered loans	4,423	4,406	4,282	4,076	3,637
Denominator	**On-balance sheet customer funds**	**220,764**	**218,717**	**218,532**	**221,092**	**234,922**
	Loan to Deposits (%)	**100%**	**100%**	**100%**	**101%**	**99%**

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.

Adapting 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 that must be designated at 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

Impairment losses on financial assets and other 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 gains/(losses) on adjustments.
- 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 derecognition of assets and others. Includes the following line items:

- Impairment/(reversal) of impairment on investments in joint ventures or associates
- Impairment/(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

June 2020 € million	
Financial assets at amortised cost - Customers (Public Balance Sheet)	**236,291**
Reverse repurchase agreements (public and private sector)	(866)
Clearing houses	(1,084)
Other, non-retail, financial assets	(226)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	**143**
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	**2,663**
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	**381**
Provisions for insolvency risk	**5,655**
Loans and advances to customers (gross) using management criteria	**242,956**

Liabilities under the insurance business

June 2020 € million	
Liabilities under the insurance business (Public Balance Sheet)	**70,769**
Capital gains/(losses) under the insurance business (excluding unit link and other)	(13,069)
Liabilities under insurance contracts, using management criteria	**57,700**

Customer funds

June 2020 € million	
Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	**238,674**
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	**(3,559)**
Multi-issuer covered bonds and subordinated deposits	(2,553)
Counterparties and other	(1,006)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	**1,474**
Retail issues and other	1,474
Liabilities under insurance contracts, using management criteria	**57,700**
Total on-balance sheet customer funds	**294,288**
Assets under management	**98,573**
Other accounts[1]	**7,814**
Total customer funds	**400,675**

(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

June 2020 € million	
Financial liabilities at amortised cost - Debt securities issued (Public Balance Sheet)	**34,291**
Institutional financing not considered for the purpose of managing bank liquidity	**(3,504)**
Securitised bonds	(1,270)
Value adjustments	(877)
Retail	(1,474)
Issues acquired by companies within the group and other	117
Customer deposits for the purpose of managing bank liquidity[1]	**2,553**
Institutional financing for the purpose of managing bank liquidity	**33,340**

(1) A total of €2,520 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)

June 2020 € million	
Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	**1,257**
Other non-foreclosed assets	(323)
Inventories under the heading - Other assets (Public Balance Sheet)	**39**
Foreclosed available for sale real estate assets	**973**
Tangible assets (Public Balance Sheet)	**7,229**
Tangible assets for own use	(4,991)
Other assets	(267)
Foreclosed rental real estate assets	**1,971**

Historical income statement figures for the CABK and BPI perimeters

a) Quarterly performance of the income statement and solvency ratios

	CABK				
€ million	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Net interest income	**1,117**	**1,093**	**1,124**	**1,135**	**1,141**
Dividend income	51	1	1		103
Share of profit/(loss) of entities accounted for using the equity method	39	48	72	125	91
Net fee and commission income	551	597	629	590	569
Trading income	162	(2)	14	20	213
Income and expense under insurance or reinsurance contracts	141	150	149	143	134
Other operating income and expense	(125)	(53)	(176)	(35)	(123)
Gross income	**1,936**	**1,834**	**1,813**	**1,978**	**2,128**
Recurring administrative expenses, depreciation and amortisation	(1,048)	(1,072)	(1,059)	(1,073)	(1,087)
Extraordinary expenses					(978)
Pre-impairment income	**887**	**762**	**754**	**905**	**63**
Pre-impairment income stripping out extraordinary expenses	**887**	**762**	**754**	**905**	**1,041**
Allowances for insolvency risk	(787)	(528)	(221)	(109)	(97)
Other charges to provisions	(40)	(143)	(87)	(60)	(43)
Gains/(losses) on disposal of assets and others	(19)	(31)	(84)	(45)	(22)
Profit/(loss) before tax	**41**	**60**	**362**	**691**	**(99)**
Income tax expense	24	(2)	(75)	(172)	102
Profit/(loss) after tax	**65**	**58**	**287**	**519**	**3**
Profit/(loss) attributable to minority interest and others	(2)		1	2	
Profit/(loss) attributable to the Group	**67**	**58**	**286**	**517**	**3**
Risk-weighted assets	129,684	129,979	129,910	131,755	129,964
Common Equity Tier 1 (CET1)	*12.1%*	*11.8%*	*11.8%*	*11.5%*	*11.3%*
Total capital	*15.8%*	*15.6%*	*15.6%*	*15.2%*	*15.4%*

