Business Activity and Results

January-March

2017

Contents

Change in scope of consolidation and comparability of information: On 7 February 2017, the CaixaBank Group effectively took control of the BPI Group (BPI). Since February, the Group has been reporting its total participation in **BPI (84.5%)** using the full consolidation method. Prior to that, the financial information on BPI contained in this document was presented using the equity method in proportion to the Group's percentage of ownership at the time in question.

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 at the end of the first quarter of 2017 and 2016 and for the year 2016, 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 4/2004 of the Bank of Spain of 22 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 in relation to BPI specifically, the information set out in this report is not entirely consistent with the Group's published financial statements *(see 'Reconciliation of financial information presented by BPI with the presentation format used by the CaixaBank Group' under Appendices - Glossary below).* Likewise, the financial information regarding investees has been prepared primarily on the basis of estimates made by the Company.
Figures are presented in millions of euros unless the use of another monetary unit is stated explicitly, and may be expressed as either million euros or € million.

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

Iberian top retail bank

15.8 million customers

13.8 CaixaBank

2.0 BPI

CaixaBank in Spain

29.5% market penetration among individual customers

25.7% market penetration as main bank among individual customers

370,267 in total assets (€ million)

338,053 in customer funds (€ million)

227,934 in loans and advances to customers (€ million)

Solid balance sheet indicators

LIQUIDITY

55,256 high-quality liquid assets (€ million)

158% liquidity coverage ratio

CAPITAL MANAGEMENT

11.5% fully loaded CET1

15.1% Total capital (fully loaded)

RISK MANAGEMENT

6.7% NPL ratio

49% NPL coverage ratio

59% coverage ratio (foreclosed available-for-sale RE assets)

Profitability and cost-to-income

+557 banking and insurance business

-32 equity investments

403 profit attributable to the Group (€ million) (+47.9% vs 1Q16)

+50 BPI

-172 non-core RE activity

52.4% cost-to-income ratio, stripping out extraordinary expenses

6.2% ROTE

9.0% Recurring ROTE for banking and insurance business

Key figures [1]

€ million	January - March 2017	January - March 2016	Annual Change	4Q16	Quarterly Change
INCOME STATEMENT HEADINGS					
Net interest income	1,153	1,020	13.1%	1,077	7.1%
Net fee and commission income	588	488	20.3%	544	7.9%
Gross income	1,893	1,922	(1.5%)	1,888	0.3%
Recurring administrative expenses, depreciation and amortisation	(1,091)	(1,003)	8.8%	(998)	9.4%
Pre-impairment income	792	919	(13.8%)	890	(11.1%)
Profit/(loss) before tax	451	376	19.7%	224	100.7%
Profit/(loss) attributable to the Group	403	273	47.9%	77	

€ million	March 2017	December 2016	Change
BALANCE SHEET			
Total assets	370,267	347,927	6.4%
Equity	24,779	23,556	5.2%
Customer funds	338,053	303,895	11.2%
Loans and advances to customers, gross	227,934	204,857	11.3%
EFFICIENCY AND PROFITABILITY (last 12 months)			
Cost-to-income ratio	54.0%	52.6%	1.4
Cost-to-income ratio stripping out extraordinary expenses	52.4%	51.0%	1.4
ROE	5.1%	4.5%	0.6
ROTE	6.2%	5.6%	0.6
ROA	0.3%	0.3%	
RORWA	0.9%	0.8%	0.1
RISK MANAGEMENT			
Non-performing loans (NPL)	16,135	14,754	1,381
Non-performing loan ratio	6.7%	6.9%	(0.2)
Cost ok risk[2]	0.46%	0.46%	
Provisions for non-performing loans	7,985	6,880	1,105
NPL coverage ratio	49%	47%	2
Net foreclosed available for sale real estate assets[3]	6,285	6,256	29
Foreclosed available for sale real estate assets coverage ratio	59%	60%	(1)
LIQUIDITY			
High Quality Liquid assets	55,256	50,408	4,848
Loan to deposits	112.7%	110.9%	1.8
Liquidity Coverage Ratio	158%	160%	(2.0)
CAPITAL ADEQUACY[4]			
Fully-loaded Common Equity Tier 1 (CET1)	11.5%	12.4%	(0.9)
Fully-loaded total capital	15.1%	15.4%	(0.3)
Fully-loaded Risk-Weighted Assets (RWAs)	152,874	134,385	18,489
Fully-loaded leverage ratio	5.4%	5.4%	
Common Equity Tier 1 (CET1)	11.9%	13.2%	(1.3)
SHARE INFORMATION			
Share price (€/share)	4.029	3.140	0.889
Market capitalization	24,085	18,768	5,317
Book value per share (€/share)	4.08	3.94	0.14
Tangible book value per share (€/share)	3.37	3.26	0.11
Number of outstanding shares excluding treasury stock (millions)	5,978	5,977	1
Net income attributable per share (€/share) (12 months)	0.20	0.18	0.02
Average number of shares excluding treasury stock (millions) (12 months)	5,752	5,842	(90)
PER (Price/Profit)	19.68	17.52	2.16
Tangible PBV (Market value/ book value of tangible assets)	1.20	0.96	0.24
OTHER DATA (units)			
Customers (millions)	15.8	13.8	2.0
CaixaBank Group Employees	37,638	32,403	5,235
Branches[5]	5,525	5,027	498
of which: CaixaBank retail branches	4,799	4,851	(52)

(1) See indicator definitions in Appendices - Glossary.
(2) The ratio excludes the release of €676 million in provisions carried out in the fourth quarter of 2016.
(3) Exposure in Spain.
(4) Figures at December 2016 updated to reflect final COREP adjustments.
(5) Does not include foreign subsidiaries or representative offices.

Key Group information
for the first quarter of 2017

Our Group

- CaixaBank is the leading bank[1] in the Iberian market by business volume and number of branches. It operates a universal banking model based on quality, proximity and expertise.

CaixaBank

Leadership

- CaixaBank has a total of 13.8 million customers and is the main bank for one out of every four retail customers. It has a market penetration[2] among individual customers of 29.5% and for 25.7% CaixaBank is their main bank.
- The Bank's commercial prowess has enabled it to gain high market shares[3] across all the main retail products and services.

Loans	Deposits	Payroll deposits	Investment funds	Saving insurances	Pension plans	Card turnover	Consumer lending
15.8%	14.2%	25.9%	18.2%	24.9%	23.2%	23.3%	17.0%

Specialised products and services

- Wide range of products and services tailored to the different needs of customers, plus **extensive expertise in each business segment**.
  - Named best private bank in Spain by Euromoney as part of its 2017 Private Banking Survey.
- **Launch of '*Family*',** a corporate campaign based on personal and commercial proximity that extends to all retail products of individual banking.

Innovation

- CaixaBank views **innovation as a strategic challenge:**
  - Leading entity in Spain and internationally when it comes to **online banking**[4] and **mobile banking**, with 5.4 and 3.7 million customers, respectively.
  - Awards from **Euromoney for technological innovation** and back-office systems.
  - Named **Model Bank 2017** by Celent for **world's best digital transformation strategy.**
  - ImaginBank **launches the first chatbot** in the Spanish financial sector, allowing it to chat with customers and help them choose the best offers and promotions.

Corporate responsibility

- Named **best bank** in **corporate responsibility** by Merco and **most responsible bank in Europe** by Euromoney, a testament to its commitment to ensuring social and economic prosperity for both the people and regions where it is present.
- **Presence on the following sustainability indices:** Dow Jones Sustainability Index (DJSI), FTSE4Good, Ethibel Sustainability Index (ESI) Excellence Europe, MSCI Global Sustainability Indexes and Advanced Sustainable Performance Indexes (ASPI).

(1) Source: data prepared in-house based on latest public information available of peers. Total loans and customer funds.

(2) Market penetration last twelve months. Source: FRS Inmark.

(3) Latest information available. Data prepared in-house. Source: Bank of Spain, Social Security, INVERCO, ICEA, Servired, 4B and Euro6000. Loan share for the domestic private sector and share of deposits (demand + term).

(4) Customers who have carried out at least one transaction via the CaixaBank website in the last two months (latest information available).

BPI

- BPI is **Portugal's fifth largest bank when it comes to assets** and boasts solid market shares[1]: 9.0% in lending activity and 10.5% in customer funds. It is also the **market leader in customer satisfaction**.
- CaixaBank's stake in BPI currently stands at 84.5% following completion, on 7 February 2017, of the acceptance period for the mandatory takeover bid filed by the Portuguese stock market regulatory (Comissão do Mercado de Valores Mobiliários) on 16 January 2017. The offered price for the bid was €1.134 per share and with demand totalling 39.01% of BPI's share capital, the total payout was therefore €644.5 million.
- In accordance with applicable accounting regulations, 7 February 2017 has been set as the effective assumption of control date and the total stake in BPI (84.5%) has been reported under the full consolidation method since 1 February, having been previously reported under the equity method.
- The Group's consolidated income statement includes a positive net impact of €159 million in the quarter, generated by:
  - On 5 January 2017, BPI completed the sale of 2% of its stake in BFA to the company Unitel, SA, whose stake in BFA therefore climbed to 51.9% while BPI's interest dropped to 48.1%. The parties also entered into a new shareholder agreement in respect of BFA.

    The arrangement will allow for the deconsolidation of BFA from BPI's consolidated balance sheet, thus allowing BPI to resolve its risk exposure breach due to its controlling stake in BFA. The transaction generated a negative attributable impact at CaixaBank of €97 million, which was recognised under the equity method.
  - The net result of measuring BPI's assets and liabilities at fair value as of the effective takeover date, as a result of the business combination, was €256 million.
  - This net result will allow the bank to the meet future restructuring costs of approximately €250 million, as per the information announced with the takeover bid (approximately €155 million attributable, net).

(1) Latest information available. Date prepared in-house (excludes savings certificates). Source: Banco de Portugal and leadership in customer satisfaction according to ECSI Portugal 2016 – Índice Nacional de Satisfação dos Clientes.

Business activity

- **Growth of 11.2% in customer funds** to reach €338,053 million (stable stripping out BPI).
- **Loans and advances to customers, gross,** stood at €227,934 million, up 11.3% in 2017 (-0.1% stripping out BPI).

  The **performing portfolio was up 11.5% in 2017** (unchanged stripping out BPI).

Results

Attributable profit amounted to €403 million, up 47.9% on the first quarter of 2016.

- The **full consolidation of the results of BPI** from February 2017 onward has impacted the main headings of the income statement when compared with the previous year.
- **Net interest income** gained 13.1% to reach €1,153 million (+6.3% stripping out BPI).
- **Fee and commission income** was up 20.3% to €588 million (+11.6% stripping out BPI).
- The year-on-year drop in **income from equity investments (-32.5%)** can be partly explained by changes in the perimeter and BPI's sale of 2% of its stake in BFA in January 2017 (€-97 million).
- **Income and expenses arising from insurance or reinsurance contracts** was up 72.8% year on year to reach €110 million.
- **Recurring administrative expenses, depreciation and amortisation** gained 8.8% to €1,091 million in the first quarter of 2017 (+1.0% on a like-for-like basis).
- **Impairment losses on financial assets** totalled €249 million (+11.0%).
- **Gains/(losses) on disposals of assets and others** includes, among other items, the result of the business combination deriving from the acquisition of BPI (€256 million), as well as profit on the sale of foreclosed real estate assets.
- Profit from the banking and insurance business amounted to €557 million (+2.4%), excluding the businesses of non-core real estate, equity investments and BPI.

Balance sheet strength

Risk management

- **Non-performing loans**, excluding the incorporation of balances following the acquisition of BPI**, saw a reduction of €127 million** in the quarter (down €1,798 million in the last twelve months), showing the improving quality of the loan portfolio.
- Meanwhile, the CaixaBank Group's **NPL ratio** was 6.7% (6.9% at 31 December 2016). The **coverage ratio** for the CaixaBank Group's non-performing loan portfolio was 49%.

- The **net portfolio of foreclosed real estate assets available for sale** stood at €6,285 million, with a coverage ratio of 59%[1].

  Fewer additions to the portfolio of foreclosed real estate assets and high level of sales[2], € 296 million (up 6.9% on the first quarter of 2016).

  Margin of sales to net book value of 15% in the first quarter.

- **Net foreclosed assets held for rent** amounted to €3,088 million, with an occupancy ratio of 90%.

Liquidity

- Robust retail lending structure, with a loan-to-deposits ratio of 112.7%.

- High quality liquid assets totalled €55,256 million.

- Liquidity coverage ratio of 158%, well clear of the minimum requirement of 80% from 2017 onward.

(1) Initial loan write-downs and charges to provisions of foreclosed assets divided by the debt cancelled during the foreclosure.

50% coverage including only accounting provisions divided by book value, gross.

(2) At sale price.

Capital adequacy

- The **fully-loaded Common Equity Tier 1 (CET1) ratio was 11.5%.** Highlights in the quarter included the impact of the acquisition of BPI (-108bp) and the positive change in valuation adjustments.

- Meanwhile, the **fully-loaded total capital ratio stood at 15.1%,** with highlights here including +67 basis points from the €1,000 million placement of subordinated bonds in February 2017.

- The fully-loaded leverage ratio was 5.4%.

- According to the criteria in force in 2017 for the phased-in implementation, regulatory capital and leverage were: **11.9% CET1 and 15.5% total capital, with a leverage ratio of 5.6%.**

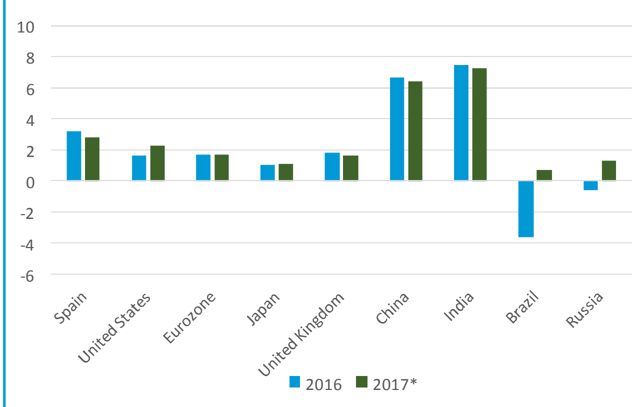
Ratings

- In 2017 the four rating agencies affirmed CaixaBank's rating. Moody's has improved its outlook to stable from negative and S&P Global has placed it to positive.

Macroeconomic trends

Global economic climate and markets

The first quarter of the year saw an upturn in economic activity, supporting the view that global growth will pick up as we move through 2017. CaixaBank Research expects the global economy to post 3.5% growth in 2017, slightly ahead of the 3.1% reported in 2016. This outlook is based on a number of different factors, including a still accommodative monetary policy in developed countries, despite the steady process of monetary normalisation initiated by the Federal Reserve, prompting a further hike in March to bring interest rates to between 0.75% and 1.00%. It is worth noting that the Fed is envisioning two further hikes in 2017 and three in 2018 (in line with CaixaBank Research's own projections and the likely increase in economic activity). Emerging nations are also helping to drive global growth and their economies are holding up well during these early stages of monetary normalisation by the Fed, while certainly benefiting from the gradual recovery in oil prices. In early 2017, emerging countries reported a widespread improvement in industrial production, particularly in China.



GDP, main economies
Change, year-to-date (%)

(*) Estimates of CaixaBank Research.

Even so, these healthy signs of economic growth are accompanied by a number of risk factors. In the emerging world, while China remains on course for a more balanced climate of growth, factors such as the high levels of debt and the overcapacity of certain sectors remain real causes for concern. At any rate, in recent months the risk factor that has swayed investors the most in relation to emerging economies is the uncertainty surrounding the foreign policy of the new Trump administration. While the situation of capital flight and currency depreciation seen in late 2016 across emerging economies has calmed somewhat in the first quarter of 2017, it remains a threat. The prevailing uncertainty surrounding economic policy in the United States has also become a domestic concern. While CaixaBank Research expects to economic activity to pick up in 2017 before accelerating further in 2018 in response to a combination of tax cuts, the removal of certain regulatory barriers and increased spending on infrastructure, the fact remains that the government's effective ability to implement these measures should not be taken for granted.

