

2016 management and results were approved at the CaixaBank AGM

Jordi Gual and Gonzalo Gortázar say BPI establishes CaixaBank as the leading bank in the Iberian Peninsula in terms of assets and customers, with business volume of 564 billion euros

- **CaixaBank's Chairman, Jordi Gual, said "shareholder remuneration in 2016 amounts to a cash payout of 54% of revenue, offering a higher dividend yield than the average for banks in Spain and the Eurozone".**
- **According to Jordi Gual, priorities for the second half of the 2015-18 Strategic Plan include "driving revenue diversification and optimising the insurance and asset management businesses".**
- **CaixaBank CEO, Gonzalo Gortázar, underscored the "results growth secured over the last 5 years, with profit up from 230 million euros in 2012 to 1.0 billion euros in 2016".**
- **Regarding BPI, Gonzalo Gortázar said "we are partnering on a '100-day Plan' to improve operations and service, drive down costs, and above all increase revenue".**
- **Jordi Gual and Gonzalo Gortázar offered tributes to Isidro Fainé for his leadership, sense of foresight and dedicated service, acknowledging his critical contribution to driving growth, modernisation and internationalisation first at "la Caixa" and subsequently CaixaBank.**

Barcelona, 6 April, 2017

The CaixaBank Annual General Meeting today approved the bank's 2016 management and results. CaixaBank secured support from the majority of shareholders, who backed a number of resolutions proposed by the Board of Directors, including the ratification and appointment of Jordi Gual, José Serna, Koro Usarraga, Alejandro García-Bragado and Natalia Aznárez as directors, and likewise the appointment of Ignacio Garralda.

During their speeches to shareholders, Jordi Gual and Gonzalo Gortázar commended CaixaBank's outstanding business model, which has seen the bank emerge stronger from Spain's financial crisis. According to the CaixaBank Chairman, "being an investor, employee or customer of our bank is to champion a fresh approach to banking".

In his first speech at an Annual General Meeting as CaixaBank Chairman, Jordi Gual declared that despite a highly challenging climate in 2016, “the bank yet again demonstrated its strength, and further enhanced its leading position”. This was made possible “by the hard work of our human team - a critical aspect for the bank, and who we hereby thank for their dedication - and a business model that proves its worth each and every day”.

The financial system is underpinning the economic recovery

The CaixaBank Chairman opened his speech by offering an overview of the global macroeconomic climate, as well as prospects for 2017. “The global economy posted similar growth in 2016 to that of the previous year, with signs of expansion gaining traction towards the end of the year, which we expect to extend into 2017”, said Gual.

Gual announced that the bank expects the pace of Spanish economic growth to ease due to certain temporary factors losing impetus. Nonetheless, “we believe GDP growth will stand close to 3%” he said.

The CaixaBank Chairman emphasised that the financial system “has clearly underpinned the economic recovery. New credit operations are showing an upbeat trend, particularly for home purchases and consumption, and we expect this positivity to continue in 2017”.

Satisfaction with the bank’s commercial success, the acquisition of BPI and progress in the 2015-2018 Strategic Plan

The Chairman of CaixaBank said “our commercial strength represents a competitive advantage that we will harness to further expand our footprint and market shares, even amid a climate fraught with difficulties. Our model has again demonstrated that it works” Gual emphasized.

The bank’s firmly established leadership in Spain has now spread to the entire Iberian Peninsula. In the words of Jordi Gual, “we are delighted to have successfully completed the acquisition of BPI, which is the 80th acquisition in the bank’s history, and establishes us as the leading Iberian bank in terms of assets, business volume and branches. BPI represents a project that will generate sustainable value for our shareholders and BPI shareholders alike”.

Regarding the 2015-2018 Strategic Plan, the CaixaBank Chairman said he was satisfied with the progress secured in the key strategic aspects, saying that the plan remained in place for the next two years.

“The priorities for the second half of the 2015-2018 Strategic Plan include driving revenue diversification, as well as optimising the insurance and asset management businesses”, said Jordi Gual.

“These strategic priorities never lose sight of our commitment to social engagement, nor our determination to conduct responsible business at all times”, he added. “We remain committed to strengthening this engagement via initiatives to boost financial inclusion and provide housing assistance, as well as running corporate volunteering initiatives”.

Absolute commitment to dividends

Jordi Gual also offered an overview of CaixaBank’s stock performance and dividend policy. Despite equity markets performing poorly in the first half of 2016, the stock gained 3.6% value in the full year, outperforming the Spanish and European banking industries as a whole. The stock’s performance was even stronger in the first quarter of 2017, up 28.3%, which is 11 percentage points more than the Spanish banking industry as a whole.

