# Business Activity and Results

## January – June

## 2016


CaixaBank

# Contents



**Note:** The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statement and the consolidated balance sheet at the end of the first half of 2016 and 2015 and for the year 2015, and the corresponding breakdowns of consolidated income statement and balance sheet items 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.

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.

**Regulatory changes:** The basis of presentation for the balance sheet and income statement has been established in accordance with Circular 5/2015 of the Spanish securities market regulator (CNMV). Figures relating to 2015 and the first quarter of 2016 have been restated due to the change in disclosures ushered in by CNMV Circular 5/2015.

In relation to the income statement for 2015 and for the first quarter of 2016, the entry into force of Bank of Spain Circular 5/2014 in the first half of 2016 has resulted in the reclassification of gains and losses on the purchase and sale of foreign currency, which are no longer presented under Gains/(losses) on financial assets and liabilities and others, but instead under Net fee and commission income. Also as a result of the changes introduced by the Circular, gains and losses on sales of strategic holdings are no longer presented under Gains (losses) on disposal of assets and other, but instead under Gains/(losses) on financial assets and liabilities and other.

**In accordance with the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 30 June 2015** (ESMA/2015/1057), the appendices hereto include 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.

## Leading retail bank in Spain

**13.8**
million customers

**28.3%**
market penetration as main bank among individual customers

**24.0%**
market penetration as main bank among individual customers

**353,109**
total assets (€ million)

**304,465**
customer funds (€ million)

**208,486**
customer lending (€ million)

**Commercial strength**
with high market shares in the main retail products and services

| Deposits | Loans | Payroll deposits | Card turnover | Pension plans | Savings insurances | Investment funds | Consumer lending |
|---|---|---|---|---|---|---|---|
| 14.5% | 15.7% | 25.7% | 22.8% | 22.5% | 23.0% | 17.4% | 16.9% |

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

## Multi-channel platform

**5,131**
branches

**9,517**
ATMs

**5.1**
online banking customers (million)

**3.0**
mobile banking customers (million)

## Solid balance sheet indicators

### LIQUIDITY

**58,322**
liquid assets (€ million)

**159%**
liquidity coverage ratio

### CAPITAL ADEQUACY

**11.5 %**
+196 bp buffer
fully loaded CET1

**12.3 %**
+297 bp buffer
regulatory CET1

The decisions of the European Central Bank (ECB) and the Bank of Spain require CaixaBank to maintain a CET1 ratio of 9.3125% (9.5% Fully loaded) at 30 June 2016.

### RISK MANAGEMENT

**7.3%**
NPL ratio

**53%**
coverage ratio
(NPL coverage)

**58%**
coverage ratio
(foreclosed available for sale RE assets )

## Profitability and efficiency

**943**
banking and insurance business

**+50**
investees

**-355**
non-core RE activity

**638**
profit attributable to the Group (€ million)

**54.2%**
cost-to-income ratio, stripping out extraordinary expenses

**4.3%**
ROTE

**10.1%**
of which banking and insurance business

# Key figures

| € million | January - June 2016 | 2015 | Annual change | 2Q16 | Quartely change |
|---|---|---|---|---|---|
| **INCOME STATEMENT HEADINGS** | | | | | |
| Net interest income | 2,041 | 2,270 | (10.1%) | 1,021 | 0.1% |
| Fees and commissions | 1,010 | 1,076 | (6.1%) | 522 | 6.8% |
| Gross income | 4,049 | 4,564 | (11.3%) | 2,127 | 10.7% |
| Recurring expenses | (2,002) | (2,053) | (2.5%) | (999) | (0.4%) |
| Pre-impairment income stripping out extraordinary expenses | 2,047 | 2,511 | (18.5%) | 1,128 | 22.7% |
| Pre-impairment income | 2,047 | 1,970 | 3.9% | 1,128 | 22.7% |
| Profit/(loss) before tax | 888 | 557 | 59.4% | 512 | 35.9% |
| Profit/(loss) attributable to the Group | 638 | 708 | (9.9%) | 365 | 34.0% |

| € million | June 2016 | March 2016 | December 2015 | Quarterly change | Annual change |
|---|---|---|---|---|---|
| **BALANCE SHEET** | | | | | |
| Total assets | 353,109 | 341,363 | 344,255 | 3.4% | 2.6% |
| Equity | 22,161 | 24,971 | 25,205 | (11.3%) | (12.1%) |
| Customer funds | 304,465 | 295,716 | 296,599 | 3.0% | 2.7% |
| Loans and advances to customers, gross | 208,486 | 206,158 | 206,437 | 1.1% | 1.0% |
| **EFFICIENCY AND PROFITABILITY (last 12 months)[1]** | | | | | |
| Cost-to-income ratio (total expenses/ gross income) | 54.2% | 55.6% | 58.9% | (1.4) | (4.7) |
| Cost-to-income ratio stripping out extraordinary expenses | 54.2% | 51.7% | 51.9% | 2.5 | 2.3 |
| ROE (profit/(loss) attributable to the Group/ average equity) | 3.4% | 3.0% | 3.4% | 0.4 | 0.0 |
| ROTE (profit/(loss)attributable to the Group / average tangible equity) | 4.3% | 3.7% | 4.3% | 0.6 | 0.0 |
| ROA (net profit /average total assets) | 0.2% | 0.2% | 0.2% | 0.0 | 0.0 |
| RORWA (net profit/risk-weighted assets) | 0.6% | 0.5% | 0.6% | 0.1 | 0.0 |
| **RISK MANAGEMENT** | | | | | |
| Non-performing loans (NPL) | 16,097 | 16,425 | 17,100 | (328) | (1,003) |
| Non-performing loan ratio | 7.3% | 7.6% | 7.9% | (0.3) | (0.6) |
| Non-performing loan ratio stripping out real estate developers | 6.0% | 6.0% | 6.2% | 0.0 | (0.2) |
| Cost of risk | 0.4% | 0.6% | 0.7% | (0.2) | (0.3) |
| Provisions for non-performing loans | 8,489 | 9,038 | 9,512 | (549) | (1,023) |
| NPL coverage ratio | 53% | 55% | 56% | (2) | (3) |
| NPL coverage ratio including collateral | 126% | 128% | 128% | (2) | (2) |
| Net foreclosed available for sale real estate assets | 7,122 | 7,194 | 7,259 | (72) | (137) |
| Foreclosed available for sale real estate assets coverage ratio | 58% | 58% | 58% | 0 | 0 |
| **LIQUIDITY** | | | | | |
| Liquid assets[2] | 58,322 | 55,511 | 62,707 | 2,811 | (4,385) |
| Loan to deposits | 104.8% | 106.7% | 106.1% | (1.9) | (1.3) |
| Liquidity Coverage Ratio | 159% | 143% | 172% | 16 | (13) |
| **CAPITAL ADEQUACY** | | | | | |
| Common Equity Tier 1 (CET1) | 12.3% | 12.8% | 12.9% | (0.5) | (0.6) |
| Total capital | 15.5% | 15.9% | 15.9% | (0.4) | (0.4) |
| Risk-weighted assets (RWAs) | 135,787 | 139,779 | 143,312 | (3,992) | (7,525) |
| Leverage Ratio | 5.3% | 5.8% | 5.7% | (0.5) | (0.4) |
| Fully loaded Common Equity Tier 1 (CET1) | 11.5% | 11.6% | 11.6% | (0.1) | (0.1) |
| **SHARE INFORMATION** | | | | | |
| Share price (€/share) | 1,967 | 2,597 | 3,214 | (0.630) | (1,247) |
| Market capitalization | 10,466 | 15,337 | 18,702 | (4,871) | (8,236) |
| Book value per share (€/share) | 4.16 | 4.23 | 4.33 | (0.07) | (0.17) |
| Tangible book value per share (€/share) | 3.40 | 3.39 | 3.47 | 0.01 | (0.07) |
| Number of outstanding shares excluding treasury stock (*millions*) | 5,321 | 5,906 | 5,819 | (585) | (498) |
| Net income attributable per share (EPS) (€/share) (*12 months*) | 0.13 | 0.12 | 0.14 | 0.01 | (0.01) |
| Average number of shares excluding treasury stock (*millions*) (*12 months*) | 5,861 | 5,906 | 5,820 | (45) | 41 |
| PER (Price/Profit) | 15.49 | 21.53 | 22.97 | (6.04) | (7.48) |
| Tangible PBV (Market value/ book value of tangible assets) | 0.58 | 0.77 | 0.93 | (0.19) | (0.35) |
| **BANKING BUSINESS AND RESOURCES (Units)** | | | | | |
| Customers (*millions*) | 13.8 | 13.8 | 13.8 | 0.0 | 0.0 |
| CaixaBank Group Employees | 32,142 | 32,235 | 32,242 | (93) | (100) |
| Branches in Spain | 5,131 | 5,183 | 5,211 | (52) | (80) |
| ATMs | 9,517 | 9,601 | 9,631 | (84) | (114) |