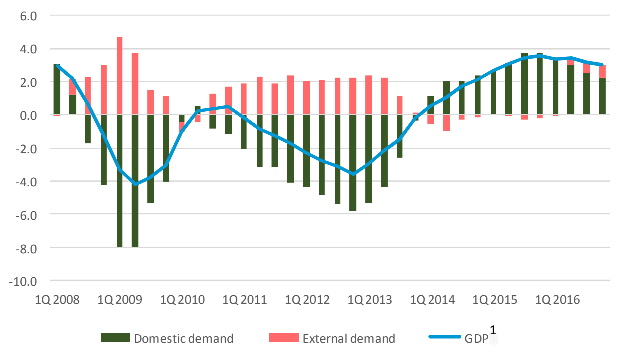
Economic scenario - Europe, Spain and Portugal

In the euro area, economic indicators for the first quarter of 2017 confirm the improvement first seen in the latter half of 2016. Aside from indicators on business sentiment, which have been soaring since 2011, further highlights include labour market improvements, with unemployment standing at 9.5% in February; its lowest since 2009. This healthy dynamic has led to a brighter outlook for economic activity across the euro area throughout 2017. CaixaBank Research therefore expects GDP growth in 2017 to remain at 1.7%, the same figure reported for 2016 as a whole. The ECB has also echoed this situation of relative economic health. Its macroeconomic projections for the first quarter of 2017 show an improvement in the risks map.

That said, the busy electoral calendar across Europe in 2017, coupled with the start of Brexit negotiations with the UK, mean that the European economy will still have to contend with high levels of political uncertainty. Now, if these political risks pass without incident, the currently healthy levels of economic activity may lead to further improvements in the ongoing economic recovery.

If things continue, we believe that in the second half of the year the ECB will change its message as its paves the way for a gradual normalisation of monetary conditions once the recent improvements in core inflation have finally taken hold. More specifically, CaixaBank Research expects core inflation to close out 2017 at 1.2%, 0.3 percentage points above the level reported in February. It is then likely to reach 1.8% by late 2018.

Turning to the Spanish economy, robust figures on economic activity in early 2017 reveal that growth is actually exceeding expectations. These signs can be seen not only on the demand side, where private consumption and investment in capital goods fared particularly well, but also supply, where sturdy indicators on business sentiment were accompanied by a satisfactory set of business figures in both the industrial and services sectors. The healthy state of the Spanish economy in the first quarter of 2017 has triggered an improvement in growth projections: CaixaBank Research expects the economy to post 2.8% growth in 2017 and 2.4% in 2018, in both cases two tenths of a percentage point above forecast growth at year-end 2016. This expected improvement comes largely in response to the labour market, where CaixaBank Research expects to see employment gains of 2.4% in 2017, equivalent to over 400,000 new jobs. Last but not least, it is worth noting that Spain closed out 2016 with a public deficit of 4.3% of GDP (4.5% if we factor in aid for the banking sector), below the 4.6% agreed with Brussels. Looking ahead to the rest of 2017, and because of the relatively promising deficit figure at year-end 2016, the adjustments needed to reach the target deficit of 3.1% of GDP are now less than initially envisaged and the brighter growth outlook will provide further support.



Spain: GDP
Contribution to annual growth (in p.p)

Meanwhile, Portugal started the year with a healthier economic outlook. In 2016, economic growth stood at 1.4% on the back of solid domestic demand and export activity. A breakdown of GDP reveals that the Portuguese economy is now reporting more balanced growth. Moreover, the year ended with an unexpected spike in growth; the highest level seen since 2010. Another area of the economy to have seen recent improvements is public finances. Here, Portugal's government deficit ended 2016 at 2.0% of GDP, below the target agreed upon with the European Commission (-2.5% of GDP). Further highlights included the excellent performance of the primary balance, yielding a surplus equivalent to 2.2% of GDP (this was 0.2% of GDP in 2015). Following this improvement in the government balance sheet, the Portuguese government has asked to exit the excessive deficit procedure currently under way with the European Commission. However, with its public debt at 130.4% of GDP, the country will need to press on with its fiscal consolidation process in the coming years. Last but not least, it is worth noting that Portugal's current account surplus continues to increase, which in turn is helping to bring the country out of the negative spiral of the 2000-2008 period, characterised by strong domestic consumption, low savings and low export competitiveness.

(1) Year-on-year change (%)
Source: CaixaBank Research, based on INE data.

Results

Income statement

Following the integration of BPI discussed previously, and in a bid to make the Group's income statement more readily comparable with other periods, it has also been broken down into two perimeters, these being:

- **CaixaBank (CABK):** results of CaixaBank, which operates largely in Spain. Includes the results of BPI under the equity method through to February, the effective takeover completion date, as well as the results of the resulting business combination since it was originated in a corporate transaction.
- **BPI:** includes the results that BPI contributes to the Group, which have been reported using the full consolidation method from February onward.

Year-on-year performance

	Group			CABK		BPI
€ million	1Q17	1Q16	Chg. in %	1Q17	Chg. in %	1Q17
Interest income	1,711	1,699	0.7	1,640	(3.5)	71
Interest expense	(558)	(679)	(17.8)	(556)	(18.1)	(2)
Net interest income	**1,153**	**1,020**	**13.1**	**1,084**	**6.3**	**69**
Dividend income	8	5	61.6	8	60.1	
Share of profit/(loss) of entities accounted for using the equity method	85	132	(35.8)	46	(65.0)	39
Net fee and commission income	588	488	20.3	545	11.6	43
Gains/(losses) on financial assets and liabilities and others	43	268	(83.7)	38	(85.9)	5
Income and expense arising from insurance or reinsurance contracts	110	64	72.8	110	72.8	
Other operating income and expense	(94)	(55)	72.7	(95)	73.1	1
Gross income	**1,893**	**1,922**	**(1.5)**	**1,736**	**(9.7)**	**157**
Recurring administrative expenses, depreciation and amortisation	(1,091)	(1,003)	8.8	(1,013)	1.0	(78)
Extraordinary expenses	(10)					(10)
Pre-impairment income	**792**	**919**	**(13.8)**	**723**	**(21.3)**	**69**
Pre-impairment income stripping out extraordinary expenses	**802**	**919**	**(12.7)**	**723**		**79**
Allowance for insolvency risk	(249)	(225)	11.0	(255)	13.3	6
Other charges to provisions	(370)	(185)	99.8	(369)	99.6	(1)
Gains/(losses) on disposal of assets and others	278	(133)		278		
Profit/(loss) before tax	**451**	**376**	**19.7**	**377**	**0.1**	**74**
Income tax expense	(36)	(101)	(64.6)	(22)	(78.8)	(14)
Profit/(loss) after tax	**415**	**275**	**50.9**	**355**	**29.3**	**60**
Profit/(loss) attributable to minority interest and others	12	2		2		10
Profit/(loss) attributable to the Group	**403**	**273**	**47.9**	**353**	**29.5**	**50**

- **Net interest income** amounted to €1,153 million (+13.1% year on year) in response to the integration of the business of BPI, which contributed 6.8% of growth. At CaixaBank, net interest income gained 6.3%, largely on the back of:
  - Forceful management of retail financing, especially maturity deposits, the cost of which has fallen from 0.69% in the first quarter of 2016 to 0.14% in the same period of 2017 (-55bp), plus the lower cost of institutional financing due to lower volumes and rates.
  - Negative income performance due to falling returns on the loan portfolio and the fixed income portfolio, which were prompted by the drop in market interest rates.
- **Income from equity investments** stood at €93 million (-32.5%). The change here was partly down to BPI's move to sell 2% of its stake in BFA (€-97 million), plus perimeter changes.
- **Fee and commission income** totalled €588 million. The change here (+20.3%) was due to BPI's (+8.7%)

and the improved income deriving from CaixaBank's commercial activity (up 11.6%).

- **Gains/(losses) on financial assets and liabilities and other** yielded gains of €43 million (-83.7%). In 2016, this figure included the materialisation of unrealised gains on fixed-income assets classified as available-for-sale financial assets.
- **Sustained growth in income arising from insurance contracts** (up 72.8% to €110 million) in response to intensive commercial activity and the termination in October 2016 of an reinsurance contract on the individual life-risk portfolio of VidaCaixa.
- **Other operating income and expense** shows, among other items, the recognition of property tax accruing at the start of the year.
- **Recurring administrative expenses, depreciation and amortisation** was impacted by the perimeter change and stood at €1,091 million (+8.8%, or +1.0% if we exclude BPI).
- **Pre-impairment income totalled €792 million, down 13.8%** largely on account of lower income generation capacity on financial assets and investees.
- **Impairment losses on financial assets** amounted to €249 million (+11.0%) in a quarter that featured various one-off impairment allowances.
- **Other charges to provisions** (€370 million) in the first quarter included coverage of future contingencies and impairment of other assets. The period also included €152 million associated with the early retirements and €154 million in write-downs on exposure to the SAREB.
- **Gains/(losses) on disposals of assets and others** includes in 2017, among other items, the result of the business combination resulting from the acquisition of BPI for €256 million and profit on the sale of foreclosed real estate assets.
- With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees. This heading was impacted in 2017 by the reporting of the results of the business combination.
- **Profit attributable to the Group** in the first quarter of 2017 amounted to **€403 million**, **up 47.9%** year on year (€273 million).

Quarterly performance

€ million	1Q16	2Q16	3Q16	4Q16	1Q17		
					CABK	BPI	Group
Interest income	1,699	1,649	1,687	1,718	1,640	71	1,711
Interest expense	(679)	(628)	(648)	(641)	(556)	(2)	(558)
Net interest income	**1,020**	**1,021**	**1,039**	**1,077**	**1,084**	**69**	**1,153**
Dividend income	5	103	5	86	8		8
Share of profit/(loss) of entities accounted for using the equity method	132	160	145	192	46	39	85
Net fee and commission income	488	522	536	544	545	43	588
Gains/(losses) on financial assets and liabilities and others	268	325	125	130	38	5	43
Income and expense arising from insurance or reinsurance contracts	64	76	74	97	110		110
Other operating income and expense	(55)	(80)	(34)	(238)	(95)	1	(94)
Gross income	**1,922**	**2,127**	**1,890**	**1,888**	**1,736**	**157**	**1,893**
Recurring administrative expenses, depreciation and amortisation	(1,003)	(999)	(995)	(998)	(1,013)	(78)	(1,091)
Extraordinary expenses			(121)			(10)	(10)
Pre-impairment income	**919**	**1,128**	**774**	**890**	**723**	**69**	**792**
Pre-impairment income stripping out extraordinary expenses	**919**	**1,128**	**895**	**890**	**723**	**79**	**802**
Allowance for insolvency risk	(225)	(253)	(218)	382	(255)	6	(249)
Other charges to provisions	(185)	(249)	(47)	(274)	(369)	(1)	(370)
Gains/(losses) on disposal of assets and others	(133)	(114)	(83)	(774)	278		278
Profit/(loss) before tax	**376**	**512**	**426**	**224**	**377**	**74**	**451**
Income tax expense	(101)	(142)	(90)	(149)	(22)	(14)	(36)
Profit/(loss) after tax	**275**	**370**	**336**	**75**	**355**	**60**	**415**
Profit/(loss) attributable to minority interest and others	2	5	4	(2)	2	10	12
Profit/(loss) attributable to the Group	**273**	**365**	**332**	**77**	**353**	**50**	**403**

- **Net interest income up 7.1%** to reach €1,153 million, largely as a result of the incorporation of BPI. The change in net interest income at CaixaBank (+0.7%) was down to the lower cost of retail and wholesale funding exceeding the drop in finance income from lending activity and from the fixed income portfolio.
- **Income from equity investments totalled €93 million**. Figures for 2017 include the result attributable to the Group of the sale of 2% of BPI's stake in BFA and full consolidation of BPI since February. In the fourth quarter of 2016 the Telefónica dividend was reported.
- **Strong fee and commission income**, which remains at similar levels on a life-for-like basis. Following the acquisition of BPI, fee and commission income gained 7.9% to reach €588 million in the quarter.
- **Gains/(losses) on financial assets and liabilities and others** fell to a positive €43 million (-66.7%).
- **Growth in income arising from insurance contracts** (+13.9% in the quarter) on the back of strong commercial efforts and a month of increased income associated with the termination of the reinsurance contract discussed previously.
- **Other operating income and expense** included, among other items, recognition of property tax in the first quarter of 2017 and the contribution paid to the Spanish Deposit Guarantee Fund in the fourth quarter of 2016.
- **Recurring administrative expenses, depreciation and amortisation** stood at €1,091 million (9.4%) following the incorporation of BPI. The like-for-like perimeter increased €15 million in the quarter, although this includes recognition of property tax on CaixaBank buildings intended for own use (€7 million).
- **Impairment losses on financial assets amounted to €249 million.** A total of €676 million in provisions on the loan portfolio was released in the fourth quarter of 2016 following development of internal models compliant with the terms of Circular 4/2016.
- **Other charges to provisions** included, in the first quarter, the charges to provisions associated with the early retirements and write-downs on exposure to the SAREB. The previous quarter had included an additional provision of €110 million associated with the floor clauses.
- **Gains/(losses) on disposals of assets and others** included €656 million in real estate allowances that was recognised in the fourth quarter of 2016 following the application of new internal models.
- **Income tax expense** included the impact of the tax reform in the fourth quarter of 2016 (€-149 million).