	BPI				
€ million	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Net interest income	**108**	**107**	**107**	**107**	**100**
Dividend income	42		1		48
Share of profit/(loss) of entities accounted for using the equity method	1	8	9	10	11
Net fee and commission income	57	61	65	66	67
Trading income		(18)	(1)	4	
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(11)	(9)	1		(18)
Gross income	**198**	**149**	**182**	**187**	**208**
Recurring administrative expenses, depreciation and amortisation	(109)	(116)	(115)	(116)	(117)
Extraordinary expenses			(1)		
Pre-impairment income	**89**	**33**	**66**	**71**	**91**
Pre-impairment income stripping out extraordinary expenses	**89**	**33**	**67**	**71**	**91**
Allowances for insolvency risk	(32)	13	133	25	16
Other charges to provisions	(1)		3		
Gains/(losses) on disposal of assets and others	1		(1)	1	
Profit/(loss) before tax	**57**	**46**	**201**	**97**	**107**
Income tax expense	(9)	(14)	(48)	30	(21)
Profit/(loss) after tax	**48**	**32**	**153**	**127**	**86**
Profit/(loss) attributable to minority interest and others					
Profit/(loss) attributable to the Group	**48**	**32**	**153**	**127**	**86**
Risk-weighted assets	17,650	17,830	17,970	17,577	17,367
Common Equity Tier 1 (CET1)	*13.8%*	*13.8%*	*13.4%*	*12.7%*	*13.1%*
Total capital	*17.0%*	*17.0%*	*16.6%*	*15.9%*	*14.8%*

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

		CAIXABANK														
		2Q20			1Q20			4Q19			3Q19			2Q19		
€ 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		26,180	71	1.08	20,743	36	0.70	22,065	32	0.57	19,327	29	0.60	29,465	44	0.60
Loans and advances	(a)	202,946	1,014	2.01	192,759	1,052	2.20	193,221	1,098	2.25	194,270	1,106	2.26	192,144	1,097	2.29
Fixed-income securities portfolio		41,689	66	0.63	31,051	57	0.74	29,095	62	0.85	30,106	76	1.00	31,410	88	1.12
Other assets with returns		63,272	395	2.51	64,733	423	2.63	64,826	468	2.86	64,955	429	2.62	60,071	472	3.15
Other assets		58,689	2	-	60,709	4	-	69,921	1	-	70,700	4	-	65,653	4	-
Total average assets	**(b)**	**392,776**	**1,548**	**1.59**	**369,995**	**1,572**	**1.71**	**379,128**	**1,661**	**1.74**	**379,358**	**1,644**	**1.72**	**378,743**	**1,705**	**1.81**
Financial Institutions		43,933	(34)	0.31	28,433	(39)	0.55	27,374	(50)	0.73	26,142	(57)	0.86	38,949	(69)	0.71
Retail customer funds	(c)	204,633	(10)	0.02	192,869	(13)	0.03	194,650	(12)	0.03	196,676	(15)	0.03	192,238	(16)	0.03
Demand deposits		184,622	(8)	0.02	171,593	(8)	0.02	172,200	(7)	0.02	172,872	(9)	0.02	168,138	(11)	0.03
Maturity deposits		20,011	(2)	0.03	21,275	(5)	0.09	22,450	(5)	0.10	23,804	(6)	0.10	24,101	(5)	0.09
Time deposits		16,898	(2)	0.04	18,575	(4)	0.09	19,511	(5)	0.10	20,460	(6)	0.11	20,835	(5)	0.10
Retail repurchase agreements and marketable debt securities		3,113		0.01	2,701	(1)	0.07	2,939	-	-	3,344	-	-	3,265	-	-
Wholesale marketable debt securities & other		28,912	(54)	0.75	29,283	(56)	0.76	28,302	(56)	0.78	27,455	(60)	0.87	27,440	(59)	0.86
Subordinated liabilities		5,400	(18)	1.37	5,400	(18)	1.32	5,400	(18)	1.32	5,400	(19)	1.36	5,400	(19)	1.40
Other funds with cost		71,373	(304)	1.71	73,594	(343)	1.87	74,139	(390)	2.08	73,771	(347)	1.87	68,421	(390)	2.29
Other funds		38,525	(11)	-	40,416	(10)	-	49,263	(11)	-	49,914	(11)	-	46,295	(11)	-
Total average funds	**(d)**	**392,776**	**(431)**	**0.44**	**369,995**	**(479)**	**0.52**	**379,128**	**(537)**	**0.56**	**379,358**	**(509)**	**0.53**	**378,743**	**(564)**	**0.60**
Net interest income			**1,117**			**1,093**			**1,124**			**1,135**			**1,141**	
Customer spread (%)	(a-c)		**1.99**			**2.17**			**2.22**			**2.23**			**2.26**	
Balance sheet spread (%)	(b-d)		**1.15**			**1.19**			**1.18**			**1.19**			**1.21**	