*(1) The cost-to-income and profit ratios for 2Q16 (12 months) do not include the contribution to the National Resolution Fund for 4Q15 (€93 million) so as to avoid overlap with the 2Q16 contribution to the SRF (€74 million).*
*(2) The Amendment to the definition of bank liquidity compared to previous quarters. In line with regulatory standards bank liquidity is now defined as the sum of the High Quality Liquid Assets (HQLAs) plus the unused ECB discount facility not already included in HQLAs.*

# Key Group information
## for the first half of 2016

## Our Bank

### Commercial leadership

- CaixaBank is **the main bank for one out of every four retail customers in Spain (24.0%)** and 28.3% of all customers arrange services with our bank[1].
- **Commercial strength with high market shares[2] across all the main retail products and services**.
  - CaixaBank has market shares of 15.7% and 14.5% for lending and customer deposits, respectively.
  - **Sustained growth in the payroll deposits market,** a key indicator of customer loyalty, to reach 25.7% (+78bp in 2016).
  - CaixaBank's share in the investment fund market amounts to 17.4%, where it **leads the way in both number of fund investors and assets under management**.
  - **Growth during the year in the market share for both savings insurance** (+34bp to 23.0%) and **pension plans** (+100bp to 22.5%).

### Expertise and quality

- Named **Best Bank in Spain 2016** by Global Finance for the second year in a row.
- Named **Best Private Bank in Spain** by Euromoney for the second straight year as part of its Private Banking Survey 2016.
- **CaixaBank Asset Management** handed the Fundclass award for **best Spanish fund manager** in its category.

***Value propositions tailored to each business segment***

### Innovation and multi-channel approach

- **Retail Banker of the Year** award as the world's best financial institution when it comes to **innovation strategy in 2016**.
- Leading national and international bank in **online banking market penetration[1] (33.3%)**, with 5.1 million customers[3].
- **Best Mobile Banking** award for the institution offering the best mobile banking service in the year at the Retail Banker International Awards. With 3.0 million customers[3], this channel has experienced year-on-year growth of 18% in the first half of 2016.
- Market leader with 15.7 million cards in circulation (22.8% market share[2] in card turnover).
- CaixaBank has a total of 5,131 branches and offers the most extensive network of ATMs (9,517).

### Sustainable and socially responsible banking model

- CaixaBank named **Best Responsible Bank in Europe by Euromoney** in recognition of its commitment to the social and economic development of people and the regions where it is present. As part of its responsible bank strategy, CaixaBank is staunchly committed to financial inclusion, granting microcredits and the Social Housing Programme.
- **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) Market penetration. Source: FRS Inmark. Online market penetration according to comScore MMX.*

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

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

## Business Activity

- **Growth of 2.7% in customer funds** in the first half of 2016 to reach €304,465 million.
- **Positive performance in gross loans and advances to customers** (€208,486 million), **with 1.0% growth** in the first half of 2016 (+1.6% for the performing loan portfolio).

***Total assets amounting to €353,109 million (up 2.6% in the year)***

## Results

- **Attributable profit** for the first half of 2016 **amounted to €638 million** (-9.9% year on year), which in 2015 included one-off impacts associated with the integration of Barclays Bank, SAU and other factors.
- **Gross income stood at €4,049 million**. The year-on-year performance (-11.3%) here was influenced by the prevailing climate of rock-bottom interest rates, high market volatility and several one-off events.

  **High income generation** with gross income gaining 10.7% quarter on quarter. Net interest income climbed 0.1% while fee and commission income was up 6.8%.
- **Administrative expenses and depreciation down 2.5%** (stripping out the €541 million in costs associated with the integration of Barclays Bank, SAU and the labour agreement, reported in the first half of 2015).
- **Pre-impairment income totalled €2,047 million**, up 3.9% (-18.5% excluding the extraordinary expenses reported in 2015).
- Significant drop in impairment losses on financial assets and other provisions (-36.6%). **Ongoing reduction in the cost of risk** to 0.45% (-43bp in the last 12 months).
- Gains/(losses) on disposal of assets and other primarily comprises the proceeds on asset sales and write-downs mainly relating to the real estate portfolio. In the first half of 2015, it included a number of one-off impacts associated with the integration of Barclays Bank, SAU.
- **Profit from the banking and insurance business in the first half of 2016 amounted to €943 million**, excluding the non-core real estate and equity investments businesses.

# Balance sheet strengh

## Liquidity

- **Liquid assets were €58,322 million**.
- **Loan to deposits ratio up 1.3 percentage points in 2016 to 104.8%**, illustrating the Bank's robust retail lending structure.
- **Liquidity coverage ratio** of 159%, well clear of the minimum requirement of 70% from 1 January 2016 onward.

## Capital management

- **Fully-loaded Common Equity Tier 1 (CET1) ratio of 11.5%** (2.0pp clear of supervisory requirements[1]).
- The **regulatory CET1 ratio stood at 12.3%** (3.0pp clear of supervisory requirements[1]), while the regulatory leverage ratio was 5.3%.

## Risk management

- The enhanced quality of the loan portfolio is reflected in the sustained **reduction in non-performing loans** (down €4,018 million in the past twelve months) and in the **drop in the non-performing loan (NPL) ratio** to 7.3% (6.0% stripping out the real estate developer segment).
- NPL portfolio coverage ratio of 53% (€8,489 million in provisions).
- **Net foreclosed assets available for sale fell** for the second straight quarter to rest at €7,122 million. The portfolio coverage ratio[2] was 58%.

  The change here is largely down to the **reduction in incoming foreclosed real estate assets and consistently high levels of both sales and rentals** (€1,858 million) in the past twelve months, in which we have seen positive proceeds from sales since the last quarter of 2015.
- Net foreclosed assets held for rent amounted to €3,062 million, with an occupancy ratio of 92%.

***Financial strength with improvement of the credit quality indicators***

*(1) The European Central Bank (ECB) and the national supervisor require CaixaBank to maintain a CET1 ratio of 9.3125% at 30 June 2016 (9.5% fully loaded). The minimum capital requirements include Pillar 1 (4.5%), Pillar 2 and the capital conservation buffer (4.75% jointly), and the buffer for other systemically important institutions (0.25% to be phased in over four years).*

*(2) Difference between the cancelled debt and the net carrying amount of the real estate asset, including the initial write-downs and charges to provisions subsequent to the real estate foreclosure.*

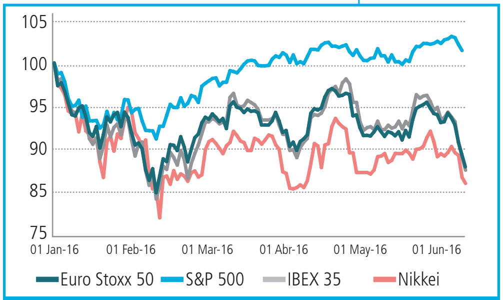
# Macroeconomics trends

## Global economic climate and markets

**Prices of risk assets in the second quarter went through two very different phases**. The first, which lasted through to the end of May, was essentially a continuation of the price recovery process that started in February. Although the gains were hardly explosive and tended to wobble at times, they marked an end to the period of heavy volatility seen in the first month and a half of 2016. Then, in early June the market began to display doubts as to where it was heading.