Returns on average total assets[1]

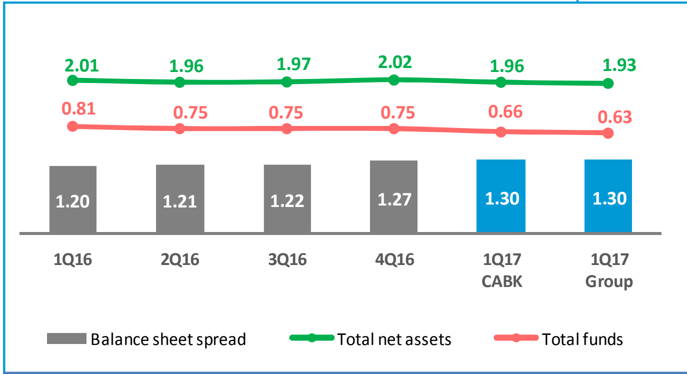
Data in %	1Q16	2Q16	3Q16	4Q16	1Q17	
					CABK	Group
Interest income	2.01	1.96	1.97	2.02	1.96	1.93
Interest expense	(0.81)	(0.75)	(0.75)	(0.75)	(0.66)	(0.63)
Net interest income	**1.20**	**1.21**	**1.22**	**1.27**	**1.30**	**1.30**
Dividend income	0.01	0.12	0.01	0.10	0.01	0.01
Share of profit/(loss) of entities accounted for using the equity method	0.16	0.19	0.17	0.23	0.05	0.11
Net fee and commission income	0.57	0.62	0.63	0.64	0.65	0.66
Gains/(losses) on financial assets and liabilities and others	0.30	0.37	0.13	0.15	0.05	0.05
Income and expense arising from insurance or reinsurance contracts	0.08	0.09	0.09	0.11	0.13	0.12
Other operating income and expense	(0.06)	(0.09)	(0.04)	(0.28)	(0.11)	(0.11)
Gross income	**2.26**	**2.51**	**2.21**	**2.22**	**2.08**	**2.14**
Recurring administrative expenses, depreciation and amortisation	(1.18)	(1.18)	(1.16)	(1.17)	(1.22)	(1.23)
Extraordinary expenses	0.00	0.00	(0.14)	0.00	0.00	(0.02)
Pre-impairment income	**1.08**	**1.33**	**0.91**	**1.05**	**0.86**	**0.89**
Pre-impairment income stripping out extraordinary expenses	**1.08**	**1.33**	**1.05**	**1.05**	**0.86**	**0.91**
Allowance for insolvency risk	(0.27)	(0.30)	(0.26)	0.45	(0.31)	(0.28)
Other charges to provisions	(0.21)	(0.29)	(0.19)	(0.32)	(0.44)	(0.42)
Gains/(losses) on disposal of assets and others	(0.16)	(0.13)	(0.10)	(0.91)	0.34	0.32
Profit/(loss) before tax	**0.44**	**0.61**	**0.50**	**0.26**	**0.45**	**0.51**
Income tax expense	(0.12)	(0.17)	(0.11)	(0.18)	(0.03)	(0.04)
Profit/(loss) after tax	**0.32**	**0.44**	**0.39**	**0.09**	**0.42**	**0.47**
Profit/(loss) attributable to minority interest and others	0.00	0.01	0.00	(0.00)	0.00	0.02
Profit/(loss) attributable to the Group	**0.32**	**0.43**	**0.39**	**0.09**	**0.42**	**0.45**
€ million						
Average total net assets	*339,616*	*338,300*	*341,425*	*338,674*	*339,061*	*359,264*

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

Gross income

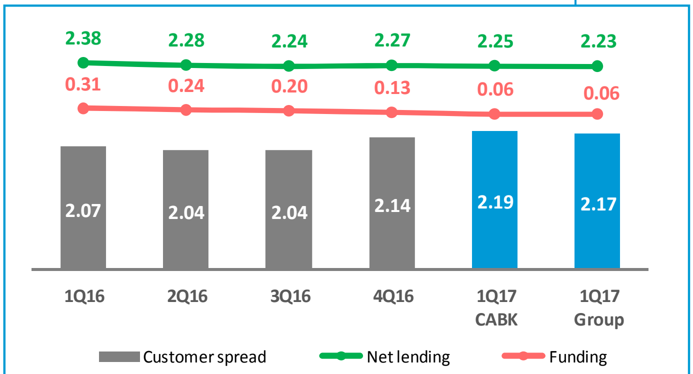
Net interest income

- **Net interest income in the first quarter totalled €1,153 million** within a climate of rock-bottom interest rates (+13.1% year on year) and in response to the full consolidation since February of BPI, which contributed 6.8% of growth. Net interest income at CaixaBank was up 6.3% largely on account of:
  - **Forceful management of retail financing**, especially maturity deposits, the cost of which has fallen from 0.69% in the first quarter of 2016 to 0.14% in the same period of 2017 (-55bp).
  - **Falling cost of institutional financing** due to lower volumes and rates.
  - The **change in income in response to falling returns on the loan portfolio and the fixed income portfolio**, due to the drop in market interest rates.



Balance sheet spread of average total assets (%)

- **Net interest income was up 7.1% in the quarter, with BPI accounting for 6.4% of this.** At CaixaBank alone, **net interest income gained 0.7%.** The change here was a result of:
  - **Ongoing decline in the cost of retail deposits**, with highlights here including the drop of 21 basis points in maturity deposits and of 2 basis points in demand deposits.
  - **Reduction in finance income on lending activity** in response to falling interest rates, which impacted portfolio repricings. Lending activity was largely unchanged thanks to the intensive commercial activity in this direction. New loan production was up 13% on the previous quarter at practically the same interest rates.
  - The **customer spread** showed an improvement of 5 basis points in the first quarter of the year to reach 2.19% (its highest level since the second quarter of 2015) in response to cheaper deposits (-7bp), which more than offset the drop in loan returns (-2bp).
  - Meanwhile, the **balance sheet spread** gained 3 basis points in the first quarter to reach 1.30%. The ratio of finance income to total average assets stood at 1.96%, while finance income to finance costs fell to 0.66%.



Changes in the customer spread (%)

- Due to lower yields on loans and advances to customers the incorporation of BPI has impacted the customer spread by -2 basis points. The balance sheet spread remains stable at 1.30%.

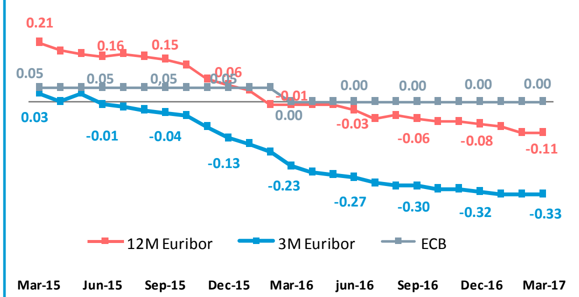
Quarterly cost and income

€ million		1Q17 CABK			1Q17 BPI			1Q17 Group		
		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions[1]		10,934	43	1.60	780	2	1.04	11,714	45	1.54
Loans	(a)	192,555	1,066	2.25	12,989	63	1.97	205,544	1,129	2.23
Fixed income securities portfolio		24,262	91	1.52	2,711	6	0.90	26,973	97	1.45
Other assets with returns[2]		48,669	436	3.64				48,669	436	3.64
Other assets		62,641	4		3,723			66,364	4	
Total average assets	(b)	**339,061**	**1,640**	**1.96**	**20,203**	**71**	**1.43**	**359,264**	**1,711**	**1.93**
Financial Institutions[1]		43,335	(40)	0.38	2,566	(1)	0.16	45,901	(41)	0.36
Retail customer funds	(c)	167,033	(25)	0.06	12,943	(3)	0.09	179,976	(28)	0.06
Demand deposits		132,224	(12)	0.04	6,805			139,029	(12)	0.04
Maturity deposits		34,809	(13)	0.14	6,138	(3)	0.20	40,947	(16)	0.15
Time deposits		34,128	(12)	0.15	6,103	(3)	0.20	40,231	(15)	0.15
Retail repurchase agreements and marketable		681	(1)	0.01	35			716	(1)	0.01
Wholesale marketable debt securities & other		27,544	(79)	1.17	575	(1)	0.71	28,119	(80)	1.16
Subordinated liabilities		4,600	(34)	3.04	10			4,610	(34)	3.03
Other funds with cost[2]		53,040	(373)	2.85	2,776	7	(1.02)	55,816	(366)	2.66
Other funds		43,509	(5)		1,333	(4)	1.22	44,842	(9)	
Total average funds	(d)	**339,061**	**(556)**	**0.66**	**20,203**	**(2)**	**0.04**	**359,264**	**(558)**	**0.63**
Net interest income			**1,084**			**69**			**1,153**	
Customer spread (%)	(a-c)		**2.19**			**1.88**			**2.17**	
Balance sheet spread (%)	(b-d)		**1.30**			**1.39**			**1.30**	

€ million		1Q16			2Q16			3Q16			4Q16		
		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[1]		13,573	5	0.13	12,688	7	0.22	10,790	35	1.29	9,851	38	1.52
Loans	(a)	191,931	1,137	2.38	192,332	1,092	2.28	192,632	1,084	2.24	192,579	1,097	2.27
Fixed income securities portfolio		23,837	161	2.71	23,071	122	2.13	22,986	104	1.80	23,618	96	1.62
Other assets with returns[2]		44,707	394	3.55	46,779	425	3.65	49,643	458	3.67	48,777	480	3.92
Other assets		65,568	2		63,430	3		65,374	6		63,849	7	
Total average assets	(b)	**339,616**	**1,699**	**2.01**	**338,300**	**1,649**	**1.96**	**341,425**	**1,687**	**1.97**	**338,674**	**1,718**	**2.02**
Financial Institutions[1]		36,083	(61)	0.68	32,854	(46)	0.56	38,367	(41)	0.42	40,036	(37)	0.37
Retail customer funds	(c)	172,366	(133)	0.31	177,263	(106)	0.24	173,048	(86)	0.20	169,558	(57)	0.13
Demand deposits		112,287	(30)	0.11	119,379	(25)	0.09	120,321	(22)	0.07	125,313	(18)	0.06
Maturity deposits		60,079	(103)	0.69	57,884	(81)	0.56	52,728	(64)	0.48	44,245	(39)	0.35
Time deposits		59,592	(103)	0.70	57,459	(81)	0.56	52,315	(64)	0.49	43,112	(39)	0.36
Retail repurchase agreements and marketable		487		0.02	425			412		0.02	1,133		0.01
Wholesale marketable debt securities & other		32,694	(123)	1.51	29,288	(93)	1.28	28,663	(88)	1.22	27,926	(87)	1.24
Subordinated liabilities		4,407	(34)	3.13	4,366	(34)	3.11	4,263	(32)	3.01	4,119	(32)	3.07
Other funds with cost[2]		47,132	(327)	2.79	49,134	(347)	2.84	52,720	(394)	2.98	52,367	(421)	3.20
Other funds		46,934	(1)		45,395	(2)		44,364	(7)		44,668	(7)	
Total average funds	(d)	**339,616**	**(679)**	**0.81**	**338,300**	**(628)**	**0.75**	**341,425**	**(648)**	**0.75**	**338,674**	**(641)**	**0.75**
Net interest income			**1,020**			**1,021**			**1,039**			**1,077**	
Customer spread (%)	(a-c)		**2.07**			**2.04**			**2.04**			**2.14**	
Balance sheet spread (%)	(b-d)		**1.20**			**1.21**			**1.22**			**1.27**	

(1) 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 TLTRO II income, while the opposite is valid for the heading financial intermediaries on the liabilities side. Only the net amount between income and expense for both headings has economic significance.

(2) Other assets with returns and Other funds with cost relate largely to the Group's life insurance activity. Meanwhile the results from the insurance business of BPI are registered, net, under the heading "Other funds with cost".



Interest rates
(%)

Fees and commissions

- **Fee and commission income totalled €588 million** (+20.3%). Stripping out BPI, fee and commission income climbed to €545 million, up 11.6% on the same period of the previous year, with highlights here including:
  - **Banking services, securities and other fees** amounted to €344 million (+10.6%). This includes income on securities transactions and fees on other transactions, as well as fees relating to risk activities, deposit management, payment methods and investment banking.

    In the first quarter, more fee income was reported from one-off investing banking transactions and the period also saw an increase in transactions and income associated with payment methods.
  - **Investment fund fees** were €104 million, up 7.3% on the first quarter of 2016, which was heavily affected by market volatility.
  - **Growth in pension plan management fees** to reach €46 million (+10.4%) due to the increase in assets under management through the wide range of products on offer.
  - **Fees on insurance sales** grew to €51 million, (+32.7%) in response to the success of the commercial campaigns carried out to date.
- The **quarterly improvement (+7.9%)** was largely down to the incorporation of BPI. Stripping out this one-off impact, fee and commission income remained roughly on par with the previous quarter. Banking services, securities and other fees for the first quarter of 2017 showcase CaixaBank's commercial strength and also reflect the increase seen in investment banking fees.

	Group			CABK		BPI
€ million	**1Q17**	**1Q16**	**Chg. in %**	**1Q17**	**Chg. in %**	**1Q17**
Banking services, securities and other fees	374	310	20.4	344	10.6	30
Mutual funds, managed accounts and SICAVs	110	97	12.9	104	7.3	6
Pension plans	48	42	12.9	46	10.4	2
Sale of insurance products	56	39	46.4	51	32.7	5
Net fee and commission income	**588**	**488**	**20.3**	**545**	**11.6**	**43**

	1Q16	2Q16	3Q16	4Q16	1Q17		
€ million					**CABK**	**BPI**	**Group**
Banking services, securities and other fees	310	336	341	333	344	30	374
Mutual funds, managed accounts and SICAVs	97	99	99	108	104	6	110
Pension plans	42	47	49	49	46	2	48
Sale of insurance products	39	40	47	54	51	5	56
Net fee and commission income	**488**	**522**	**536**	**544**	**545**	**43**	**588**

Income from equity investments

- **Income from equity investments totalled €93 million (-32.5%)**.
- The change in share of profit/(loss) of entities accounted for using the equity method was down to the individual performances of the businesses concerned and prevailing market conditions. Further highlights for the period included the following events, which impacted income generation:
  - Less income from Bank of East Asia and GF Inbursa following completion of the swap arrangement with CriteriaCaixa in May 2016.
  - Recognition at CaixaBank of the attributable result under the equity method of BPI's sale of 2% of its stake in BFA (€-97 million) in January 2017. This result was largely the effect of needing to recognise valuation adjustments due to conversion differences on the income statement, when these had previously been reported in equity.
  - Change in perimeter upon incorporating BPI under the full consolidation method as of 1 February 2017. Income from BPI reported using the equity method relates to the equity investments in mainly BFA and BCI.
- Recognition of the Telefónica dividend in the second and fourth quarters of 2016.

	Group			CABK		BPI
€ million	1Q17	1Q16	Chg. in %	1Q17	Chg. in %	1Q17
Dividend income	8	5	61.6	8	60.1	
Share of profit/(loss) of entities accounted for using the equity method	85	132	(35.8)	46	(65.0)	39
Income from equity investments	**93**	**137**	**(32.5)**	**54**	**(60.7)**	**39**

					1Q17		
€ million	1Q16	2Q16	3Q16	4Q16	CABK	BPI	Group
Dividend income	5	103	5	86	8		8
Share of profit/(loss) of entities accounted for using the equity method	132	160	145	192	46	39	85
Income from equity investments	**137**	**263**	**150**	**278**	**54**	**39**	**93**

Gains/(losses) on financial assets and liabilities and others

- **Gains/(losses) on financial assets and liabilities and other** yielded gains of €43 million (-83.7%). In 2016, this figure (€268 million) included the materialisation of unrealised gains on fixed-income assets classified as available-for-sale financial assets.

Income and expenses arising from insurance or reinsurance contracts

- **Sustained growth** in income arising from life insurance activity to reach €110 million (+72.8%), largely on the back of intensive sales activity and also due to the termination in October 2016 of a reinsurance contract on the personal risk-life portfolio of VidaCaixa, which brought additional income in 2017 of approximately €30 million in the year-on-year comparison (€+10 million on the previous quarter).

	Group			CABK	
€ million	1Q17	1Q16	Chg. in %	1Q17	Chg. in %
Income and expense arising from insurance or reinsurance contracts	**110**	**64**	**72.8**	**110**	**72.8**

					1Q17	
€ million	1Q16	2Q16	3Q16	4Q16	CABK	Group
Income and expense arising from insurance or reinsurance contracts	**64**	**76**	**74**	**97**	**110**	**110**

Other operating income and expense

- **Other operating income and expense** includes, among other items, income and expenses from non-real estate subsidiaries. It also encompasses income from rentals and expenses incurred in managing foreclosed properties, including Spanish property tax, which was estimated at €55 million for the first quarter of 2017.

  Since the first quarter of 2017, this heading includes a further €13 million associated with the national tax on deposits. This amount had previously been recognised under Other charges to provisions.

- The **quarterly change** in this heading was down to a number of one-off impacts, particularly the contributions paid to the Single Resolution Fund in the second quarter of 2016 and to the Spanish Deposit Guarantee Fund in the fourth quarter, and also the Spanish property tax accrued in the first quarter of each year.

	Group			CABK		BPI
€ million	**1Q17**	**1Q16**	**Chg. in %**	**1Q17**	**Chg. in %**	**1Q17**
Other operating income and expense	**(94)**	**(55)**	**72.7**	**(95)**	**73.1**	**1**

					1Q17		
€ million	**1Q16**	**2Q16**	**3Q16**	**4Q16**	**CABK**	**BPI**	**Group**
Contribution to DGF, NRF and SRF		(74)		(187)			
Other	(55)	(6)	(34)	(51)	(95)	1	(94)
Other operating income and expense	**(55)**	**(80)**	**(34)**	**(238)**	**(95)**	**1**	**(94)**

Pre-impairment income and expenses

- Recurring administrative expenses, depreciation and amortisation was up 8.8% to €1,091 million, largely due to the integration of BPI.
- **Recurring administrative expenses, depreciation and amortisation** gained 1.0% on a like-for-like basis on the back of the ongoing drive to streamline and contain costs and as a result also of the early retirements and labour agreements aimed at streamlining the workforce. Managing efficiency is a key strategic priority in this regard.
- The first quarter of the year included, at CaixaBank, the recognition of Spanish property tax on own use buildings (€7 million). Meanwhile the integrated BPI cost base since February included €10 million in restructuring costs.
- The **cost-to-income ratio stripping out extraordinary expenses** was 52.4%.