According to the Chairman of CaixaBank, “one key driver behind this standout performance has been our dividend policy”, which offers a higher dividend yield than the average for banks in Spain and the Eurozone.

“Our commitment to the dividend is absolute, and will remain so”, said Gual. He added that the intention of bringing forward the June dividend and making a single payment of 6 cents in April, would put “total remuneration in 2016 at 13 cents per share, meaning a cash dividend representing 54% of profit (known as cash payout), in line with the targets envisaged in the Strategic Plan, indicating a ratio of at least 50%”.

CaixaBank, the best positioned bank in the new climate

In his speech, the CaixaBank CEO, Gonzalo Gortázar, examined the hallmarks of the CaixaBank business model: a nationwide footprint with extensive capillary reach, a specific and customised range of products, leadership in innovation and digitisation, and engagement with the community.

According to Gortázar, “no major overhauls are required at CaixaBank. In fact, we mainly need to keep doing what we do best: attracting customers and providing the finest service via our excellent branch network as well as other channels, and unlocking the value of our outstanding competitive position”.

The bank’s priorities “must focus on service quality and a global understanding of customer requirements, as well as driving digital transformation, remaining steadfast in our social engagement, and to particularly support the management and development of our great team”.

Gonzalo Gortázar pointed out that “CaixaBank is the best positioned bank in the face of changing market conditions”, with prospects of higher interest rates, lower unemployment, a need for savings in society, rising purchasing power for households, and a credit recovery.

Entrenched results growth over the last five years

The CEO of CaixaBank examined various aspects of the bank’s performance in 2016. In terms of commercial performance, CaixaBank’s growth significantly outperformed the market. In long-term savings products, such as investment funds, pension plans and savings insurance, “our market shares stand at around 18.5%, 23% and 25% respectively, each posting growth of 3%. These activities combined represented a volume of 120 billion euros in December. As for the business performance, customer funds grew by 7.3 billion euros”, said Gonzalo Gortázar.

Regarding results in the year, the CEO first pointed out a positive trend for revenue and secondly a decline in costs. “Since 2011, factoring in costs at acquired banks, we have managed to drive down recurrent costs by 18%. This represents a major exercise in discipline and control across the organisation, securing very good results. We must and will continue in this line”, said Gortázar.

He specifically underscored the robust growth seen in group results over the last 5 years, rising from profit of 230 million euros in 2012 to 1 billion euros at year-end 2016.

From the leading bank in Spain to the leader in the Iberian Peninsula

Gonzalo Gortázar also dedicated a considerable section of his speech to the culmination of the BPI acquisition; “we embark with great optimism and determination on a new era, which will focus on driving forward the BPI project”.

According to Gortázar, “the acquisition makes both business and financial sense; the two banks are naturally complimentary. The operation sees us advance from being the leading bank in Spain to the leading bank in the Iberian Peninsula, with business volume of 564 billion euros” said Gonzalo Gortázar.

The CEO also announced that “work is already underway, on a partnership basis, on a “100-day Plan” that aims to shape a more efficient model, as well as to identify reasonable and quick means of improving operations and services at the bank, driving down costs, and above all lifting revenue. The new operations should get underway within two months, and we are highly confident that the forecast annual synergies of 120 million euros will be comfortably secured”.

Gortázar also stated that he was “impressed by the diligence, capability and spirit of partnership demonstrated by the teams at BPI. We are convinced that BPI is the best bank in the country, and also offers the greatest potential”.

The CaixaBank CEO also praised the “outstanding attitude” demonstrated by CaixaBank throughout the financial crisis, during which it remained steadfastly committed to supporting financial inclusion. It has accepted more than 22,400 payments in kind since 2009, with the same families remaining in the property as tenants in 60% of cases, and often benefitting from a subsidised rent. The bank has also offered 33,500 social rent homes, and helped to relieve the financial crisis with total contributions of 4.1 billion euros

Tributes to Isidro Fainé

During their speeches, both Jordi Gual and Gonzalo Gortázar extended their thanks to Isidro Fainé for his leadership, sense of foresight and dedicated service, acknowledging his critical contribution to driving growth, modernisation and internationalisation at “la Caixa” and subsequently CaixaBank.

The CaixaBank Chairman and CEO both praised his extraordinary contributions, stating their conviction that Fainé, as Chairman of the Banking Foundation and CriteriaCaixa, will continue his outstanding work to support Welfare Projects and affiliated initiatives.