Investor sentiment was swayed in particular by a combination of significant milestones and events in June (meetings of the OPEC and the Federal Reserve, elections in Spain and, last but not least, the hugely anticipated referendum on the UK's future within the European Union), prompting investors to adopt a wait-and-see policy. As the different events came and went, investor confidence gradually returned. Against this backdrop, the victory of the Brexit camp caught investors by surprise, causing stock markets and risk assets to plummet and prompting a stampede of capital towards safe haven assets. At the close of the second quarter, the main European stock markets were down in yearly terms, while returns on sovereign bonds were at all-time lows.

***Brexit triggers volatility spikes across the financial markets at the end of the second quarter***

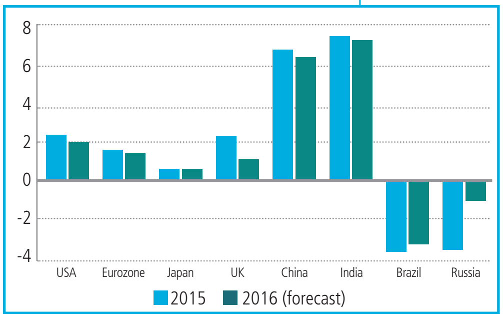



**Main international stock markets[1]**
Index (100 = 01 Jan-16)

The global economy is expected to emerge relatively unscathed from Brexit, although an initial period of market volatility appears inevitable. The fact that the news of Brexit emerged during a period of relatively benign and placid economic activity is also likely to cushion the impact. **Available indicators confirm that global economic growth has been picking up in the second quarter, especially in Europe and the United States, but also in many emerging countries**. A second element that will help matters is the fact that monetary policy remains accommodative and that in the coming months central banks are expected to delay raising their reference rates. Central bankers have also confirmed that they are prepared to inject liquidity as and when needed to allow financial institutions to operate normally during periods of financial uncertainty.

***Global economic growth to take only a moderate hit from the UK's decision to leave the EU***

In particular, news of Brexit in the United States has come at a time when the economy is in a mature phase of the cycle. The country has grown at over 2% year on year since the second quarter of 2014 and the economy is expected to see similar levels of growth in the coming quarters. This advance has been largely driven by a buoyant job market, with almost full ocupancy. Given the situation, and with salary pressure rising and prices expected to climb, monetary policy should have already returned to normal. **For this reason, we believe that the Fed's current reluctance to act - partly in response to Brexit - will give way in late 2016 to a new hike in interest rates, with this tightening set to continue into 2017 and 2018**.




**GDP, main economies[2]**
Annual change (%)

Turning to emerging economies, China remains on course for a soft landing, despite a mixed bag of economic indicators. We are also seeing the first signs that Russia may finally be emerging from the depths of its recession, although risks continue to loom. Other areas of uncertainty continue to linger, such as the unpredictable political crisis in Brazil (which remains precarious despite the change of president). Doubts also remain in countries showing economic imbalances, such as Turkey (where political instability has increased following the failed coup d'état) and South Africa, which could suffer once the Fed moves to raise interest rates. **Yet overall, the verdict for the second quarter is that the global economy remains on track to meet expected growth of around 3.2% in 2016, slightly ahead of the 3.1% seen in 2015**.

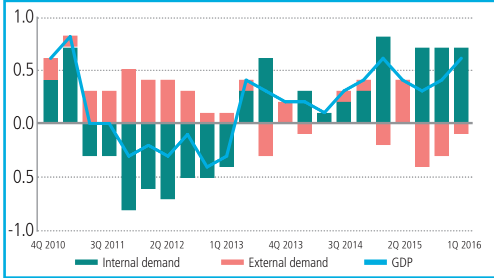
*(1) Source: CaixaBank Research, based on Thomson Reuters Datastream data.*

*(2) For India, Fiscal year. Source: CaixaBank Research.*

# Economic scenario - Europe and Spain

**At European level, there are three main political factors that will determine the economic impact of Brexit**. The first of these is the future relationship between the European Union (and the euro area) and the United Kingdom. The most favourable scenario, and also the most logical approach, would be for the parties to reach common ground, avoiding an overly tough response from Europe as it seeks to deter other Member States from following suit, while also not allowing Britain to leave Europe in too favourable or cushy a position. This delicate balance will likely be accompanied by a move to reinforce the European project and the single currency. The second factor is whether populist and Eurosceptic sentiment will take hold. We believe that the October referendum on the reform of the Italian Constitution and the parliamentary elections to be held in France and Germany in 2017 will confirm that these options remain somewhat limited. Last but not least, the third political factor comes from within the United Kingdom itself. Scotland's staunch opposition to leaving the EU is undermining the country's government and increasing pressure to reach an agreement that does not depart too radically from the status quo.

***United Kingdom set for recession, while European growth will cushion the impact***

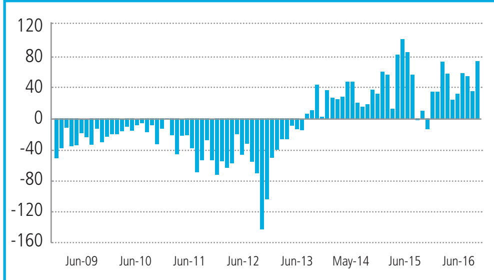



**Eurozone: GDP[1]**
Contribution to quarter-on-quarter growth (pp)

We at CaixaBank Research hope these three political factors will eventually balance out enough to prevent a major impact on European growth. In particular, the UK's GDP is likely to suffer as the prevailing uncertainty will dampen both investment and consumption. Yet despite the prognosis, we are talking about a fleeting recession that will begin to lift as the negotiations begin, with these slated for late 2016. For the euro area as as whole, the effect will likely be a moderate slowdown in growth, since it is currently at a favourable juncture of the economic cycle. The euro area successfully posted its thirteenth straight quarter of GPD growth in the first quarter of 2016 (allowing it to recover real GDP to the level seen just prior to the crisis of 2008). During the first three months of the year, GDP growth measured quarter on quarter stood at 0.6%, slightly up on the 0.4% seen in the fourth quarter of 2015. Available indicators also show that the European economic growth continued to pick up pace in the second quarter. On the subject of monetary policy, the ECB is expected to hold off hiking its reference interest rate for the time being, while the Bank of England looks set to lower rates in the coming months.

***Spain continues to post positive growth, which will shield it from the uncertainty shock***

In this context, Spain should escape relatively unscathed. Aside from tourism (23% of our tourists are British), we have relatively few direct ties with the United Kingdom. On top of this, activity in recent months has been relatively stagnant and had it continued to grow, it would likely have prompted CaixaBank Research to upgrade expected GDP growth for 2016 (GPD growth of 2.8%). It is worth noting that in the first quarter of the year the Spanish economy made it three straight quarters of 0.8% growth quarter on quarter, on the back of robust internal demand (buoyed by the healthy job market, as shown by the marked increase in the number of workers registered with the Spanish Social Security). As it currently stands, the Brexit effect will effectively negate this growth as we move through 2016, while also warranting a slight downgrade in expected growth for 2017 from 2.4% to 2.2%. **All things said, the currently benign state of the Spanish macroeconomy means it is well equipped to withstand the uncertainty shock**.




**Spain: workers registered with the Social Security system[2]**
Month-on-month change (thousands)

*(1) GDP Quarter-on-quarter change (%). Source: CaixaBank Research, based on Eurostat data.*

*(2) Without seasonal impact. Source: CaixaBank Research, based on Ministry of the Economy and Social Security data.*

# Results

## Income statement

### Year-on-year trends

| € million | January - June 2016 | 2015 | Change % |
|---|---|---|---|
| Interest income | 3,348 | 4,573 | (26.8) |
| Interest expense | (1,307) | (2,303) | (43.2) |
| **Net interest income** | **2,041** | **2,270** | **(10.1)** |
| Dividend income | 108 | 110 | (2.2) |
| Share of profit/(loss) of entities accounted for using the equity method | 292 | 382 | (23.6) |
| Net fee and commission income | 1,010 | 1,076 | (6.1) |
| Gains/(losses) on financial assets and liabilities and others | 593 | 647 | (8.1) |
| Income and expense arising from insurance or reinsurance contracts | 140 | 101 | 38.3 |
| Other operating income and expense | (135) | (22) | |
| **Gross income** | **4,049** | **4,564** | **(11.3)** |
| Recurring administrative expenses, depreciation and amortisation | (2,002) | (2,053) | (2.5) |
| Extraordinary expenses | | (541) | |
| **Pre-impairment income** | **2,047** | **1,970** | **3.9** |
| **Pre-impairment income excluding extraordinary expenses** | **2,047** | **2,511** | **(18.5)** |
| Impairment losses on financial assets and other provisions | (912) | (1,439) | (36.6) |
| Gains/(losses) on disposal of assets and others | (247) | 26 | |
| **Profit/(loss) before tax** | **888** | **557** | **59.4** |
| Income tax expense | (243) | 152 | |
| **Profit/(loss) for the period** | **645** | **709** | **(9.1)** |
| Profit/(loss) attributable to minority interest and others | 7 | 1 | |
| **Profit/(loss) attributable to the Group** | **638** | **708** | **(9.9)** |