	Group			CABK		BPI
€ million	**1Q17**	**1Q16**	**Chg. in %**	**1Q17**	**Chg. in %**	**1Q17**
Gross income	**1,893**	**1,922**	**(1.5)**	**1,736**	**(9.7)**	**157**
General and administrative expenses	**(981)**	**(914)**	**7.4**	**(911)**	**(0.3)**	**(70)**
Personnel expenses	(702)	(666)	5.5	(659)	(1.1)	(43)
General expenses	(279)	(248)	12.6	(252)	1.8	(27)
Depreciation and amortisation	**(110)**	**(89)**	**22.5**	**(102)**	**14.8**	**(8)**
Recurring administrative expenses, depreciation and amortisation	***(1,091)***	***(1,003)***	***8.8***	***(1,013)***	***1.0***	***(78)***
Pre-impairment income stripping out extraordinary expenses	**802**	**919**	**(12.7)**	**723**	**(21.3)**	**79**
Extraordinary expenses	**(10)**					**(10)**
Pre-impairment income	**792**	**919**	**(13.8)**	**723**	**(21.3)**	**69**

					1Q17		
€ million	**1Q16**	**2Q16**	**3Q16**	**4Q16**	**CABK**	**BPI**	**Group**
Gross income	**1,922**	**2,127**	**1,890**	**1,888**	**1,736**	**157**	**1,893**
General and administrative expenses	**(914)**	**(906)**	**(902)**	**(902)**	**(911)**	**(70)**	**(981)**
Personnel expenses	(666)	(660)	(653)	(645)	(659)	(43)	(702)
General expenses	(248)	(246)	(249)	(257)	(252)	(27)	(279)
Depreciation and amortisation	**(89)**	**(93)**	**(93)**	**(96)**	**(102)**	**(8)**	**(110)**
Recurring administrative expenses, depreciation and amortisation	***(1,003)***	***(999)***	***(995)***	***(998)***	***(1,013)***	***(78)***	***(1,091)***
Pre-impairment income stripping out extraordinary expenses	**919**	**1,128**	**895**	**890**	**723**	**79**	**802**
Extraordinary expenses			**(121)**			**(10)**	**(10)**
Pre-impairment income	**919**	**1,128**	**774**	**890**	**723**	**69**	**792**
Cost-to-income ratio stripping out extraordinary expenses [1] (%)	*51.7*	*54.2*	*53.3*	*51.0*	*52.4*	*-*	*52.4*
Cost-to-income ratio [1] (%)	*55.6*	*54.2*	*54.9*	*52.6*	*54.0*	*-*	*54.0*

(1) Last 12 months. The cost-to-income ratios for the second and third quarters of 2016 exclude the contribution paid to the National Resolution Fund for the fourth quarter of 2015 (€93 million) so as to ensure that there is no overlap with the contribution paid to the Single Resolution Fund in the second quarter of 2016 (€74 million). The group ratio takes into account BPI as of the incorporation of the entity under the full consolidation in February 2017.

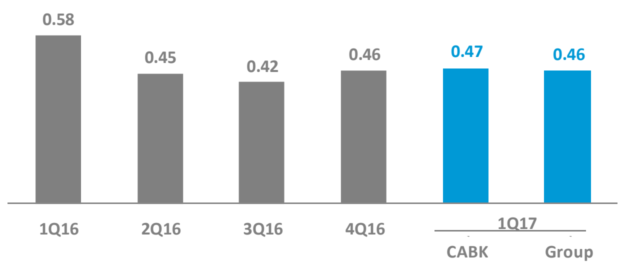
Impairment losses on financial assets and other charges to provisions

Impairment losses on financial assets

- **Allowances for insolvency risk totalled €249 million (+11.0%) due to the impact of a number of one-off charges to provisions in the quarter.**

  A total of €676 million in provisions on the loan portfolio was released in the fourth quarter of 2016 following development of internal models compliant with the terms of Circular 4/2016.

  Following the integration of BPI, the **cost of risk** stood at 0.46% excluding the release just discussed (-12bp in the last twelve months), or 0.16% if we include it.



Cost of risk (twelve months)[1]
(%)

(1) BPI considered since its incorporation within the consolidated figures as of February 2017 .

Other charges to provisions

- **Other charges to provisions** (€370 million) mainly includes the coverage of future contingencies and impairment of other assets.

  The first quarter of 2017 included €152 million in connection with the early retirements and €154 million in write-downs on exposure to the SAREB.

  In the first quarter of 2016 it included the extraordinary write-down of non-listed investees; in the second quarter €160 million to cover early retirements; and in the fourth quarter an additional provision of €110 million in connection with the floor clauses.

	Group			CABK		BPI
€ million	**1Q17**	**1Q16**	**Chg. in %**	**1Q17**	**Chg. in %**	**1Q17**
Allowance for insolvency risk	(249)	(225)	11.0	(255)	13.3	6
Other charges to provisions	(370)	(185)	99.8	(369)	99.6	(1)
Impairment losses on financial assets and other charges to provisions	**(619)**	**(410)**	**51.1**	**(624)**	**52.3**	**5**

					1Q17		
€ million	**1Q16**	**2Q16**	**3Q16**	**4Q16**	**CABK**	**BPI**	**Group**
Allowance for insolvency risk	(225)	(253)	(218)	382	(255)	6	(249)
Other charges to provisions	(185)	(249)	(47)	(274)	(369)	(1)	(370)
Impairment losses on financial assets and other charges to provisions	**(410)**	**(502)**	**(265)**	**108**	**(624)**	**5**	**(619)**

Gains/(losses) on disposal of assets and others and Income tax expense

- **Gains/(losses) on disposal of assets and others** primarily comprises the results of completed one-off transactions and results on asset sales and write-downs mainly relating to the real estate portfolio. The change here was a result of:
  - The ratio of profit on sales of real estate assets to asset net book value for the quarter stood at 15% (+11pp in the last twelve months). In relation to sales volume, the seasonal impacts typically associated with the fourth quarter are certainly relevant and explain the larger contribution reported in the fourth quarter of 2016, although both quarters saw similar margins to net asset value.
  - Other results on real estate activity essentially shows the allowances associated with the value adjustments made to these assets. A total of €656 million in real estate allowances was recognised in the fourth quarter of 2016 following the application of new internal models.
  - Other gains/(losses) includes the result of the business combination with BPI (€256 million) in 2017 and the negative result from the early redemption of the bond issue exchangeable for Repsol shares in the first quarter of 2016.

	Group			CABK	
€ million	**1Q17**	**1Q16**	**Chg. in %**	**1Q17**	**Chg. in %**
Results on sale of property	35	9		35	
Other real estate results	(10)	(62)	(86.6)	(10)	(86.6)
Others	253	(80)		253	
Gains/(losses) on disposal of assets and others	**278**	**(133)**		**278**	

€ million	**1Q16**	**2Q16**	**3Q16**	**4Q16**	**1Q17** CABK	**1Q17** Group
Results on sale of property	9	7	6	50	35	35
Real estate provisions	(62)	(121)	(89)	(834)	(10)	(10)
Others	(80)			10	253	253
Gains/(losses) on disposal of assets and others	**(133)**	**(114)**	**(83)**	**(774)**	**278**	**278**
Results on sales of property (net carrying amount)	4%	2%	2%	14%	15%	

- On the subject of **income tax expense**, double taxation avoidance principles are applied to income contributed by investees and earnings on corporate transactions. In the first quarter of 2017, the heading was affected appreciably by the results of the business combination with BPI.

Business activity

Balance sheet

Total assets amounted to €370,267 million at 31 March 2017 (+6.4%). The change in the year to date was partly down to the integration of BPI, which had a particularly heavy impact on Loans and advances to customers and Customer funds due to the retail activity of the Portuguese bank.

	Group			
€ million	**Mar. 31, 2017**	**Dec. 31, 2016**	**Change**	**Chg. in %**
Cash, cash balances at central banks and other demand deposits	6,055	13,260	(7,205)	(54.3)
Financial assets held for trading	13,311	11,668	1,643	14.1
Available-for-sale financial assets	68,398	65,077	3,321	5.1
Loans and receivables	229,109	207,641	21,468	10.3
Loans and advances to central banks and credit institutions	6,496	6,742	(246)	(3.6)
Loans and advances to customers	219,667	200,338	19,329	9.6
Debt securities	2,946	561	2,385	
Held-to-maturity investments	8,320	8,306	14	0.2
Investments in joint ventures and associates	6,359	6,421	(62)	(1.0)
Tangible assets	6,531	6,437	94	1.5
Intangible assets	3,837	3,687	150	4.1
Non-current assets held for sale	6,568	6,405	163	2.5
Other assets	21,779	19,025	2,754	14.5
Total assets	**370,267**	**347,927**	**22,340**	**6.4**
Liabilities	**345,488**	**324,371**	**21,117**	**6.5**
Financial liabilities held for trading	10,342	10,292	50	0.5
Financial liabilities measured at amortised cost	268,498	254,093	14,405	5.7
Deposits from central banks and credit institutions	40,323	36,345	3,978	10.9
Customer deposits	196,961	187,167	9,794	5.2
Debt securities issued	27,385	27,708	(323)	(1.2)
Other financial liabilities	3,829	2,873	956	33.3
Memorandum item: Subordinated liabilities	*5,189*	*4,119*	*1,070*	*26.0*
Liabilities under insurance or reinsurance contracts	48,676	45,804	2,872	6.3
Provisions	5,104	4,730	374	7.9
Other liabilities	12,868	9,452	3,416	36.1
Equity	**24,779**	**23,556**	**1,223**	**5.2**
Own funds	23,833	23,400	433	1.9
Of which: Profit/(loss) attributable to the Group	*403*	*1,047*		
Minority interest	383	29	354	
Valuation adjustment and other	563	127	436	
Total liabilities and equity	**370,267**	**347,927**	**22,340**	**6.4**

Loans and advances to customers

Loans and advances to customers, gross totalled €227,934 million, up 11.3% in the first quarter of 2017 following the integration of BPI. If we strip out this impact, both the total portfolio and the performing portfolio remained practically stable.

The improvement here was due to the increase in solvent business opportunities, commercial strategies focused on expertise and customer proximity and a healthier set of credit quality indicators.

Quarterly changes by segment at CaixaBank include:

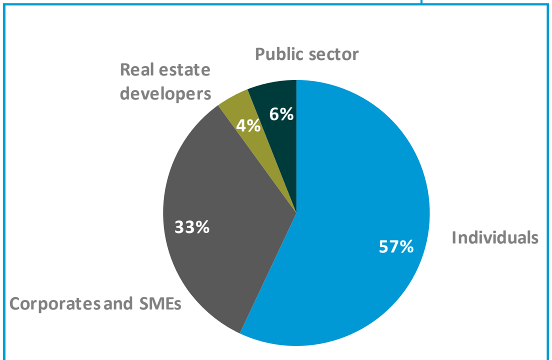
- **Loans for home purchases** showed growth in new loans, although it continued to feel the effects of the household deleveraging process.

  The mortgage market share[1] was 17.6%.

- **Loans to individuals – other** was up on the back of consumer loans, which has offset the deleveraging seen in other loans.

- Sustained increase in financing to the productive sector ex-real estate developers (+1.6% in 2017).

  Market shares[1] for working capital financing products climbed to 21.1% for factoring and reverse factoring and to 16.9% for commercial loans.



Diversification of the lending portfolio CaixaBank Group
(% of gross lending)

- **Financing to real estate developers** now accounts for less of the loan portfolio (3.9% at 31 March 2017) following the Bank's active management of distressed assets.

- The change in the year to date was mainly the result of the €951 million decline in the financing granted to CriteriaCaixa, as per the objective of prudential deconsolidation of CriteriaCaixa from CaixaBank. Stripping out this impact, the performing loan portfolio grew 0.5% in the quarter.

- Loans to the **public sector** were impacted by a number of one-off transactions.

(1) Latest information available. Data prepared in-house. Source: Bank of Spain (Infbal) and AEF (Spanish Factoring Association).

	Group			CABK		BPI
€ million	**Mar. 31, 2017**	**Dec. 31, 2016**	**Chg. in %**	**Mar. 31, 2017**	**Chg. in %**	**Mar. 31, 2017**
Loans to individuals	**130,026**	**118,300**	**9.9**	**117,639**	**(0.6)**	**12,387**
Home purchases	96,786	86,405	12.0	85,688	(0.8)	11,098
Other	33,240	31,895	4.2	31,951	0.2	1,289
Of which: Consumer lending in Spain	*8,653*	*8,109*	*6.7*	*8,653*	*6.7*	
Loans to business	**83,597**	**74,061**	**12.9**	**74,130**	**0.1**	**9,467**
Corporates and SMEs	74,915	64,813	15.6	65,877	1.6	9,038
Real estate developers	8,409	8,024	4.8	7,980	(0.5)	429
Criteria Caixa	273	1,224	(77.7)	273	(77.7)	
Public sector	**14,311**	**12,496**	**14.5**	**12,837**	**2.7**	**1,474**
Loans and advances to customers, gross[2]	**227,934**	**204,857**	**11.3**	**204,606**	**(0.1)**	**23,328**
Of which:						
Performing loans	*212,478*	*190,506*	*11.5*	*190,544*	*0.0*	*21,934*
Allowance for impairment losses	(7,617)	(6,684)	14.0	(6,517)	(2.5)	(1,100)
Loans and advances to customers, net	**220,317**	**198,173**	**11.2**	**198,089**	**(0.0)**	**22,228**
Contingent Liabilities	11,884	10,608	12.0	10,437	(1.6)	1,447

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

Customer funds

Customer funds totalled €338,053 million (+11.2% in 2017) following the integration of BPI.

Customer funds at CaixaBank remained stable, with highlights including:

- **On-balance sheet funds** amounted to €216,973 million (-0.1% in 2017).
  - **Demand deposits** were up 2.8% to €136,412 million.
  - Meanwhile, **term deposits** totalled €31,949 million (-19.4%) due to the number of deposits renewed on maturity and forceful management of profit margins against a backdrop of rock-bottom interest rates.
  - **Liabilities under insurance contracts**[1] were up in the quarter (+8.4% in 2017).

    CaixaBank remains the market leader with a 24.9% share[2] of the savings insurance market thanks to the success of the commercial campaigns under the CaixaFu[Tu]ro programme.
- **Assets under management** totalled €84,693 million (+3.4% in 2017) following the success of the campaigns rolled out, the extensive range of products on offer and the ongoing market recovery.
  - **Assets under management in investment funds, portfolios and SICAVs** climbed to €58,896 million (+3.9% in 2017).
  - **Pension plans performed well** (+2.3% in 2017) to reach €25,797 million.
    CaixaBank is the market leader in number of investment fund investors and in assets under management, with a share[2] of 18.2%, and also in pension plans, with a market share of 23.2%.
- The change in **Other accounts** was largely down to the maturity in January 2017 of the subordinated debt of CriteriaCaixa placed among CaixaBank customers (€1,505 million).