		BPI														
		2Q20			1Q20			4Q19			3Q19			2Q19		
€ 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		3,494	5	0.53	2,718	6	0.91	2,423	7	1.12	2,072	5	0.98	2,449	3	0.45
Loans and advances	(a)	21,976	95	1.75	21,696	96	1.78	21,286	99	1.84	21,044	101	1.91	20,889	99	1.89
Debt securities		7,206	14	0.76	5,655	10	0.74	5,305	10	0.78	5,376	9	0.66	5,414	9	0.67
Other assets with returns				-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets		2,739		-	2,770	1	-	3,101	1	-	3,201	3	-	3,279	2	-
Total average assets	**(b)**	**35,415**	**114**	**1.30**	**32,839**	**113**	**1.38**	**32,115**	**117**	**1.44**	**31,693**	**118**	**1.47**	**32,031**	**113**	**1.41**
Financial Institutions		4,738	1	(0.06)	3,618		0.01	3,299	(1)	0.14	3,030	(1)	0.08	3,462	(1)	0.16
Retail customer funds	(c)	24,312	1	(0.02)	23,120	2	(0.03)	22,793	2	(0.03)	22,752	-	-	22,574	-	-
Demand deposits		16,071		-	14,810		-	14,390	-	-	14,246	-	-	13,994	-	-
Maturity deposits		8,241	1	(0.06)	8,310	2	(0.08)	8,403	2	(0.08)	8,506	-	(0.01)	8,580	-	-
Time deposits		8,241	1	(0.06)	8,310	2	(0.08)	8,403	2	(0.08)	8,506	-	(0.01)	8,580	-	-
Retail repurchase agreements and marketable debt securities				-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale marketable debt securities & other		1,503	(3)	0.88	1,132	(3)	0.99	1,057	(4)	1.54	1,098	(4)	1.47	1,254	(4)	1.41
Subordinated liabilities		300	(4)	5.52	300	(4)	5.48	300	(4)	5.47	300	(4)	5.63	300	(4)	5.59
Other funds with cost				-	-	-	-	-	-	-	-	-	-	-	-	-
Other funds		4,562	(1)	-	4,669	(1)	-	4,666	(3)	-	4,513	(2)	-	4,441	(4)	-
Total average funds	**(d)**	**35,415**	**(6)**	**0.07**	**32,839**	**(6)**	**0.06**	**32,115**	**(10)**	**0.11**	**31,693**	**(11)**	**0.13**	**32,031**	**(13)**	**0.16**
Net interest income			**108**			**107**			**107**			**107**			**100**	
Customer spread (%)	(a-c)		**1.77**			**1.81**			**1.87**			**1.91**			**1.89**	
Balance sheet spread (%)	(b-d)		**1.23**			**1.32**			**1.33**			**1.34**			**1.25**	

c) Quarterly change in fees and commissions

	CAIXABANK				
€ million	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Banking services, securities and other fees	313	341	361	342	327
Sale of insurance products	35	38	40	36	42
Mutual funds, managed accounts and SICAVs	121	130	134	129	121
Pension plans	51	56	62	54	54
Unit Link and other	30	32	32	29	25
Net fee and commission income	**551**	**597**	**629**	**590**	**569**

	BPI				
€ million	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Banking services, securities and other fees	33	37	40	38	40
Sale of insurance products	12	12	12	15	13
Mutual funds, managed accounts and SICAVs	8	8	9	9	9
Pension plans				1	
Unit Link and other	4	3	4	3	5
Net fee and commission income	**57**	**61**	**65**	**66**	**67**

d) Quarterly change in administrative expenses, depreciation and amortisation

	CAIXABANK				
€ million	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Gross income	**1,936**	**1,834**	**1,813**	**1,978**	**2,128**
Personnel expenses	(654)	(677)	(661)	(670)	(698)
General expenses	(273)	(273)	(273)	(276)	(273)
Depreciation and amortisation	(121)	(121)	(125)	(127)	(116)
Recurring administrative expenses, depreciation and amortisation	**(1,048)**	**(1,072)**	**(1,059)**	**(1,073)**	**(1,087)**
Extraordinary expenses					(978)