- **Net interest income** amounted to €2,041 million (-10.1% year on year), mainly as a result of:
  - Lower financing costs on retail savings, especially maturity deposits, which has brought down costs from 1.02% in the second quarter of 2015 to 0.56% in the same period of 2016 (-46bp), plus the lower cost of institutional financing (lower volume and rate).
  - The change in income was down to lower returns on the loan portfolio in response to the drop in market interest rates, the removal of floor clauses in the second half of 2015 from mortgage loan contracts arranged with individual customers, and muted institutional activity (fixed income).
- **Fee and commission income generated a hefty €1,010 million**, down 6.1% largely in response to market volatility and the income generated from one-off transactions recognised in the first half of 2015.
- **Income from the investee portfolio** stood at €400 million (-18.8%).
- The heading **Gains/(losses) on financial assets and liabilities and others** yielded gains of €593 million, including the €165 million gain on the Visa Europe Ltd operation.
- Sustained growth in **income arising from insurance contracts** (+38.3%) following the increase in commercial life risk insurance activity.

- **Other operating income and expense** shows the contribution paid to the Single Resolution Fund (in 2015, reported in the last quarter).
- **Gross income** totalled €4,049 million (-11.3%).
- **Recurring expenses down** 2.5% after unlocking synergies and from the effort to streamline costs.

  A total of €541 million in costs associated with the process of integrating Barclays Bank, SAU, and the labour agreement was recognised in the first half of 2015.
- **Pre-impairment income** totalled €2,047 million, up 3.9% (-18.5% excluding the extraordinary expenses reported in 2015).
- Less **impairment losses on financial assets and other provisions** (-36.6%) following the improvements made to the quality of the loan portfolio. Ongoing reduction in the cost of risk to 0.45% (-43bp in the past 12 months).
- **Gains/(losses) on disposal of assets and others** includes, among other items, the proceeds from the sale of assets and other write-downs, mostly real estate.

  In 2015, it included the negative goodwill on consolidation of Barclays Bank, SAU (€602 million) and asset impairment due to obsolescence associated with the integration process (€64 million).
- With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees, with a significant impact on the first quarter of 2015 following the recognition of the negative goodwill on consolidation of Barclays Bank, SAU.
- **Attributable profit** for the first half of 2016 amounted to €638 million.

***Profit before tax was up 59.4%***

## Quarterly performance

| € million | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| Interest income | 2,213 | 1,834 | 1,965 | 1,699 | 1,649 |
| Interest expense | (1,081) | (796) | (920) | (679) | (628) |
| **Net interest income** | **1,132** | **1,038** | **1,045** | **1,020** | **1,021** |
| Dividend income | 108 | 2 | 91 | 5 | 103 |
| Share of profit/(loss) of entities accounted for using the equity method | 204 | 120 | (127) | 132 | 160 |
| Net fee and commission income | 538 | 524 | 515 | 488 | 522 |
| Gains/(losses) on financial assets and liabilities and others | 542 | 65 | 151 | 268 | 325 |
| Income and expense arising from insurance or reinsurance contracts | 56 | 52 | 61 | 64 | 76 |
| Other operating income and expense | 31 | (9) | (268) | (55) | (80) |
| **Gross income** | **2,611** | **1,792** | **1,468** | **1,922** | **2,127** |
| Recurring administrative expenses, depreciation and amortisation | (1,018) | (1,013) | (997) | (1,003) | (999) |
| Extraordinary expenses | (302) | (2) | | | |
| **Pre-impairment income** | **1,291** | **777** | **471** | **919** | **1,128** |
| Impairment losses on financial assets and other provisions | (691) | (323) | (754) | (410) | (502) |
| Gains/(losses) on disposal of assets and others | (254) | (106) | 16 | (133) | (114) |
| **Profit/(loss) before tax** | **346** | **348** | **(267)** | **376** | **512** |
| Income tax expense | (12) | (58) | 87 | (101) | (142) |
| **Profit/(loss) for the period** | **334** | **290** | **(180)** | **275** | **370** |
| Profit/(loss) attributable to minority interest and others | 1 | 2 | 2 | 2 | 5 |
| **Profit/(loss) attributable to the Group** | **333** | **288** | **(182)** | **273** | **365** |

- **Gross income up 10.7%** to €2,127 million, with revenue growth seen across all headings except Other operating income and expense as a result of the contribution paid to the Single Resolution Fund.
- Positive performance from **net interest income**, which gained 0.1% (€1,021 million).
- **Income from equity investments** was impacted by the recognition of the Telefónica dividend in the second quarter.
- Higher **fee and commission income** (up 6.8%) due to our commercial strength.
- **Gains/(losses) on financial assets and liabilities and others** amounted to €325 million, including the results of the deal reached with Visa Europe Ltd.
- Sustained growth in **income arising from insurance contracts** (+18.6%).
- **Other operating income and expense** includes, in the second quarter of 2016, the contribution paid to the Single Resolution Fund (€74 million),

  Figures for the first quarter included Spanish property tax (*Impuesto sobre Bienes Inmuebles*). Under IFRIC 21, the levy is to be recognised in full at the start of the period.
- **Recurring expenses** fell slightly (-0.4%) in response to the ongoing drive to streamline and pare back costs.
- **Pre-impairment income** for the second quarter amounted to €1,128 million (+22.7%).
- **Impairment losses on financial assets and other provisions** includes the recognition of the provision associated with the early retirement agreement signed in the second quarter of the year (€-160 million).
- **Attributable profit** for the second quarter of 2016 totalled €365 million (+34.0% quarter on quarter).

## Returns on average total assets

| Data as % of ATAs (annualized) | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| Interest income | 2.59 | 2.17 | 2.28 | 2.01 | 1.96 |
| Interest expense | (1.26) | (0.94) | (1.07) | (0.81) | (0.75) |
| **Net interest income** | **1.33** | **1.23** | **1.21** | **1.20** | **1.21** |
| Dividend income | 0.13 | 0.00 | 0.11 | 0.01 | 0.12 |
| Share of profit/(loss) of entities accounted for using the equity method | 0.24 | 0.14 | (0.15) | 0.16 | 0.19 |
| Net fee and commission income | 0.63 | 0.62 | 0.60 | 0.57 | 0.62 |
| Gains/(losses) on financial assets and liabilities and others | 0.67 | 0.16 | 0.26 | 0.38 | 0.37 |
| Income and expense arising from insurance or reinsurance contracts | 0.07 | 0.06 | 0.07 | 0.08 | 0.09 |
| Other operating income and expense | 0.04 | (0.01) | (0.31) | (0.06) | (0.09) |
| **Gross income** | **3.04** | **2.14** | **1.72** | **2.26** | **2.51** |
| Recurring administrative expenses, depreciation and amortisation | (1.19) | (1.21) | (1.17) | (1.18) | (1.18) |
| Extraordinary expenses | (0.35) | 0.00 | 0.00 | 0.00 | 0.00 |
| **Pre-impairment income** | **1.50** | **0.93** | **0.55** | **1.08** | **1.33** |
| Impairment losses on financial assets and other provisions | (0.81) | (0.38) | (0.88) | (0.48) | (0.59) |
| Gains/(losses) on disposal of assets and others | (0.29) | (0.14) | 0.02 | (0.16) | (0.13) |
| **Profit/(loss) before tax** | **0.40** | **0.41** | **(0.31)** | **0.44** | **0.61** |
| Income tax expense | (0.01) | (0.06) | 0.10 | (0.12) | (0.17) |
| **Profit/(loss) for the period** | **0.39** | **0.35** | **(0.21)** | **0.32** | **0.44** |
| Profit/(loss) attributable to minority interest and others | 0.00 | 0.01 | 0.00 | 0.00 | 0.01 |
| **Profit/(loss) attributable to the Group** | **0.39** | **0.34** | **(0.21)** | **0.32** | **0.43** |
| *€ million*<br>*Average total net assets* | *343,352* | *335,591* | *341,701* | *339,616* | *338,300* |