	Group			CABK		BPI
€ million	**Mar. 31, 2017**	**Dec. 31, 2016**	**Chg. in %**	**Mar. 31, 2017**	**Chg. in %**	**Mar. 31, 2017**
Customer funds	191,721	175,655	9.1	171,701	(2.3)	20,020
Demand deposits	147,041	132,691	10.8	136,412	2.8	10,629
Term deposits[3]	41,331	39,624	4.3	31,949	(19.4)	9,382
Subordinated retail liabilities	3,349	3,340	0.3	3,340		9
Insurance contract liabilities	47,436	40,315	17.7	43,426	7.7	4,010
Reverse repurchase agreements and other	2,248	1,153	95.0	1,846	60.1	402
On-balance sheet funds	**241,405**	**217,123**	**11.2**	**216,973**	**(0.1)**	**24,432**
Mutual funds, managed accounts and SICAVs	64,634	56,674	14.0	58,896	3.9	5,738
Pension plans	28,352	25,216	12.4	25,797	2.3	2,555
Assets under management	**92,986**	**81,890**	**13.5**	**84,693**	**3.4**	**8,293**
Other accounts	**3,662**	**4,882**	**(25.0)**	**2,350**	**(51.9)**	**1,312**
Total customer funds[4]	**338,053**	**303,895**	**11.2**	**304,016**	**0.0**	**34,037**

(3) Includes retail debt securities amounting to €586 million at 31 March 2017 and €609 million at 31 December 2016.
(4) See Reconciliation of activity indicators using management criteria in the Appendices - Glossary.

(1) Excluding the impact of the change in value of the associated financial assets.

(2) Latest information available. Data prepared in-house. Source: INVERCO and ICEA.

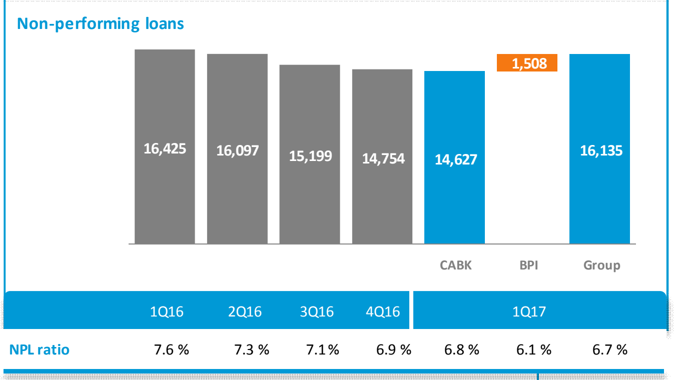
Risk management

Credit risk quality

NPL performance

- Ongoing drop in non-performing loans at CaixaBank (€-127 million in the quarter and €-1,798 million in the last 12 months).
- Meanwhile, the **Group's NPL ratio was 6.7%** vs. 6.9% in December 2016 .
- BPI has brought with it NPLs totalling €1,508 million, based on Group criteria, with a NPL ratio of 6.1%.

Non-performing loans[1]
(€ million)



NPL ratio by segment

	1Q16	2Q16	3Q16	4Q16	1Q17		
					CABK	BPI	Group
Loans to individuals	**4.6%**	**4.6%**	**4.7%**	**5.0%**	**5.1%**	**5.2%**	**5.1%**
Home purchases	3.7%	3.7%	3.8%	4.0%	4.1%	5.0%	4.2%
Other	7.2%	6.9%	7.2%	7.7%	7.8%	6.9%	7.8%
Loans to business	**14.3%**	**13.7%**	**12.3%**	**11.1%**	**10.5%**	**7.9%**	**10.2%**
Corporates and SMEs	10.6%	10.4%	9.8%	9.0%	8.4%	6.9%	8.2%
Real estate developers	41.6%	39.5%	34.0%	30.4%	28.4%	29.1%	28.4%
Public sector	**0.6%**	**0.5%**	**1.3%**	**1.5%**	**1.9%**	**0.1%**	**1.7%**
NPL Ratio (loans and contingent liabilities)	**7.6%**	**7.3%**	**7.1%**	**6.9%**	**6.8%**	**6.1%**	**6.7%**

NPL ratio for the consumer lending in Spain at 31 March 2017 and 31 December 2016 was 3.3% and 3.0%, respectively.

Non-performing (loans and contingent liabilities), additions and derecognitions

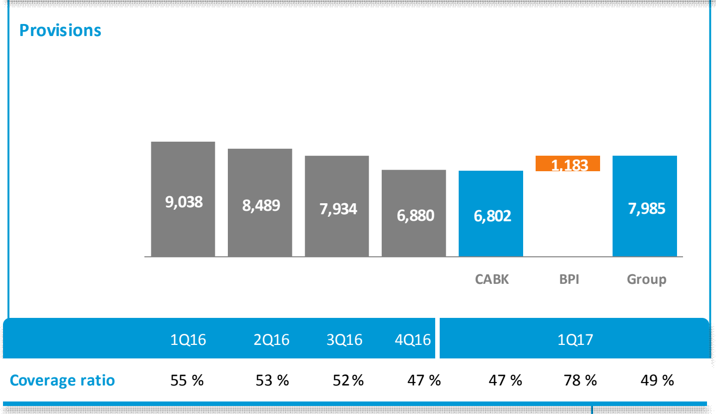
€ million	1Q16	2Q16	3Q16	4Q16	1Q17
Opening balance	**17,100**	**16,425**	**16,097**	**15,199**	**14,754**
Exposures recognized as non-performing (NPL-inflows)	1,521	1,737	1,296	1,948	1,674
Derecognitions from non-performing exposures	(2,196)	(2,065)	(2,194)	(2,393)	(1,801)
of which written off	(381)	(446)	(264)	(262)	(158)
BPI's non-performing exposures at 31 March 2017					1,508
Closing balance	**16,425**	**16,097**	**15,199**	**14,754**	**16,135**

(1) Calculations include contingent liabilities and loans.

Coverage

- Allowances for insolvency risk totalled €7,985 million after incorporating BPI. Meanwhile, the NPL coverage ratio was 49%.
- The **change in allowances for insolvency risk** in the quarter is also the result of the acquisition of BPI, which contributes with provisions of €1,183 million (including €468 million in fair value adjustments relating to loans and contingent liabilities generated as part of the business combination), cancellation of debt incurred through the acquisition and foreclosure of real estate assets and derecognition of assets and write-offs.

Coverage[1]
(€ millon)



(1) Calculations include contingent liabilities and loans.

Changes in allowances for insolvency risk

€ million	1Q16	2Q16	3Q16	4Q16	1Q17
Opening balance	**9,512**	**9,038**	**8,489**	**7,934**	**6,880**
Charges to provisions[2]	225	253	218	(382)	249
Amounts used	(567)	(691)	(669)	(554)	(252)
Transfers and other changes	(132)	(111)	(104)	(118)	(75)
BPI's insolvency allowances at 31 March 2017					1,183
Closing balance	**9,038**	**8,489**	**7,934**	**6,880**	**7,985**

(2) Allowances for insolvency risks in the fourth quarter of 2016 included the release of €676 million in provisions.

Refinancing

	Mar. 31, 2017				Dec. 31, 2016	
	Group		CABK		Group	
€ million	Total	of which: NPL	Total	of which: NPL	Total	of which: NPL
Individuals	6,200	3,768	5,899	3,504	5,941	3,373
Business (stripping out real estate developers)	4,808	3,009	3,878	2,577	3,920	2,574
Real estate developers	1,678	1,329	1,564	1,220	1,711	1,311
Public sector	269	87	222	86	161	56
Total	**12,955**	**8,193**	**11,563**	**7,387**	**11,733**	**7,314**
Provisions	2,804	2,589	2,473	2,315	2,569	2,342

Foreclosed real estate assets in Spain

- Bank of Spain Circular 5/2011 requires financial institutions to report information on foreclosed real estate assets arising from business activity in Spain. Under this perimeter, the **portfolio of net foreclosed real estate assets available for sale stood at €6,285 million** (stable in 2017).

  The coverage ratio[1] was 59%. Meanwhile, the coverage ratio with accounting provisions[1] was 50%.

  Real estate assets in the process of foreclosure (€542 and €556 million, net, at 31 March 2017 and 31 December 2016, respectively) are not considered foreclosed assets available for sale since the bank does not have possession of the asset.

- **Real estate assets held for rent** amounted to €3,088 million, net of provisions. The portfolio has an occupancy rate of 90%.

- **Total sales[2] in 2017 amounted to € 296 million** (up 6.9% year on year), with positive results on sales of property since the fourth quarter of 2015.

(1) See definition in Appendices – Glossary.

(2) At sale price.

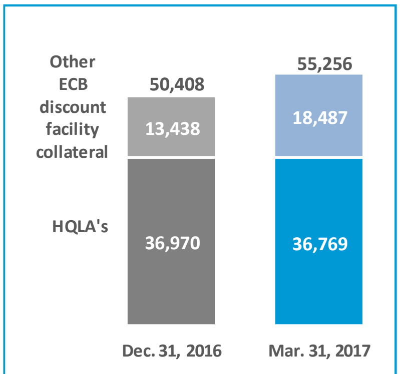
Foreclosed real estate assets available for sale and associated coverage

€ million	Mar. 31, 2017 Net carrying amount	Coverage	Coverage %[1]	Accounting provisions	Coverage with accounting provisions %[1]
Property acquired related to loans to construction companies and real estate developments	**3,978**	**(6,929)**	**64**	**(4,669)**	**54**
Completed buildings	1,978	(2,029)	51	(1,524)	44
Houses	1,475	(1,451)	50	(1,135)	43
Other	503	(578)	53	(389)	44
Buildings under construction	375	(585)	61	(494)	57
Houses	356	(546)	61	(467)	57
Other	19	(39)	67	(27)	59
Land	1,625	(4,315)	73	(2,651)	62
Developed land	854	(1,886)	69	(1,165)	58
Other	771	(2,429)	76	(1,486)	66
Acquired related to mortgage loans to homebuyers	**1,526**	**(1,382)**	**48**	**(961)**	**39**
Other	**781**	**(760)**	**49**	**(566)**	**42**
Total	**6,285**	**(9,071)**	**59**	**(6,196)**	**50**

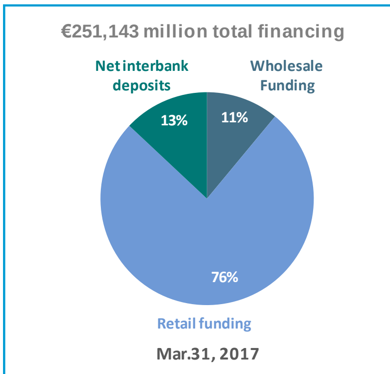
€ million	Dec. 31, 2016 Net carrying amount	Coverage	Coverage %[1]	Accounting provisions	Coverage with accounting provisions %[1]
Property acquired related to loans to construction companies and real estate developments	**4,058**	**(7,085)**	**64**	**(4,754)**	**54**
Completed buildings	2,059	(2,151)	51	(1,589)	44
Houses	1,513	(1,535)	50	(1,171)	44
Other	546	(616)	53	(418)	43
Buildings under construction	362	(574)	61	(478)	57
Houses	344	(538)	61	(453)	57
Other	18	(36)	67	(25)	58
Land	1,637	(4,360)	73	(2,687)	62
Developed land	850	(1,932)	69	(1,189)	58
Other	787	(2,428)	76	(1,498)	66
Acquired related to mortgage loans to homebuyers	**1,449**	**(1,392)**	**49**	**(962)**	**40**
Other	**749**	**(763)**	**51**	**(579)**	**44**
Total	**6,256**	**(9,240)**	**60**	**(6,295)**	**50**

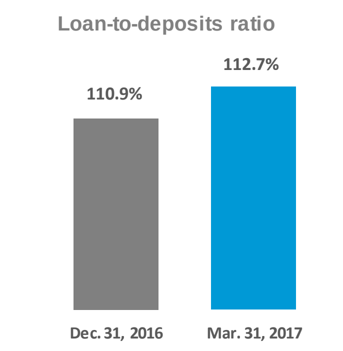
- Meanwhile**, foreclosed real estate assets of BPI amounted to €74 million at 31 March 2017.**

Liquidity
and financing structure

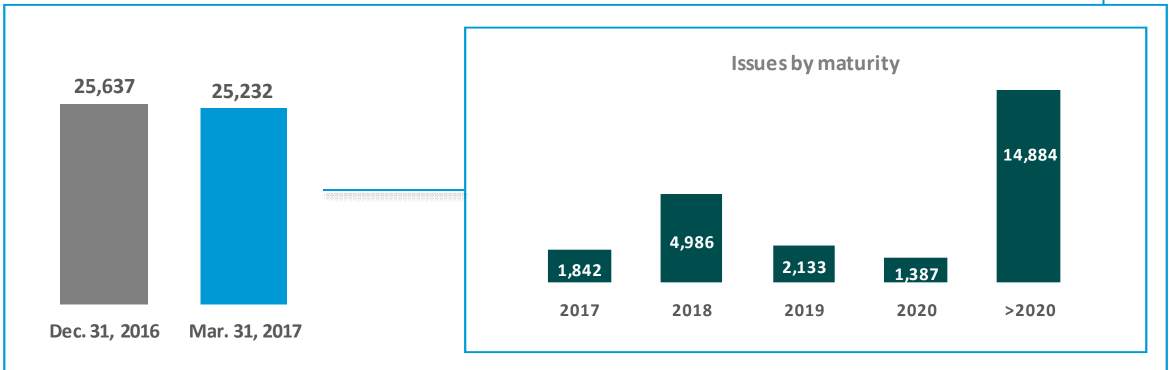


High quality liquid assets
(€ million))





Financing structure



Institutional financing
(€ million)

- **High quality liquid assets totalled €55,256 million** at 31 March 2017. The change here was largely down to the incorporation of BPI (€8,049 million), together with the evolution of the loan-deposit gap, sound management of collateral under ECB facilities and the decision not to renew institutional issues on maturity.
- The **balance drawn** under the ECB facility amounted to **€28,820 million**, of which €637 million related to TLTRO I financing and €28,183 million to TLTRO II. In 2017, an additional €2,001 million was drawn in financing as a result of the acquisition of BPI.
- **Institutional financing**[1] amounted to €25,232 million, with the change in 2017 mainly down to maturities that were not renewed and less so because of the integration of BPI:
  - Maturities of €3,484 million.
  - Successful issuance of mortgage covered bonds worth €1,500 million at ten years, with demand exceeding €2,400 million. The coupon rate was set at 1.25% and the issue cost is 60 basis points over the mid-swap rate.
  - Subordinated debt placement worth €1,000 million at ten years including the option to redeem from year five onward. The bond issue has a coupon of 3.5% per annum and demand has exceeded €2,000 million. From year five onward, the bonds pay an annual fixed coupon equal to the five-year swap rate.
- Meanwhile, subordinated debt issued in the first quarter of 2017 by BPI worth €300 million and fully subscribed by CaixaBank (hence without consolidated impact on Group level).

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

- Available capacity to issue mortgage and regional public sector covered bonds currently stands at €7,978 million.
- The Group's **liquidity coverage ratio** (LCR) at 31 March 2017 was **158%**, well clear of the minimum requirement of 80% applicable from 1 January 2017 onward.

Performance of the loan-to-deposits ratio

€ million	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017 CABK	Mar. 31, 2017 BPI	Mar. 31, 2017 Group
Loans and advances to customers, net	**192,602**	**195,817**	**193,157**	**194,811**	**194,531**	**21,539**	**216,070**
Loans and advances to customers, gross	206,158	208,486	205,100	204,857	204,606	23,328	227,934
Allowance for impairment losses	(8,697)	(8,200)	(7,644)	(6,684)	(6,517)	(1,100)	(7,617)
Brokered loans[1]	(4,859)	(4,469)	(4,299)	(3,362)	(3,558)	(689)	(4,247)
Customer funds	**180,463**	**186,875**	**176,678**	**175,655**	**171,701**	**20,020**	**191,721**
Demand deposits	116,976	126,652	123,860	132,691	136,412	10,629	147,041
Time deposits	60,147	56,883	49,478	39,624	31,949	9,382	41,331
Subordinated liabilities (retail)	3,340	3,340	3,340	3,340	3,340	9	3,349
Loan to Deposits	**106.7%**	**104.8%**	**109.3%**	**110.9%**	**113.3%**	**107.6%**	**112.7%**

(1) Loans financed with funds from public institutions.