	BPI				
€ million	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Gross income	**198**	**149**	**182**	**187**	**208**
Personnel expenses	(61)	(62)	(62)	(61)	(62)
General expenses	(37)	(36)	(36)	(38)	(39)
Depreciation and amortisation	(11)	(19)	(17)	(17)	(16)
Recurring administrative expenses, depreciation and amortisation	**(109)**	**(116)**	**(115)**	**(116)**	**(117)**
Extraordinary expenses			(1)		

e) Changes in the NPL ratio

	CAIXABANK		BPI	
	Jun. 30, 2020	**Mar. 31, 2020**	**Jun. 30, 2020**	**Mar. 31, 2020**
Loans to individuals	**4.8%**	**4.7%**	**2.8%**	**3.0%**
Home purchases	3.7%	3.5%	2.5%	2.9%
Other	7.1%	7.2%	4.7%	4.2%
Loans to business	**2.9%**	**3.2%**	**3.1%**	**3.2%**
Corporates and SMEs	2.6%	2.9%	2.7%	2.8%
Real estate developers	7.5%	7.4%	20.0%	20.0%
Public sector	**0.4%**	**0.3%**	-	-
NPL Ratio (loans and contingent liabilities)	**3.6%**	**3.7%**	**2.8%**	**3.0%**

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	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**110,749**	**109,631**	**1.0**	**111,164**	**(0.4)**
Home purchases	75,199	76,132	(1.2)	77,104	(2.5)
Other	35,550	33,499	6.1	34,060	4.4
of which: Consumer lending	12,914	13,468	(4.1)	13,348	(3.3)
Loans to business	**95,686**	**84,152**	**13.7**	**81,453**	**17.5**
Corporates and SMEs	89,781	78,341	14.6	75,595	18.8
Real estate developers	5,905	5,811	1.6	5,858	0.8
Public sector	**11,072**	**12,562**	**(11.9)**	**9,968**	**11.1**
Loans and advances to customers, gross	**217,507**	**206,345**	**5.4**	**202,585**	**7.4**
CUSTOMER FUNDS					
Customer funds	210,195	197,381	6.5	195,723	7.4
Demand deposits	192,914	177,432	8.7	175,077	10.2
Time deposits	17,281	19,949	(13.4)	20,646	(16.3)
Insurance contract liabilities	53,228	52,183	2.0	52,891	0.6
of which: Unit Link and other	9,572	8,520	12.3	9,599	(0.3)
Reverse repurchase agreements and other	1,650	1,285	28.4	1,278	29.1
On-balance sheet funds	**265,073**	**250,849**	**5.7**	**249,892**	**6.1**
Mutual funds, managed accounts and SICAVs	60,649	56,495	7.4	63,189	(4.0)
Pension plans	29,951	28,246	6.0	30,637	(2.2)
Assets under management	**90,600**	**84,741**	**6.9**	**93,826**	**(3.4)**
Other accounts	**6,376**	**3,812**	**67.3**	**3,129**	
Total customer funds	**362,049**	**339,402**	**6.7**	**346,847**	**4.4**

Portugal

€ million	Jun. 30, 2020	Mar. 31, 2020	Change %	Dec. 31, 2019	Change %
LOANS AND ADVANCES TO CUSTOMERS					
Loans to individuals	**13,403**	**13,298**	**0.8**	**13,170**	**1.8**
Home purchases	11,629	11,511	1.0	11,371	2.3
Other	1,774	1,787	(0.7)	1,799	(1.4)
of which: Consumer lending	1,406	1,409	(0.2)	1,380	1.9
Loans to business	**10,184**	**9,967**	**2.2**	**9,855**	**3.3**
Corporates and SMEs	9,979	9,763	2.2	9,650	3.4
Real estate developers	204	204	0.3	205	(0.3)
Public sector	**1,862**	**1,758**	**5.9**	**1,796**	**3.7**
Loans and advances to customers, gross	**25,449**	**25,022**	**1.7**	**24,821**	**2.5**
CUSTOMER FUNDS					
Customer funds	24,727	23,711	4.3	22,809	8.4
Demand deposits	16,427	15,472	6.2	14,475	13.5
Time deposits	8,300	8,239	0.7	8,334	(0.4)
Insurance contract liabilities	4,472	4,370	2.3	4,555	(1.8)
of which: Unit Link and other	2,655	2,524	5.2	2,650	0.2
Reverse repurchase agreements and other	16	16		16	-
On-balance sheet funds	**29,215**	**28,097**	**4.0**	**27,380**	**6.7**
Mutual funds, managed accounts and SICAVs	4,970	4,735	5.0	5,395	(7.9)
Pension plans	3,003	2,867	4.7	3,095	(3.0)
Assets under management	**7,973**	**7,602**	**4.9**	**8,490**	**(6.1)**
Other accounts	**1,438**	**1,459**	**(1.4)**	**1,569**	**(8.3)**
Total customer funds	**38,626**	**37,158**	**4.0**	**37,439**	**3.2**

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