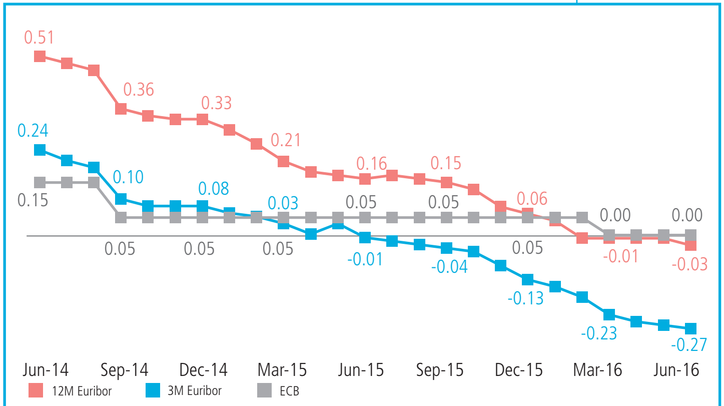
# Gross income

## Net interest income

**Net interest income in the first half of 2016 stood at €2,041 million** (-10.1% year on year) against a backdrop of rock-bottom interest rates. Annual performance here is a result of:

- Forceful management of retail activity, prompting a **sharp drop in the cost of maturity deposits** and in the volume and cost of wholesale financing.
- **Lower returns on the loan portfolio**, largely in response to falling interest rates, the removal of floor clauses, in 2015, from mortgage loan contracts arranged with individual customers, and the drop in revenue from fixed-income securities due to their lower weighting in the portfolio and a lower interest rate on the portfolio.

**Up 0.1% quarter on quarter** in response to the lower cost of deposits and institutional financing outpacing the drop in income on the loan portfolio and fixed income securities.



**Interest rates**
(%)

- **Returns on the loan portfolio down to 2.28%**. Against a backdrop of reduced interest rates the return on the loan portfolio decreased 10bp following a 5 basis-point impact on loan repricings (-3bp for mortgage loans) and the change in commercial flows.

  The rate on new loans excluding the public sector (3.13%) gained 22 basis points in the quarter, mainly due to an increased weight of the segments with higher returns.

- **Customer deposit costs have continued to fall thanks to the commercial drive** in this direction. The cost of maturity deposits shed 13 basis points to reach 0.56%. This reduction is down to the 0.09% rate on new loans (-11bp quarter on quarter), 47 basis points less than the rate for the loan portfolio. The cost of demand deposits saw a reduction of basis points to reach 0.09%.

The **customer spread** was 2.04%, down 3 basis points quarter on quarter as the drop in the cost of deposits was less than the drop in lending.

The **balance sheet spread** was 1.21% (+1bp in the quarter).

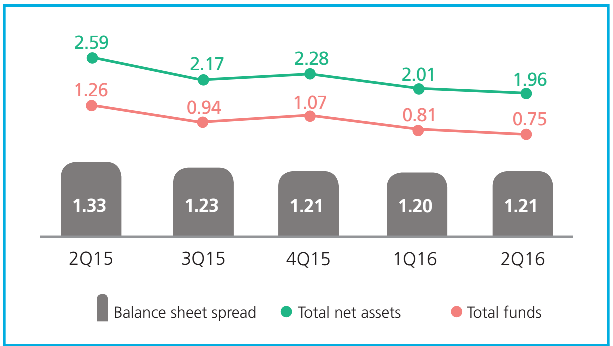
- The ratio of financing income as a percentage of total average assets was 1.96% (-5bp on the previous quarter) due to the impact of the loan portfolio, fixed income and insurance activity reported under other assets with returns.
- The ratio of financing costs to total average assets was 0.75%, down 6 basis points in the quarter due to the lower cost of customer funds and institutional financing and the insurance activity included in other funds with cost.

## Quarterly cost and income

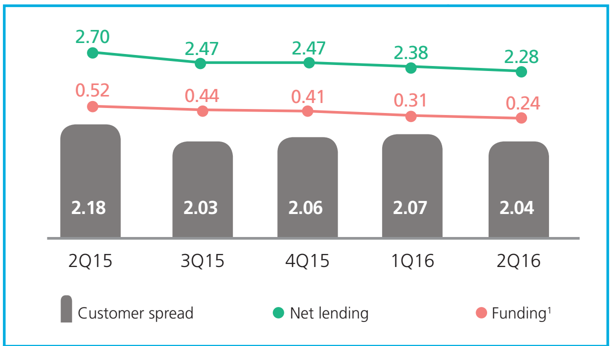
| € million | | 4Q15 Average balance | 4Q15 Income or expense | 4Q15 Rate % | 1Q16 Average balance | 1Q16 Income or expense | 1Q16 Rate % | 2Q16 Average balance | 2Q16 Income or expense | 2Q16 Rate % |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial Institutions | | 10,026 | 7 | 0.28 | 13,573 | 5 | 0.13 | 12,688 | 7 | 0.22 |
| Loans | (a) | 193,074 | 1,203 | 2.47 | 191,931 | 1,137 | 2.38 | 192,332 | 1,092 | 2.28 |
| Fixed income securities portfolio | | 26,890 | 194 | 2.86 | 23,837 | 161 | 2.71 | 23,071 | 122 | 2.13 |
| Other assets with returns[1] | | 45,855 | 558 | 4.83 | 44,707 | 394 | 3.55 | 46,779 | 425 | 3.65 |
| Other assets | | 65,856 | 3 | | 65,568 | 2 | | 63,430 | 3 | |
| **Total average assets** | **(b)** | **341,701** | **1,965** | **2.28** | **339,616** | **1,699** | **2.01** | **338,300** | **1,649** | **1.96** |
| Financial Institutions | | 36,939 | (61) | 0.65 | 36,083 | (61) | 0.68 | 32,854 | (46) | 0.56 |
| Retail customer funds | (c) | 172,527 | (178) | 0.41 | 172,366 | (133) | 0.31 | 177,263 | (106) | 0.24 |
| Demand deposits | | 110,695 | (45) | 0.16 | 112,287 | (30) | 0.11 | 119,379 | (25) | 0.09 |
| Maturity deposits | | 61,832 | (133) | 0.85 | 60,079 | (103) | 0.69 | 57,884 | (81) | 0.56 |
| Time deposits | | 61,378 | (133) | 0.86 | 59,592 | (103) | 0.70 | 57,459 | (81) | 0.56 |
| Retail repurchase agreements and marketable debt securities | | 454 | | 0.14 | 487 | | 0.02 | 425 | | 0.00 |
| Wholesale marketable debt securities & other | | 33,885 | (148) | 1.73 | 32,694 | (123) | 1.51 | 29,288 | (93) | 1.28 |
| Subordinated liabilities | | 4,428 | (35) | 3.13 | 4,407 | (34) | 3.13 | 4,366 | (34) | 3.11 |
| Other funds with cost[1] | | 47,421 | (496) | 4.15 | 47,132 | (327) | 2.79 | 49,134 | (347) | 2.84 |
| Other funds | | 46,501 | (2) | | 46,934 | (1) | | 45,395 | (2) | |
| **Total average funds** | **(d)** | **341,701** | **(920)** | **1.07** | **339,616** | **(679)** | **0.81** | **338,300** | **(628)** | **0.75** |
| **Net interest income** | | | **1,045** | | | **1,020** | | | **1,021** | |
| **Customer spread (%)** | **(a-c)** | | **2.06** | | | **2.07** | | | **2.04** | |
| **Balance sheet spread (%)** | **(b-d)** | | **1.21** | | | **1.20** | | | **1.21** | |