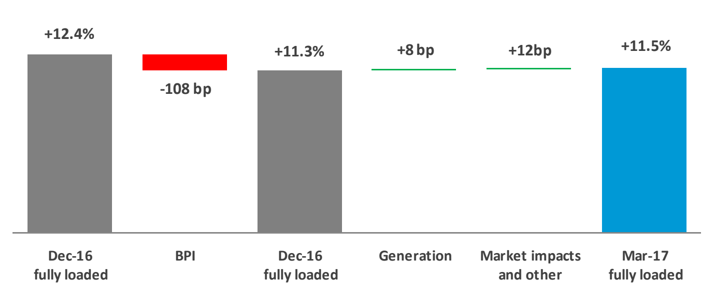
Collateralisation of mortgage covered bonds of CaixaBank, S.A.

€ million		Mar. 31, 2017
Mortgage covered bonds issued	a	44,811
Loans and credits (collateral for mortgage covered bonds)	b	98,720
Collateralization	**b/a**	**220%**
Overcollateralization	**b/a -1**	**120%**
Mortgage covered bond issuance capacity[2]		**6,362**

(2) CaixaBank S.A. is also able to issue €1,616 million in regional public-sector covered bonds.

Capital management

- The CaixaBank Group had a **fully-loaded Common Equity Tier 1 (CET1) ratio of 11.5%** at 31 March 2017, within the 11-12% band envisaged in the Strategic Plan. The impact on capital of the acquisition of Portuguese bank BPI (-108bp)[1] had already been covered in advance in 2016 through the sale of treasury shares totalling €1,322 million. The ratio also gained 20 basis points in the quarter on the back of positive changes in valuation adjustments and improved profit generation.
- Total capital, fully-loaded, was 15.1%, clear of the 14.5% target envisioned in the Strategic Plan. Impacted by the placement of €1,000 million in subordinated bonds on the institutional market (up[2] 67 basis points). Meanwhile, the leverage ratio was 5.4%.
- According to the criteria in force in 2017 for the phased-in implementation, regulatory capital and leverage were: **11.9% CET1 and 15.5% total capital, with a leverage ratio of 5.6%**.
- To illustrate the **capital adequacy of the CaixaBank perimeter, regulatory CET1 ratio stripping out BPI would be 11.9%** *(*11.6% fully-loaded), **while BPI's own regulatory CET1 ratio is 11.9%** *(10.8%* fully-loaded).
- **Regulatory risk-weighted assets (RWA) amounted to €153.060 million**, up €18,196 million in the quarter mainly as a result of the acquisition of BPI.
- The European Central Bank (ECB) and the national supervisor require CaixaBank to maintain regulatory CET1 and total capital ratios of 7.375% and 10.875%, respectively, at 31 March 2017 (including the phased-in implementation of the capital conservation and systemic risk buffers), which climb to 8.75% and 12.25% in a fully-loaded perspective. The CaixaBank Group's current ratios show that the requirements imposed on the Group will not trigger any of the automatic restrictions envisaged in applicable capital adequacy regulations relating to payouts of dividends, variable remuneration and interest to holders of additional tier 1 capital instruments.
- CaixaBank's dividend policy meets the requirements prescribed by the ECB in its recommendation of 13 December 2016, on the dividend distribution policies of credit institutions, meaning therefore that it does not limit or confine the Bank in any way.



Change in fully-loaded CET1

(1) The impact of the integration of BPI includes the sale of 2% of BPA with a reduction in required capital to cover operational risk following the loss of control over the Congolese bank.

(2) Awaiting authorisation from the supervisor to include this issue in the official reporting (COREP).

Performance and key capital adequacy indicators

€ million	BIS III (Regulatory) Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016[1]	Mar. 31, 2017	Annual Chg.
CET1 Instruments	23,696	21,230	22,726	22,923	23,851	928
Shareholders' equity	23,969	21,938	23,360	23,400	23,833	433
Capital	5,910	5,910	5,910	5,981	5,981	
Profit attributable to the Group	273	638	970	1,047	403	(644)
Reserves and other	17,786	15,390	16,480	16,372	17,449	1,077
Other CET1 Instruments[2]	(273)	(708)	(634)	(477)	18	495
Deductions from CET1	(5,821)	(4,560)	(4,536)	(5,134)	(5,623)	(489)
CET1	**17,875**	**16,670**	**18,190**	**17,789**	**18,228**	**439**
TIER 1	**17,875**	**16,670**	**18,190**	**17,789**	**18,228**	**439**
T2 Instruments[3]	4,374	4,382	4,398	4,088	5,506	1,418
T2 Deductions	(93)			(85)	(39)	46
TIER 2	4,281	4,382	4,398	4,003	5,467	1,464
TOTAL CAPITAL	**22,156**	**21,052**	**22,588**	**21,792**	**23,695**	**1,903**
Risk-weighted assets	139,779	135,787	135,922	134,864	153,060	18,196
CET1 Ratio	12.8%	12.3%	13.4%	13.2%	11.9%	(1.3%)
Tier 1 Ratio	12.8%	12.3%	13.4%	13.2%	11.9%	(1.3%)
Total Capital Ratio	15.9%	15.5%	16.6%	16.2%	15.5%	(0.7%)
Leverage Ratio	5.8%	5.3%	6.0%	5.7%	5.6%	(0.1%)

€ million	BIS III (Fully Loaded) Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016[1]	Mar. 31, 2017	Annual Chg.
CET1 Instruments	24,363	21,578	23,007	22,891	23,898	1,007
Shareholders' equity	23,969	21,938	23,360	23,400	23,833	433
Capital	5,910	5,910	5,910	5,981	5,981	
Profit attributable to the Group	273	638	970	1,047	403	(644)
Reserves and other	17,786	15,390	16,480	16,372	17,449	1,077
Other CET1 Instruments[2]	394	(360)	(353)	(509)	65	574
Deductions from CET1	(8,311)	(6,070)	(5,962)	(6,243)	(6,312)	(69)
CET1	**16,052**	**15,508**	**17,045**	**16,648**	**17,586**	**938**
TIER 1	**16,052**	**15,508**	**17,045**	**16,648**	**17,586**	**938**
T2 Instruments[3]	4,374	4,382	4,398	4,088	5,506	1,418
T2 Deductions						
TIER 2	4,374	4,382	4,398	4,088	5,506	1,418
TOTAL CAPITAL	**20,426**	**19,890**	**21,443**	**20,736**	**23,092**	**2,356**
Risk-weighted assets	137,872	135,314	135,516	134,385	152,874	18,489
CET1 Ratio	11.6%	11.5%	12.6%	12.4%	11.5%	(0.9%)
Tier 1 Ratio	11.6%	11.5%	12.6%	12.4%	11.5%	(0.9%)
Total Capital Ratio	14.8%	14.7%	15.8%	15.4%	15.1%	(0.3%)
Leverage Ratio	5.3%	4.9%	5.6%	5.4%	5.4%	

(1) Figures at December 2016 updated to reflect final COREP adjustments.
(2) Mainly includes, dividend forecast, valuation adjustments and minority interests.
(3) Including subordinated debt placement worth €1,000 million, awaiting authorisation from the supervisor to include this issue in the official reporting (COREP).

Segment reporting

This section shows financial information on the different businesses of the CaixaBank Group:

CaixaBank

Information is presented for the same business divisions that existed prior to the effective takeover of BPI. Effective from February 2017, the attributable results contributed by this investee will no longer be included under the Equity investments business, but will be reported instead as a new business (BPI).

- **Banking and insurance:** includes all revenues from banking, insurance and asset management, liquidity management, ALCO, income from financing the other businesses and the Group-wide Corporate Centre.

  Following completion of the takeover of BPI, the banking and insurance business includes the results of the business combination since it was originated in a corporate transaction.

- **Non-core real estate**: shows the results, net of financing costs, of real estate assets in Spain defined as non-core, which include:
  - Non-core lending to real estate developers.
  - Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.
  - Other real estate assets and interests.

- **Equity investments:** includes essentially income from dividends and/or profit accounted for using the equity method, net of financing costs, from the interests held in Erste Group Bank, Repsol and Telefónica. It also includes the significant impacts on income of other relevant stakes acquired as part of its diversification across sectors incorporated through the latest acquisitions of the Group.

  Includes the contribution to the CaixaBank Group through to May 2016 of the attributable results due to the stakes held in Bank of East Asia and GF Inbursa. In 2017, it includes BPI's results through to and including January. With the takeover now completed, as of February BPI's results will be reported as a new business under the full consolidation method.

Operating expenses for these three business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

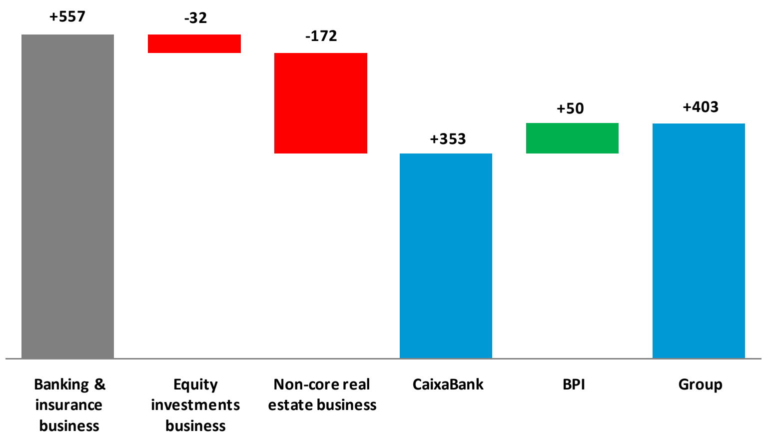
Capital is assigned to the non-core real estate and equity investment businesses to pursue the **corporate target of maintaining a fully-loaded regulatory Common Equity Tier 1 (CET1) ratio of between 11% and 12%**. The capital assigned to these businesses takes into account both the consumption of capital for risk-weighted assets at 11% and all applicable deductions. Capital is assigned to BPI on a sub-consolidated basis, meaning in view of the subsidiary's resources.

The difference between the Group's total own funds and the capital assigned to the other businesses is included in the banking and insurance business, which includes the Group's Corporate Centre.

BPI

Shows the results brought to the consolidated statements by BPI from February 2017 onward under the full consolidation of assets and liabilities method (considering the adjustments made in the business combination) and the own funds of this business are essentially those of BPI on a sub-consolidated basis. The income statement includes the reversal of the adjustments deriving from the measurement at fair value of the assets and liabilities under the business combination.

The results for the first quarter of 2017 arranged by business are as follows:



Contribution to the result (€ million)

€ million	Banking & insurance business	Non-core real estate business	Equity investments	CaixaBank	BPI	Group
Net interest income	**1,142**	**(15)**	**(43)**	**1,084**	**69**	**1,153**
Dividends and share of profit/(loss) of entities accounted for using the equity method	44	11	(1)	54	39	93
Net fee and commission income	544	1		545	43	588
Gains/(losses) on financial assets and liabilities and others	38			38	5	43
Income and expense arising from insurance or reinsurance contracts	110			110		110
Other operating income and expense	16	(111)		(95)	1	(94)
Gross income	**1,894**	**(114)**	**(44)**	**1,736**	**157**	**1,893**
Recurring administrative expenses, depreciation and amortisation	(984)	(28)	(1)	(1,013)	(78)	(1,091)
Extraordinary expenses					(10)	(10)
Pre-impairment income	**910**	**(142)**	**(45)**	**723**	**69**	**792**
Pre-impairment income stripping out extraordinary expenses	**910**	**(142)**	**(45)**	**723**	**79**	**802**
Allowance for insolvency risk	(272)	17		(255)	6	(249)
Other charges to provisions	(219)	(150)		(369)	(1)	(370)
Gains/(losses) on disposal of assets and others	253	25		278		278
Profit/(loss) before tax	**672**	**(250)**	**(45)**	**377**	**74**	**451**
Income tax expense	(113)	78	13	(22)	(14)	(36)
Profit/(loss) after tax	**559**	**(172)**	**(32)**	**355**	**60**	**415**
Profit/(loss) attributable to minority interest and others	2			2	10	12
Profit/(loss) attributable to the Group	**557**	**(172)**	**(32)**	**353**	**50**	**403**
Fully-loaded Common Equity Tier 1 (CET1)				11.6%	10.8%	11.5%
Fully-loaded total capital				15.4%	12.6%	15.1%
Common Equity Tier 1 (CET1)				11.9%	11.9%	11.9%

Banking and insurance business

Profit at 31 March 2017 totalled €557 million (+2.4%).

- **Growth in net interest income** to €1,142 million (+5.7%), in net fee and commission income to €544 million (+11.4%), and in income arising from insurance contracts in the amount of €110 million (+72.8%).
- **Gross income totalled €1,894 million (-3.4%)**, mainly as a result of the reduction in **Gains/(losses) on financial assets and liabilities and other (-85.8%)**, after including in 2016 the materialisation of unrealised capital gains on fixed-income assets.
- **Recurring administrative expenses, depreciation and amortisation** amounted to €984 million in the first quarter of 2017, up 0.9% on the first quarter of 2016.
- **The cost-to-income ratio excluding extraordinary expenses** was 51.3%.
- **Impairment losses on financial assets amounted to €-272 million in a quarter that featured various one-off impairment allowances**. The fourth quarter of 2016 included the impact on this business of the Group's development of internal models used to estimate coverage for insolvency risk (€+618 million).
- **Other charges to provisions includes €-152 million associated with early retirements**. In 2016, it also included the provision associated with the early retirement agreement in the second quarter and coverage of contingencies related to floor clauses in the fourth quarter.
- **Gains/(losses) on disposals of assets and others** includes, among other items, the result of the business combination deriving from the acquisition of BPI (€256 million) since it is a corporate transaction.

€ million	1Q17	1Q16	Change %	1Q16	2Q16	3Q16	4Q16	1Q17
Net interest income	1,142	1,082	5.7	1,082	1,080	1,095	1,130	1,142
Dividends and share of profit/(loss) of entities accounted for using the equity method	44	27	65.4	27	36	63	33	44
Net fee and commission income	544	488	11.4	488	522	535	544	544
Gains/(losses) on financial assets and liabilities and others	38	267	(85.8)	267	326	121	132	38
Income and expense arising from insurance or reinsurance contracts	110	64	72.8	64	76	74	97	110
Other operating income and expense	16	34	(52.5)	34	(25)	8	(173)	16
Gross income	1,894	1,962	(3.4)	1,962	2,015	1,896	1,763	1,894
Recurring administrative expenses, depreciation and amortisation	(984)	(975)	0.9	(975)	(969)	(964)	(967)	(984)
Extraordinary expenses						(121)		
Pre-impairment income	910	987	(7.8)	987	1,046	811	796	910
Pre-impairment income stripping out extraordinary expenses	910	987	(7.8)	987	1,046	932	796	910
Allowance for insolvency risk	(272)	(177)	52.6	(177)	(214)	(169)	316	(272)
Other charges to provisions	(219)	(47)		(47)	(201)	(37)	(240)	(219)
Gains/(losses) on disposal of assets and others	253				11		10	253
Profit/(loss) before tax	672	763	(11.9)	763	642	605	882	672
Income tax expense	(113)	(217)	(48.1)	(217)	(238)	(170)	(279)	(113)
Profit/(loss) after tax	559	546	2.6	546	404	435	603	559
Profit/(loss) attributable to minority interest and others	2	2	4.1	2	5	4	(2)	2
Profit/(loss) attributable to the Group	557	544	2.4	544	399	431	605	557
ROTE	9.0%	10.9%	(1.9)	10.9%	10.1%	11.0%	10.8%	9.0%
Cost-to-income ratio stripping out extraordinary expenses	51.3%	50.4%	0.9	50.4%	52.4%	51.3%	50.7%	51.3%

ROTE: last twelve months excludes the following one-off aspects, net of taxes: extraordinary costs in the third quarter of 2016 (€-85 million), the release of provisions in the fourth quarter of 2016 (€+433 million), and the results of the business combination resulting from the acquisition of BPI (€+256 million). Noteworthy that the ROTE twelve months, includes the impact of the two early retirement plans in the second quarter of 2016 and in the first quarter of 2017.

€ million	Mar. 31, 2017	Dec. 31, 2016	Annual change %
Balance sheet			
Assets	**317,750**	**327,606**	**(3.0)**
of which: loans and advances to customers, net	196,275	196,267	0.0
Liabilities	**298,361**	**307,118**	**(2.9)**
of which: On-balance sheet funds	216,863	217,014	(0.1)
Assigned capital	**18,831**	**20,332**	**(7.4)**
Activity			
Loans and advances to customers, gross	**201,923**	**201,970**	**(0.0)**
Customers funds	**303,901**	**303,781**	**0.0**
On-balance sheet funds	216,863	217,014	(0.1)
Assets under management	84,688	81,885	3.4
Other accounts	2,350	4,882	(51.9)
Other indicators			
Non-performing loan ratio (%)	5.8%	5.8%	
Non-performing coverage ratio (%)	48%	48%	
Customers, employees and banking resources (units)[1]			
Customers (millons)	13.8	13.8	0
Employees	32,175	32,403	(228)
Branches[2]	4,990	5,027	(37)
of which retail	4,799	4,851	(52)
ATMs	9,461	9,479	(18)

(1) These figures include the whole CaixaBank perimeter (banking and insurance business + the non-core real estate business).

(2) Does not include foreign subsidiaries or representative offices.

Non-core real estate business

- The business reported **losses of €172 million** in the first quarter of 2017 (€-144 million in the first quarter of 2016).
- **Other operating income and expense** included in the first quarter an estimation of annual property tax expense (€-55 million in 2017).
- **Impairment losses on financial assets** in the first quarter of 2017 includes the impact of recoveries. A total of €+58 million was reported to this business in the fourth quarter of 2016 due to the application of new internal models.
- **Other charges to provisions** included, in the first quarter of 2017, €-154 million in write-downs on exposure to the SAREB.
- Gains/(losses) on disposals of assets and others shows the **improvement in proceeds from sales of real estate assets**, which amounted to €35 million (€9 million in 2016) and other real estate results (€-10 million). Figures for the fourth quarter of 2016 show the €-656 million impact of real estate allowances following the application of new internal models.

€ million	1Q17	1Q16	Change %	1Q16	2Q16	3Q16	4Q16	1Q17
Net interest income	**(15)**	**(10)**	**50.6**	**(10)**	**(18)**	**(21)**	**(17)**	**(15)**
Dividends and share of profit/(loss) of entities accounted for using the equity method	11	3		3	6	2	7	11
Net fee and commission income	1					1		1
Gains/(losses) on financial assets and liabilities and others								
Income and expense arising from insurance or reinsurance contracts								
Other operating income and expense	(111)	(89)	24.5	(89)	(55)	(42)	(65)	(111)
Gross income	**(114)**	**(96)**	**18.8**	**(96)**	**(67)**	**(60)**	**(75)**	**(114)**
Recurring administrative expenses, depreciation and amortisation	(28)	(27)	3.7	(27)	(29)	(30)	(30)	(28)
Pre-impairment income	**(142)**	**(123)**	**14.6**	**(123)**	**(96)**	**(90)**	**(105)**	**(142)**
Allowance for insolvency risk	17	(48)		(48)	(39)	(49)	66	17
Other charges to provisions	(150)	26		26	(48)	(10)	(34)	(150)
Gains/(losses) on disposal of assets and others	25	(53)		(53)	(114)	(83)	(784)	25
Profit/(loss) before tax	**(250)**	**(198)**	**25.6**	**(198)**	**(297)**	**(232)**	**(857)**	**(250)**
Income tax expense	78	54	43.6	54	86	70	249	78
Profit/(loss) after tax	**(172)**	**(144)**	**19.4**	**(144)**	**(211)**	**(162)**	**(608)**	**(172)**
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	**(172)**	**(144)**	**19.4**	**(144)**	**(211)**	**(162)**	**(608)**	**(172)**

€ million	Mar. 31, 2017	Dec. 31, 2016	Annual change %
Balance sheet			
Assets	**12,654**	**12,949**	**(2.3)**
Loans and advances to customers, net	1,814	1,906	(4.8)
Other assets	10,840	11,043	(1.8)
Foreclosed available for sale real estate assets	6,285	6,256	0.5
Real estate assets held for rent	3,088	3,078	0.3
Other assets	1,467	1,709	(14.2)
Liabilities	**11,084**	**11,351**	**(2.4)**
On-balance sheet funds	110	109	0.9
Other liabilities	337	276	22.1
Intra-group financing	10,637	10,966	(3.0)
Assigned capital	**1,570**	**1,598**	**(1.8)**
Activity			
Loans and advances to customers, gross	**2,683**	**2,887**	**(7.1)**
Customers funds	**115**	**114**	**0.9**
On-balance sheet funds	110	109	0.9
Assets under management	5	5	
Other accounts	0	0	
Other indicators			
Non-performing loan ratio (%)	79.8%	80.0%	(0.2)
Non-performing coverage ratio (%)	39%	41%	(1.4)

Equity investment business

- **The business generated a loss of €32 million in the first quarter of 2017, versus the €127 million in losses reported in the first quarter of 2016 due to a number of one-off events.**
- **Net interest income** shows the cost of financing the business and stood at €43 million. The year-on-year change is largely on account of the smaller perimeter now in need of financing (departure of Bank of East Asia and GF Inbursa in May 2016 and BPI in February 2017).
- Earnings at entities accounted for using the equity method impacted by the perimeter departures and also because of the attributable loss of €97 million on the sale of 2% of BFA. The Telefónica dividend was reported in the second and fourth quarters of 2016.
- The **year-on-year change was also down to a number of one-off aspects from the first quarter of 2016 in connection with:**
  - Extraordinary write-downs made to a number of unlisted stakes in other charges to provisions.
  - Negative result stemming from the early repayment of Repsol bonds exchangeable for shares (essentially the impact of delivering the shares and of cancelling the embedded derivative on the instrument, which was recognised in equity due to its consideration as cash flow hedge).
- The **fourth quarter of 2016 also included the impact of the tax reforms** ushered in by Royal Decree-Law 3/2016, which impose restrictions on the deductibility of losses on transfers of shares and other equity interests.

€ million	1Q17	1Q16	Change %	1Q16	2Q16	3Q16	4Q16	1Q17
Net interest income	(43)	(52)	(15.5)	(52)	(41)	(35)	(36)	(43)
Dividends and share of profit/(loss) of entities accounted for using the equity method	(1)	107		107	221	85	238	(1)
Net fee and commission income								
Gains/(losses) on financial assets and liabilities and others		1		1	(1)	4	(2)	
Income and expense arising from insurance or reinsurance contracts								
Other operating income and expense								
Gross income	(44)	56		56	179	54	200	(44)
Recurring administrative expenses, depreciation and amortisation	(1)	(1)	7.8	(1)	(1)	(1)	(1)	(1)
Pre-impairment income	(45)	55		55	178	53	199	(45)
Allowance for insolvency risk								
Other charges to provisions		(164)		(164)				
Gains/(losses) on disposal of assets and others		(80)		(80)	(11)			
Profit/(loss) before tax	(45)	(189)	(76.1)	(189)	167	53	199	(45)
Income tax expense	13	62	(78.8)	62	10	10	(119)	13
Profit/(loss) after tax	(32)	(127)	(74.8)	(127)	177	63	80	(32)
Profit/(loss) attributable to minority interest and others								
Profit/(loss) attributable to the Group	(32)	(127)	(74.8)	(127)	177	63	80	(32)
ROTE	26.6%	5.1%	21.5	5.1%	2.0%	1.3%	15.7%	26.6%

The ROTE of the last twelve months excludes the impact of the tax reform ushered in by Royal Decree-Law 3/2016.

€ million	Mar. 31, 2017	Dec. 31, 2016	Annual change %
Balance sheet			
Assets			
Investments (available for sale and associated)	6,980	7,372	(5.3)
Liabilities			
Intra-group financing	5,695	5,902	(3.5)
Assigned capital	1,285	1,470	(12.6)

BPI

- **The contribution of BPI's business to the results in February and March amounted to €50 million.**

€ million	1Q17 (Feb'17 - Mar'17)
Net interest income	**69**
Dividends and share of profit/(loss) of entities accounted for using the equity method	39
Net fee and commission income	43
Gains/(losses) on financial assets and liabilities and others	5
Income and expense arising from insurance or reinsurance contracts	
Other operating income and expense	1
Gross income	**157**
Recurring administrative expenses, depreciation and amortisation	(78)
Extraordinary expenses	(10)
Pre-impairment income	**69**
Pre-impairment income stripping out extraordinary expenses	**79**
Allowance for insolvency risk	6
Other charges to provisions	(1)
Gains/(losses) on disposal of assets and others	
Profit/(loss) before tax	**74**
Income tax expense	(14)
Profit/(loss) after tax	**60**
Profit/(loss) attributable to minority interest and others	10
Profit/(loss) attributable to the Group	**50**

The figures reported by Banco BPI corresponding to the first quarter of 2017 differ from its results as appearing in the financial statements and from its contribution to the relevant business segment within the CaixaBank Group. This is because of the impact of reversing the fair value adjustments of its assets and liabilities within the business combination and the attribution of results to minority interests.

In addition, BPI's results for the first quarter were recognised to the CaixaBank Group in the equity investments business using the equity method in January 2017 and then the full consolidation method in February and March in this business.

Further, the result reported by BPI includes the one-off impact arising from its sale of 2% of its stake in BFA, in January. This impact is presented for the attributable amount at the CaixaBank Group in the equity investments business, as previously referred.

The results of this business do not show the recurring operations of BPI on a full quarterly basis. The information reported in the coming quarters will therefore be more consistent and comparable by providing a more accurate picture of the operating results reported by BPI.

See Reconciliation of financial information presented by BPI with the presentation format used by the CaixaBank Group in the Appendices - Glossary.

€ million	Mar. 31, 2017
Activity	
Loans and advances to customers, gross	**23,328**
Customers funds	**34,037**
On-balance sheet funds	24,432
Assets under management	8,293
Other accounts	1,312
Other indicators	
Non-performing loan ratio (%)	6.1%
Non-performing coverage ratio (%)	78%
Customers and banking resources (units)	
Customers (millons)	2.0
Employees	5,463
Branches[1]	535

(1) Does not include foreign subsidiaries or representative offices.

BPI's NPL ratio is 6.1% under the CaixaBank Group's NPL classification criteria.

BPI also reported a default ratio of 3.8% on the *crédito em risco* criterion applicable in accordance with Portuguese regulations. The main difference between Portuguese regulations and CaixaBank's NPL classification criteria lies in the different treatment of the overdue customer positions, contingent liabilities, NPL classification on subjective criteria and the different treatment of refinanced loans.

The coverage ratio of 78% includes provisions from CaixaBank stemming from the business combination process.

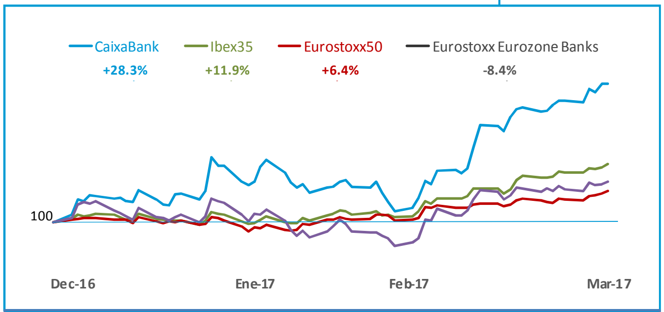
€ million	Mar. 31, 2017
Cash, cash balances at central banks and other demand deposits	1,555
Financial assets held for trading	1,071
Available-for-sale financial assets	3,776
Loans and receivables	22,976
Loans and advances to central banks and credit institutions	748
Loans and advances to customers and debt securities	22,228
Other assets	3,505
Total assets	**32,883**
Liabilities	**30,348**
Financial liabilities held for trading	477
Financial liabilities measured at amortised cost	25,350
Deposits from central banks and credit institutions	3,856
Customer deposits	20,076
Debt securities issued	1,135
Other financial liabilities	283
Insurance contract liabilities[2]	4,010
Other liabilities	511
Equity	**2,535**
Asigned capital	2,147
Minority interest, valuation adjustment and other	388
Total liabilities and equity	**32,883**

(2) Includes €2,005 million in Unit Links reported in the consolidated Group public financial statement under Other liabilities.

The CaixaBank share

Share price performance

- The main European stock markets all reported significant gains in early 2017, with the IBEX 35 and EuroStoxx50 climbing 11.9% and 6.4%, respectively, in the first quarter when compared with year-end 2016. Both indices were fuelled by the bullish activity seen on Wall Street, which reached an all-time high in early March in response to brighter growth and inflation projections for the U.S. economy. The market was not perturbed by the Fed's decision to make another quarter-point increase to bring the official rate to the 0.75-1.00% band, with the rest of the year likely to see a further two hikes. This decision has been interpreted by the markets as a clear indication that the US economy has already recovered sufficiently to return to a scenario of more normal rates. In Europe, recent events have also lent support: healthy performance by businesses and the wider economy, coupled with a slight relaxation of political risk as the Dutch elections revealed less support than anticipated for Eurosceptic politics.



CaixaBank shares versus the main Spanish and European indices in the first quarter of 2017

- The banks were once again the main drivers of the European stock markets, with the EuroStoxx Eurozone Banks index gaining 8.4% in the quarter. The banks index was given a helpful push by the more dovish message coming from the ECB in relation to monetary policy - improving its macro projections, with higher levels of expected inflation and hinting at a quicker return to monetary normalisation- along with indications that regulatory requirements are finally stabilising.
- The **CaixaBank share** was one of the outperformers within the European banking sector, ending 31 March 2017 **at €4.029/share (+28.3% in the quarter)**, comfortably ahead of the average for Spanish financial institutions[1] (+16.3%).
- Trading volume continued to increase as it has been doing since the first quarter of 2016 due to the gradual increase in the free float and the increased weighting of the CaixaBank share in the portfolio of institutional investors. The first quarter of 2017 saw a year-on-year improvement of 10.4%[2] in the number of shares traded, while in the last 12 months share trading volume has been 35.3%[2] higher than in the previous 12 months.

Shareholder returns

- On 23 February 2017, CaixaBank announced that payment of the final dividend charged to 2016 profits would be made on 13 April 2017 through a cash payout of €0.06/share.
- Following payment of the dividend, total shareholder remuneration for 2016 amounted to €0.13/share. The total amount paid out in cash was equivalent to 54% of consolidated net profit under the terms of the 2015-2018 Strategic Plan. Shareholder remuneration for 2016 therefore consisted of two cash payments of €0.03 and €0.06 per share (paid in September and April), plus a scrip dividend of €0.04/share paid in December.
- Under CaixaBank's new dividend policy approved by its Board of Directors on 23 February 2017, remuneration for 2017 will comprise two half-yearly dividends payable in cash and amounting to at least 50% of consolidated net profit.

(1) IBEX 35 Banks Index - Bloomberg.
(2) Excluding one-off transactions.