| € million | | 1Q15 Average balance | 1Q15 Income or expense | 1Q15 Rate % | 2Q15 Average balance | 2Q15 Income or expense | 2Q15 Rate % | 3Q15 Average balance | 3Q15 Income or expense | 3Q15 Rate % |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial Institutions | | 6,345 | 4 | 0.24 | 7,086 | 3 | 0.16 | 7,497 | 3 | 0.17 |
| Loans | (a) | 195,502 | 1,350 | 2.80 | 195,076 | 1,313 | 2.70 | 193,502 | 1,205 | 2.47 |
| Fixed income securities portfolio | | 34,917 | 291 | 3.37 | 27,869 | 236 | 3.39 | 26,871 | 205 | 3.03 |
| Other assets with returns[1] | | 46,084 | 713 | 6.28 | 43,987 | 659 | 6.01 | 42,411 | 420 | 3.93 |
| Other assets | | 67,999 | 2 | | 69,334 | 2 | | 65,310 | 1 | |
| **Total average assets** | **(b)** | **350,847** | **2,360** | **2.73** | **343,352** | **2,213** | **2.59** | **335,591** | **1,834** | **2.17** |
| Financial Institutions | | 33,834 | (57) | 0.68 | 33,474 | (57) | 0.68 | 33,435 | (53) | 0.63 |
| Retail customer funds | (c) | 172,420 | (272) | 0.64 | 170,177 | (219) | 0.52 | 169,963 | (186) | 0.44 |
| Demand deposits | | 97,123 | (47) | 0.20 | 100,187 | (41) | 0.17 | 105,664 | (39) | 0.15 |
| Maturity deposits | | 75,297 | (225) | 1.21 | 69,990 | (178) | 1.02 | 64,299 | (147) | 0.91 |
| Time deposits | | 72,251 | (218) | 1.22 | 67,963 | (178) | 1.05 | 63,562 | (147) | 0.91 |
| Retail repurchase agreements and marketable debt securities | | 3,046 | (7) | 0.95 | 2,027 | | 0.02 | 737 | | 0.34 |
| Wholesale marketable debt securities & other | | 39,835 | (203) | 2.07 | 37,009 | (169) | 1.83 | 36,593 | (160) | 1.74 |
| Subordinated liabilities | | 4,469 | (34) | 3.13 | 4,468 | (35) | 3.16 | 4,459 | (36) | 3.18 |
| Other funds with cost[1] | | 50,962 | (653) | 5.20 | 47,646 | (599) | 5.04 | 44,266 | (359) | 3.22 |
| Other funds | | 49,327 | (3) | | 50,578 | (2) | | 46,875 | (2) | |
| **Total average funds** | **(d)** | **350,847** | **(1,222)** | **1.41** | **343,352** | **(1,081)** | **1.26** | **335,591** | **(796)** | **0.94** |
| **Net interest income** | | | **1,138** | | | **1,132** | | | **1,038** | |
| **Customer spread (%)** | **(a-c)** | | **2.16** | | | **2.18** | | | **2.03** | |
| **Balance sheet spread (%)** | **(b-d)** | | **1.32** | | | **1.33** | | | **1.23** | |

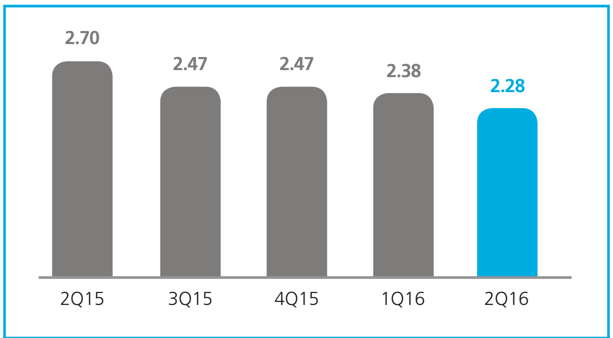
*(1) Other assets with returns and Other funds with cost relate largely to the Group's life insurance activity. Due to market conditions, this was impacted in 2015 following the move from guaranteed savings products to other financial products of the Group. As a result of these surrenders, the income and cost of these two headings have both increased, although the net contribution of the insurance business remains stable.*



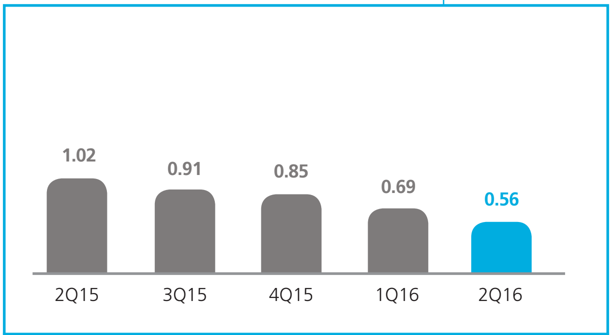

Balance sheet spread as a % of average total assets




Change in the customer spread (%)




Loan rates as a % (back book)




Maturity deposit rates as a % (back book)

## Fees and commisions

- **Fee and commission income stood at €1,010 million in the first half of 2016**, in an episode of market volatility and a number of one-off impacts.

  **Growth of 6.8% in the second quarter**, thanks to the commercial strength of the distribution network.

- **Banking services, securities and other fees** amounted to €646 million. These include income from securities transactions and fees on other transactions, as well as fees relating to risk activities, deposit management, payment methods and investment banking.

  Higher income was reported in the first half of 2015 due to a number of one-off investment banking transactions, impacting the year-on-year change.

- **Investment fund fees** amounted to €196 million, following the market volatility and reduction in assets under management seen in the first half of 2016.

- Growth in **pension plan management fees** (+22.0% year on year and +12.2% in the quarter) in response to the increase in assets under management with a wide range of products at offer.

- **Fees on the sale of non-life insurance** amounted to €79 million, with year-on-year growth (+12.1%) as a result of successful commercial campaigns carried out to date.

*(1) Cost of demand deposits, term deposits, loans and repurchase agreements in connection with retail banking activity. Does not include the cost of institutional issues or subordinated liabilities.*

| | January - June | | Change | |
|---|---|---|---|---|
| **€ million** | **2016** | **2015** | **absolute** | **%** |
| Banking services, securities and other fees | 646 | 726 | (80) | (11.1) |
| Mutual funds, managed accounts and SICAVs | 196 | 207 | (11) | (4.9) |
| Pension plans | 89 | 73 | 16 | 22.0 |
| Sales of insurance products | 79 | 70 | 9 | 12.1 |
| **Net fee and commission income** | **1,010** | **1,076** | **(66)** | **(6.1)** |

| **€ million** | **2Q15** | **3Q15** | **4Q15** | **1Q16** | **2Q16** |
|---|---|---|---|---|---|
| Banking services, securities and other fees | 352 | 342 | 322 | 310 | 336 |
| Mutual funds, managed accounts and SICAVs | 111 | 110 | 106 | 97 | 99 |
| Pension plans | 41 | 42 | 51 | 42 | 47 |
| Sales of insurance products | 34 | 30 | 36 | 39 | 40 |
| **Net fee and commission income** | **538** | **524** | **515** | **488** | **522** |

## Income from equity investments

- **Income from equity investments totalled €400 million**.
- The change in share of profit/(loss) of entities accounted for using the equity method (-23.6%) was down to seasonal factors and the impact on profit of changes in businesses and market conditions.
  - The business results of Grupo Financiero Inbursa and of The Bank of East Asia are no longer included here following completion of the swap agreement with CriteriaCaixa[1].
  - Non-recurring accounting provisions for Repsol were recognised in the fourth quarter of 2015.
- Recognition of the Telefónica dividend in the second and fourth quarter of the year.

| | January - June | | Change | |
|---|---|---|---|---|
| **€ million** | **2016** | **2015** | **absolute** | **%** |
| Dividend income | 108 | 110 | (2) | (2.2) |
| Share of profit/(loss) of entities accounted for using the equity method | 292 | 382 | (90) | (23.6) |
| **Income from equity investments** | **400** | **492** | **(92)** | **(18.8)** |

| **€ million** | **2Q15** | **3Q15** | **4Q15** | **1Q16** | **2Q16** |
|---|---|---|---|---|---|
| Dividend income | 108 | 2 | 91 | 5 | 103 |
| Share of profit/(loss) of entities accounted for using the equity method | 204 | 120 | (127) | 132 | 160 |
| **Income from equity investments** | **312** | **122** | **(36)** | **137** | **263** |

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

- **Gains/(losses) on financial assets and liabilities and others** amounted to €593 million. The heading mainly reflects the realisation of capital gains on fixed income assets classified as available-for-sale financial assets.