Shareholder returns charged to 2016 profit

Concept	€/share	Payment date[1]
Cash dividend, final dividend 2016	0.06	13 April 2017
Optional Scrip Dividend[2]	0.04	08 December 2016
Cash dividend, interim 2016	0.03	30 September 2016

(1) Settlement date for rights sold to CaixaBank related to the scrip dividend programme.
(2) Listing date for bonus subscription rights: 22 November 2016.

Key performance indicators for the CaixaBank share

	Mar. 31, 2017
Market capitalization (€ M)	24,085
Number of outstanding shares[3]	5,977,877
Share price (€/share)	
Share price at the beginning of the period (December 30, 2016)	3.140
Share price at closing of the period (March 31, 2017)	4.029
Maximum price[4]	4.030
Minimum price[4]	3.190
Trading volume in 2017 (number of shares, excluding non-recurring transactions, in thousands)	
Maximum daily trading volume	53,108
Minimum daily trading volume	5,164
Average daily trading volume	18,299
Stock market ratios	
Profit attributable to the Group (€ million) (12 months)	1,177
Average number of shares (12 months)[3]	5,752,207
Net income attributable per Share (EPS) (€/share)	**0.20**
Net equity excluding minority interest (€ million)	24,396
Number of shares at March 31, 2017[3]	5,977,877
Book value per share (€/share)	**4.08**
Net equity excluding minority interest (tangible) (€ million)	20,129
Number of shares at March 31, 2017[3]	5,977,877
Tangible book value per share (€/share)	**3.37**
PER (Price / Profit)	**19.68**
TangibleP/BV (Market value/ tangible book value)	**1.20**
Dividend Yield[5]	**2.7%**

(3) Number of shares, in thousands, excluding treasury shares. At 31 March 2017, CaixaBank has no convertible capital securities outstanding that could be converted into common shares.
(4) Share price at close of trading.
(5) Calculated by dividing the yield for the past twelve months (€0.11/share) by the closing price at the end of the period (€4.029/share). If calculated with the remuneration charged to 2016 earnings (€0.13/share), the equivalent return would be 3.2%.

Appendices

Investment portfolio

Following are the main investees, associates and available for sale at 31 March 2017:

CaixaBank	
Telefónica	5.15%
Repsol	9.84%
Erste Group Bank	9.92%
SegurCaixa Adeslas	49.92%
Comercia Global Payments	49.00%
ServiHabitat Servicios Inmobiliarios	49.00%
Sareb	12.24%

BPI	
BFA[1]	48.10%
Banco Comercial e de Investimentos (BCI)[1]	30.00%

[1] The ownership attributed to CaixaBank at 31, March 2017 was 40.65% of BFA and 25.35% of BCI.

Information required by Bank of Spain Circular 5/2011

According to Bank of Spain Circular 5/2011, financial institutions are required to disclose transparency information relating to loans for home purchases and loans to real estate developers in relation to their business activity in Spain.

Financing for home purchases

Financing for home purchases

€ million	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017
Without mortgage collateral	763	762	752	748	752
of which: non-performing	10	10	9	9	9
With mortgage collateral	87,888	87,459	86,731	85,657	84,936
of which: non-performing	3,298	3,291	3,329	3,470	3,493
Total	**88,651**	**88,221**	**87,483**	**86,405**	**85,688**

Loan-to-value breakdown[2]

	Mar. 31, 2017					
€ million	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	TOTAL
Gross amount	20,594	31,374	24,204	5,603	3,161	84,936
of which: non-performing	229	523	996	675	1,070	3,493

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

Loans to real estate developers

€ million	Mar. 31, 2017	Weight %	Dec. 31, 2016	Weight %	Annual change
Without mortgage collateral	**1,299**	**16.3**	**1,173**	**14.7**	**126**
With mortgage collateral	**6,670**	**83.7**	**6,829**	**85.3**	**(159)**
Completed buildings	4,979	62.5	5,188	64.8	(209)
Homes	3,294	41.3	3,391	42.4	(97)
Other	1,685	21.1	1,791	22.4	(106)
Buildings under construction	741	9.3	668	8.3	73
Homes	671	8.4	598	7.5	73
Other	70	0.9	70	0.9	
Land	950	11.9	979	12.2	(29)
Developed land	667	8.4	697	8.7	(30)
Other	283	3.6	282	3.5	1
Total[1]	**7,969**	**100.0**	**8,002**	**100.0**	**(33)**

(1) Loans to real estate developers within the CaixaBank scope at 31 March 2017 and 31 December 2016 (€7,980 million and €8,024 million, respectively) include €11 million and €22 million, respectively in lending to real estate developers outside Spain, not considered in the information attached in accordance with Bank of Spain Circular 5/2011.

NPLs and coverage for real estate development risk

	Mar. 31, 2017		Dec. 31, 2016	
€ million	Non-performing	Coverage %	Non-performing	Coverage %
Without mortgage collateral	**148**	**80**	**181**	**80**
With mortgage collateral	**2,115**	**40**	**2,254**	**41**
Completed buildings	1,599	32	1,719	34
Homes	886	31	917	32
Other	713	35	802	37
Buildings under construction	72	56	78	53
Homes	60	62	66	58
Other	12	25	12	25
Land	444	63	457	64
Developed land	283	65	304	66
Other	161	60	153	61
Total[2]	**2,263**	**42**	**2,435**	**44**

(2) See definition in Appendices - Glossary

Breakdown by type of collateral

	Mar. 31, 2017			
€ million	Gross amount	Excess over value of collateral	Provisions	% provision of risk
Mortgage	2,115	643	741	35
Personal	148		104	70
Total non-performing	**2,263**		**845**	**37**

	Dec. 31, 2016			
€ million	Gross amount	Excess over value of collateral	Provisions	% provision of risk
Mortgage	2,254	738	922	41
Personal	181		145	80
Total non-performing	**2,435**		**1,067**	**44**

Ratings

Agency	Long-Term	Short-Term	Outlook	Last review date	Rating of covered bonds program
S&P Global	BBB	A-2	Positive	9 February 2017	A+
Fitch	BBB	F2	Positive	7 April 2017	
Moody's	Baa2	P-2	Stable	18 January 2017	Aa2
DBRS Ratings	A (low)	R-1 (low)	Stable	16 March 2017	AA (High)

Glossary

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

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

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

Alternative Performance Measures

Customer spread: difference between the yield on loans and the cost of retail deposits (%).

> **Yield on loans:** net income from loans and advances to customers divided by the average balance of loans and advances to customers for the period (quarterly).
>
> **Cost of retail deposits:** cost of on-balance sheet retail customer funds divided by the average balance for the specific period (quarterly), excluding subordinated liabilities.

Balance sheet spread: difference between the return on assets and the cost of funds (%).

> **Return on assets:** interest income for the period (quarter) divided by average total assets on the consolidated balance sheet.
> **Cost of funds:** interest expenses for the period (quarter) divided by average total liabilities on the consolidated balance sheet.

Cost-to-income ratio[1]: administrative expenses, depreciation and amortisation divided by gross income (last twelve months).

Cost-to-income ratio stripping out extraordinary expenses[1]: administrative expenses, depreciation and amortisation stripping out extraordinary expenses divided by gross income (last twelve months).

ROE[1] (Return on equity): profit attributable to the Group divided by average equity (last twelve months).

ROTE[1] (Return on tangible equity): profit attributable to the Group divided by average equity excluding, where applicable, intangible assets using management criteria (last twelve months).

> The value of **intangible assets under management criteria** is the value of Intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of impairment allowances, recognised in Investments in joint ventures and associates in the public balance sheet.

ROA[1] (Return on assets): net profit divided by average total assets (last twelve months).

RORWA[1] (Return on risk weighted assets): net profit divided by regulatory risk-weighted assets (last twelve months).

(1) Cost-to-come and profit ratios for the second and third quarters of 2016 exclude the contribution paid to the National Resolution Fund for the fourth quarter of 2015 (€93 million) so as to avoid overlap with the contribution paid to the Single Resolution Fund for the second quarter of 2016 (€74 million).

Cost of risk: total allowances for insolvency risk (last twelve months) divided by average of gross loans plus contingent liabilities, using management criteria.

Non-performing loan ratio:

- Non-performing loans and contingent liabilities, using management criteria
- Divided by total gross loans to customers and contingent liabilities, using management criteria.

Coverage ratio:

- Impairment allowances on loans and contingent liabilities, using management criteria
- Divided by non-performing loans and contingent liabilities, using management criteria.

Real estate developer coverage ratio: total impairment allowances for the real estate developer segment divided by non-performing loans for that segment.

Real estate available for sale coverage ratio: loan write-downs at the foreclosure plus charges to provisions of foreclosed assets divided by the debt cancelled at the foreclosure (sum of net book value and coverage).

Real estate available for sale coverage ratio with accounting provisions: charges to provisions of foreclosed assets divided by the book value of the foreclosed asset, gross.

High quality liquid assets: banking 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 Bank of Spain (non-HQLA).

Loan to deposits: net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions), divided by customer funds.

EPS (Earnings per share): profit attributable to the Group for the last twelve 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 issued shares minus the number of treasury shares held at the end of the period.

BV (Book value): equity excluding minority interests divided by the number of fully diluted shares outstanding at a specific date.

TBV (Tangible book value): equity excluding minority interests and intangible assets divided by the number of fully diluted shares outstanding at a specific date.

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

P/BV and P/TBV: share price divided by book value. Also calculated using tangible book value.

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

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 expense.

Gains/(losses) on financial assets and liabilities and others. 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 and liabilities held for trading, net.
• Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net.
• Gains/(losses) from hedge accounting, net.
• Exchange rate differences, gains/(losses), net.

Operating expenses. 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 or reversal of impairment on financial assets not measured at fair value through profit or loss.
• 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 receivables (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 receivables (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.

Profit/(loss) attributable to minority interests and others. Includes the following line items:
• Profit/(loss) after tax from discontinued operations.
• Profit/(loss) for the period attributable to minority interests (non-controlling interests).

Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

March 2017 € million	Group
Loans and advances to customers (Public Balance Sheet)	**219,667**
NPL provisions	7,617
Other, non-retail, financial assets (asset under the asset protection scheme and others)	(713)
Reverse repurchase agreements (public and private sector)	(997)
Loans instrumentalised by debt securities of BPI [1]	2,360
Loans and advances to customers, gross	**227,934**

(1) Reported as Debt securities and Other assets on the public balance sheet.

Liabilities arising from insurance contracts

March 2017 € million	Group
Liabilities araising from insurance contracts (Public Balance Sheet)	**48,676**
Capital gains/(losses) on insurance assets available for sale	(8,041)
Unit-links [2]	6,801
Liabilities araising from insurance contracts, under management criteria	**47,436**

(2) Recognised under Financial liabilities designated at fair value through profit or loss in the public balance sheet.

Customer funds

March 2017 € million	Group
Financial liabilities at amortised cost (Public Balance Sheet)	**268,498**
Non-retail financial liabilities	**(74,798)**
Deposits from central banks	(32,029)
Deposits from credit institutions	(8,294)
Other financial liabilities	(3,829)
Institutional issues [3]	(25,232)
Counterparties and other	(5,414)
Other financial liabilities at fair value through profit or loss	**269**
Liabilities under insurance contracts, under management criteria	**47,436**
Total on-balance sheet customer funds	**241,405**
Assets under management	**92,986**
Other accounts	**3,662**
Total customer funds	**338,053**

(3) Recognised for accounting purposes under: Debt securities issued (€21,193 million) and Customer deposits (€4,039 million) on the public balance sheet.

Institutional issues for banking liquidity purposes

March 2017 € million	Group
Debt securities issued (Public Balance Sheet)	**27,385**
Securitized bonds	(2,722)
Value adjustments	(358)
Retail	(3,349)
Issues acquired by companies within the group	217
Customer deposits (Public Balance Sheet) [4]	**4,039**
Deposits from credit institutions (Public Balance Sheet) - Mortgage covered bonds (BEI)	**20**
Institutional financing for the purpose of managing bank liquidity	**25,232**

(4) A total of €4,020 million in multi-issuer covered bonds and €19 million in subordinated deposits.

Reconciliation of financial information presented by BPI with the presentation format used by the CaixaBank Group:

a) Income statement

€ million	Published by BPI	Presentation's reclasifications[1]	BPI with CaixaBank format	Consolidation adjustments[2]	BPI's contribution (Feb-Mar)
Net interest income	**101**	**4**	**105**	**(36)**	**69**
Technical margin on insurance business operations	4	(4)			
Share of profit/(loss) of entities accounted for using the equity method		56	56	(17)	39
Net fee and commission income	63		63	(20)	43
Gains/(losses) on financial assets and liabilities and others	8		8	(3)	5
Other operating income and expense	(176)		(176)	177	1
Gross income		**56**	**56**	**101**	**157**
Recurring administrative expenses, depreciation and amortisation	(114)		(114)	36	(78)
Extraordinary expenses	(11)		(11)	1	(10)
Pre-impairment income	**(125)**	**56**	**(69)**	**138**	**69**
Pre-impairment income stripping out extraordinary expenses	**(114)**	**56**	**(58)**	**137**	**79**
Allowance for insolvency risk	6		6		6
Other charges to provisions	4		4	(5)	(1)
Gains/(losses) on disposal of assets and others					
Profit/(loss) before tax	**(115)**	**56**	**(59)**	**133**	**74**
Income tax expense	(63)		(63)	49	(14)
Share of profit/(loss) of entities accounted for using the equity method	56	(56)			
Profit/(loss) after tax	**(122)**		**(122)**	**182**	**60**
Profit/(loss) attributable to minority interest and others				10	10
Profit/(loss) attributable to the Group	**(122)**		**(122)**	**172**	**50**

(1) Reclassifications due to differing presentation criteria at CaixaBank and BPI relate mainly to:

- Net interest income at the CaixaBank Group includes the technical margin on insurance transactions of €4 million. At BPI this is presented as a separate heading.
- The results of entities accounted for using the equity method are classified using CaixaBank's approach as a line of income under the gross income heading (€56 million).

(2) The key aspects of the consolidation adjustments made during the quarter are essentially as follows:

- Retrocession of the contribution of the January results of BPI under the different headings on the income statement.
- Quarterly net change of the fair value adjustments generated from the business combination.
- Attribution of profits to minority interests.

b) Customer funds

March 2017 € million	
Total customers funds: reported by BPI	**32,708**
Demand deposits, term deposits and shares in investment funds and pension plans deposited in BPI	1,137
Customer securities	(2,414)
Pension Plans	2,555
Others	51
Total customers funds: BPI's contribution to the Group	**34,037**

The key aspects of the reconciliation process are as follows:

- BPI does not consider as customer funds the account balances deposited at the bank, mainly demand or term, by investment funds and pension plans managed by BPI Group (€1,026 million). At CaixaBank, these types of balance amount to €1,694 million and are not eliminated.
- CaixaBank does not treat customer securities on deposit as funds under management, while at BPI these amount to €2,414 million.
- BPI reports pension plans as a memorandum item, while at CaixaBank they are treated as assets under management.

c) Loans and advances to customers

March 2017 € million	
Loans and advances to customers, net: reported by BPI	**22,718**
Available fund of adjustments at fair value generated by the business combination	(409)
Others	(81)
Loans and advances to costumers, net: BPI's contribution to the Group	**22,228**

The main reconciliation item corresponds to the change of the fair value adjustments generated from the business combination.

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This report contains a number of the Alternative Performance Measures (APMs) set out in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) ("the ESMA Guidelines") so as to provide a clearer picture of the company's financial performance and situation. Please be advised that these APMs have not been audited. These measures constitute additional information and should be treated accordingly. In no event are they intended to replace the financial information drawn up in accordance with International Financial Reporting Standards (IFRS). Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. As such, they may not be comparable. Please consult the report for further details of the APMs used. The report also provides a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

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CaixaBank

Institutional Investors & Analysts

investors@caixabank.com
+34 93 411 75 03

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