  A gross capital gain of €165 million was reported in the second quarter of 2016 following the successful acquisition of Visa Europe Ltd. by Visa Inc.

## Income and expense arising from insurance contracts

- **Growth in income arising from life risk insurance activity (+38.3% year on year)** in response to forceful commercial activity.

*(1) See section on Significant Events.*

## 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 (€44 million in the first quarter of 2016).
- The **contribution paid to the Single Resolution Fund** (€74 million) was recognised in the second quarter of 2016. In 2015, this contribution was reported in the last quarter (€93 million to the National Resolution Fund), together with the contribution paid to the Spanish Deposit Guarantee Fund (€185 million).

| | January - June | | Change | |
|---|---|---|---|---|
| **€ million** | **2016** | **2015** | **absolute** | **%** |
| Contribution to the Single Resolution Fund | (74) | | (74) | |
| Spanish Property Tax (IBI) | (44) | (40) | (4) | 10.0 |
| Other | (17) | 18 | (35) | (194.4) |
| **Other operating income and expense** | **(135)** | **(22)** | **(113)** | |

| **€ million** | **2Q15** | **3Q15** | **4Q15** | **1Q16** | **2Q16** |
|---|---|---|---|---|---|
| Contribution to DGF, NRF and SRF[1] | | | (278) | | (74) |
| Spanish Property Tax (IBI) | | | | (44) | |
| Other | 31 | (9) | 10 | (11) | (6) |
| **Other operating income and expense** | **31** | **(9)** | **(268)** | **(55)** | **(80)** |

*(1) Recognition of the payment made to the Spanish Deposit Guarantee Fund and National Resolution Fund in the fourth quarter of 2015. In January 2016, the Spanish Resolution Fund was merged with the other national funds of euro area Member States to form an EU-wide Single Resolution Fund (SRF). Contributions from 2016 onward are to be made to this European fund.*

# Pre-impairment income and expenses

- **Reduction in recurring operating expenses** (-2.5% year on year and -0.4% in the quarter) on the back of the ongoing drive to streamline and contain costs and unlock synergies and savings under the labour agreement signed in 2015.
- **Extraordinary expenses** totalling €541 million were reported in the first half of 2015 in relation to the integration of Barclays Bank, SAU and the labour agreement[1].
- **Pre-impairment income reached €2,047 million** (+3.9% year on year and -18.5% stripping out extraordinary expenses).

  In **quarterly terms**, high income generation (gross income +10.7%) and the reduction in expenses helped push pre-impairment income to 22.7%.

*(1) A total of €259 million was recognised as a result of the integration of Barclays Bank, SAU and a further €284 million from the labour agreement during the year.*

## Administrative expenses, depreciation and amortisation

| | January - June | | Change | |
|---|---|---|---|---|
| **€ million** | **2016** | **2015** | **absolute** | **%** |
| Personnel expenses | (1,326) | (1,364) | 38 | (2.8) |
| General expenses | (494) | (500) | 6 | (1.0) |
| **General and administrative expenses** | **(1,820)** | **(1,864)** | **44** | **(2.3)** |
| **Depreciation and amortisation** | **(182)** | **(189)** | **7** | **(4.3)** |
| **Recurring administrative expenses, depreciation and amortisation** | **(2,002)** | **(2,053)** | **51** | **(2.5)** |
| **Extraordinary expenses** | | **(541)** | **541** | |
| **Total expenses** | **(2,002)** | **(2,594)** | **592** | **(22.8)** |

| **€ million** | **2Q15** | **3Q15** | **4Q15** | **1Q16** | **2Q16** |
|---|---|---|---|---|---|
| Personnel expenses | (676) | (676) | (665) | (666) | (660) |
| General expenses | (247) | (248) | (248) | (248) | (246) |
| **General and administrative expenses** | **(923)** | **(924)** | **(913)** | **(914)** | **(906)** |
| **Depreciation and amortisation** | **(95)** | **(89)** | **(84)** | **(89)** | **(93)** |
| **Recurring administrative expenses, depreciation and amortisation** | **(1,018)** | **(1,013)** | **(997)** | **(1,003)** | **(999)** |
| **Extraordinary expenses** | **(302)** | **(2)** | | | |
| **Total expenses** | **(1,320)** | **(1,015)** | **(997)** | **(1,003)** | **(999)** |

## Pre-impairment income

| | January - June | | Change | |
|---|---|---|---|---|
| **€ million** | **2016** | **2015** | **absolute** | **%** |
| **Gross income** | **4,049** | **4,564** | **(515)** | **(11.3)** |
| Recurring administrative expenses, depreciation and amortisation | (2,002) | (2,053) | 51 | (2.5) |
| Extraordinary expenses | | (541) | 541 | |
| **Pre-impairment income** | **2,047** | **1,970** | **77** | **3.9** |
| **Pre-impairment income excluding extraordinary expenses** | **2,047** | **2,511** | **(464)** | **(18.5)** |

| **€ million** | **2Q15** | **3Q15** | **4Q15** | **1Q16** | **2Q16** |
|---|---|---|---|---|---|
| **Gross income** | **2,611** | **1,792** | **1,468** | **1,922** | **2,127** |
| Recurring administrative expenses, depreciation and amortisation | (1,018) | (1,013) | (997) | (1.003) | (999) |
| Extraordinary expenses | (302) | (2) | | | |
| **Pre-impairment income** | **1,291** | **777** | **471** | **919** | **1,128** |
| *Cost-to-income ratio stripping out extraordinary expenses (%) (last 12 months)[2]* | *50.8* | *51.4* | *51.9* | *51.7* | *54.2* |
| *Cost-to-income ratio (%) (last 12 months)[2]* | *57.8* | *58.3* | *58.9* | *55.6* | *54.2* |

*(2) The cost-to-income ratios for 2Q16 (12 months) do not include the contribution to the National Resolution Fund for 4Q15 (€93 million) so as to avoid overlap with the 2Q16 contribution to the SRF (€74 million).*

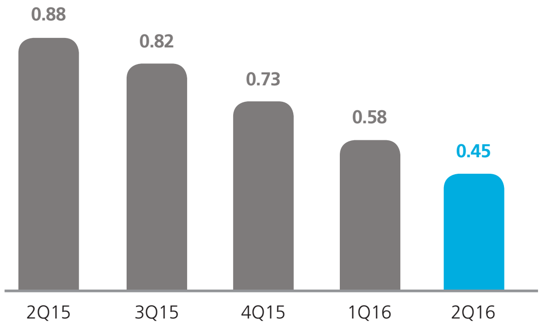
## Impairment losses on financial assets and other provisions

- **Impairment losses on financial assets and other provisions were down 36.6%** in response to the **drop in insolvency allowances (-56.0%)** as asset quality indicators gradually return to normal.

  Cost of risk down 43 basis points in the last 12 months to reach 0.45%.

- **Other charges to provisions** primarily reflects coverage for contingencies and other asset impairment allowances.

  In the second quarter of 2016 this heading includes €-160 million associated with the early retirement agreement signed in April of 2016.




Cost of risk
(%)

| € million | January - June 2016 | 2015 | Change absolute | % |
|---|---|---|---|---|
| Allowance for insolvency risk | (478) | (1,087) | 609 | (56.0) |
| Other charges to provisions | (434) | (352) | (82) | 23.1 |
| **Impairment losses on financial assets and other provisions** | **(912)** | **(1,439)** | **527** | **(36.6)** |

| € million | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| Allowance for insolvency risk | (537) | (288) | (218) | (225) | (253) |
| Other charges to provisions | (154) | (35) | (536) | (185) | (249) |
| **Impairment losses on financial assets and other provisions** | **(691)** | **(323)** | **(754)** | **(410)** | **(502)** |

## Gains/(losses) on disposal of assets and others. Profit/(loss) attributable to the Group

- **Gains/(losses) on disposal of assets and others** primarily comprises the results of completed one-off transactions and proceeds on asset sales and write-downs mainly relating to the real estate portfolio.

  In 2016, the heading includes, among other items, proceeds on sales and charges to provisions (mainly calendar) associated with real estate assets, as well as the losses incurred from the early redemption of the bond issue exchangeable for Repsol shares[1].

  Key events in the first quarter of 2015 included the recognition of the negative goodwill arising from the integration of Barclays Bank, SAU (€602 million) and asset impairment due to obsolescence, also associated with the integration process (€64 million).

- With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees and to gains or losses on corporate transactions. Significant impact in the first half of 2015 following recognition of the negative goodwill on consolidation of Barclays Bank, SAU.

- **Net profit attributable to the Group** was €638 million, down 9.9% year on year but up 31.4% quarter on quarter.

*(1) See section on Significant Events.*

# Business activity

## Balance sheet

**Total assets stood at €353,109 million** at 30 June 2016. Performance here was driven by:

- **Change in retail commercial activity** in relation to lending, retail deposits and liabilities under insurance contracts.
- **Investments in joint ventures and associates and Equity** were both affected by the asset swap transaction arranged with CriteriaCaixa in May 2016[1].
- Highlights in **balance sheet items associated with treasury and ALM activities** include:
  - Sound management of fixed income assets and net increase in ECB financing.
  - Less wholesale funding activity, mainly because the Bank opted not to renew certain funding arrangements on maturity.

*(1) See section on Significant Events.*

| € million | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | Jun. 30, 2016 | Annual Change absolute | Annual Change % |
|---|---|---|---|---|---|---|---|
| Cash, cash balances at central banks and other demand deposits | 5,641 | 7,425 | 6,615 | 5,146 | 5,881 | (734) | (11.1) |
| Financial assets held for trading | 13,829 | 15,121 | 13,312 | 14,475 | 15,977 | 2,665 | 20.0 |
| Available-for-sale financial assets | 60,492 | 61,428 | 62,997 | 65,997 | 66,380 | 3,383 | 5.4 |
| Loans and receivables | 212,746 | 207,934 | 210,473 | 206,573 | 218,274 | 7,801 | 3.7 |
| Loans and advances to central banks and credit institutions | 5,703 | 4,593 | 6,649 | 6,369 | 10,052 | 3,403 | 51.2 |
| Loans and advances to customers[2] | 205,363 | 201,582 | 202,896 | 199,265 | 207,618 | 4,722 | 2.3 |
| Debt securities | 1,680 | 1,759 | 928 | 939 | 604 | (324) | (34.9) |
| Held-to-maturity investments | 5,171 | 5,179 | 3,820 | 3,831 | 4,306 | 486 | 12.7 |
| Investments in joint ventures and associates | 9,795 | 9,752 | 9,674 | 9,148 | 6,299 | (3,375) | (34.9) |
| Tangible assets | 6,308 | 6,362 | 6,293 | 6,303 | 6,334 | 41 | 0.7 |
| Intangible assets | 3,671 | 3,669 | 3,672 | 3,660 | 3,661 | (11) | (0.3) |
| Non-current assets held for sale | 7,899 | 7,747 | 7,961 | 7,760 | 7,162 | (799) | (10.0) |
| Other assets | 18,415 | 18,837 | 19,438 | 18,470 | 18,835 | (603) | (3.1) |
| **Total assets** | **343,967** | **343,454** | **344,255** | **341,363** | **353,109** | **8,854** | **2.6** |
| **Liabilities** | **318,213** | **317,879** | **319,050** | **316,392** | **330,948** | **11,898** | **3.7** |
| Financial liabilities held for trading | 11,864 | 11,642 | 12,200 | 12,147 | 12,623 | 423 | 3.5 |
| Financial liabilities measured at amortised cost | 256,308 | 254,240 | 253,499 | 248,050 | 258,839 | 5,340 | 2.1 |
| Deposits from central banks and credit institutions | 31,539 | 33,741 | 34,262 | 32,127 | 36,222 | 1,960 | 5.7 |
| Customer deposits | 185,887 | 182,783 | 184,110 | 183,341 | 190,948 | 6,838 | 3.7 |
| Debt securities issued | 34,231 | 33,807 | 32,336 | 29,467 | 27,966 | (4,370) | (13.5) |
| Other financial liabilities | 4,651 | 3,909 | 2,791 | 3,115 | 3,703 | 912 | 32.7 |
| *Subordinated liabilities* | *4,410* | *4,422* | *4,345* | *4,356* | *4,258* | *(87)* | *(2.0)* |
| Liabilities under insurance or reinsurance contracts | 37,221 | 39,569 | 40,291 | 43,119 | 45,763 | 5,472 | 13.6 |
| Provisions | 4,654 | 4,400 | 4,598 | 4,564 | 4,815 | 217 | 4.7 |
| Other liabilities | 8,166 | 8,028 | 8,462 | 8,512 | 8,908 | 446 | 5.3 |
| **Equity** | **25,754** | **25,575** | **25,205** | **24,971** | **22,161** | **(3,044)** | **(12.1)** |
| Own funds | 23,977 | 24,158 | 23,689 | 23,969 | 21,938 | (1,751) | (7.4) |
| *Profit/(loss) attributable to the Group* | *708* | *996* | *814* | *273* | *638* | | |
| Minority interest and other | 1,777 | 1,417 | 1,516 | 1,002 | 223 | (1,293) | (85.3) |
| **Total liabilities and equity** | **343,967** | **343,454** | **344,255** | **341,363** | **353,109** | **8,854** | **2.6** |

*(2) The change in the heading Loans and advances to customers on the public balance sheet was, in addition to the retail activity, impacted by the reverse repurchase agreements (€+1,713 YTD and €+5,498 million QOQ).*

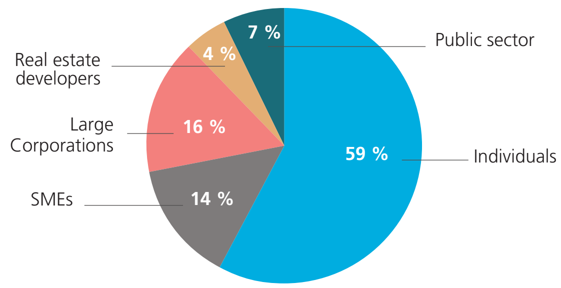
# Loans and advances to customers

**Loans and advances to customers continues to recover,** showing growth of 1.0% in 2016 (up 1.1% quarter on quarter) to reach €208,486 million.

Performance in the second quarter was shaped in part by the seasonal impact of the double payments made to pension holders in June. Without this impact, loans and advances were up 0.3% in the year.

The **performing loan portfolio gained** 1.6% in the year and 1.4% in the quarter.

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




**Diversification of the lending portfolio**
(% of gross lending)

**Highlight changes by segment** include:

- **Loans for home purchases** continued to feel the effects of household deleveraging, although the process has slowed down considerably in comparison to previous quarters, with indicators showing strong growth in new loans.

  The mortgage market share[1] was 17.5%.

- **Loans to individuals - other** grew in the second quarter, due mainly to the seasonal effect of the advances paid to pensioners in the period and the commercial drives focusing on consumer lending.

- **Sustained growth in financing to businesses-productive sectors ex-real estate developers** (+4.0% in the year to date and +2.6% in the quarter).

  Market shares[1] for working capital financing products climbed to 21.1% for factoring and reverse factoring and to 15.9% for commercial loans.

- **Financing to real estate developers** is steadily accounting for less and less of the loan portfolio, falling to 4.3% at 30 June 2016 thanks to the bank's active management of distressed assets.

| € million | Jun. 30, 2016 | Mar. 31, 2016 | Quaterly change % | Dec. 31, 2015 | Annual change % |
|---|---|---|---|---|---|
| **Loans to individuals** | **121,317** | **120,208** | **0.9** | **120,994** | **0.3** |
| Home purchases | 88,221 | 88,651 | (0.5) | 89,378 | (1.3) |
| Other | 33,096 | 31,557 | 4.7 | 31,616 | 4.7 |
| **Loans to business** | **73,166** | **71,919** | **1.7** | **71,638** | **2.1** |
| Corporates and SMEs | 62,256 | 60,675 | 2.6 | 59,856 | 4.0 |
| Real estate developers | 8,979 | 9,294 | (3.4) | 9,825 | (8.6) |
| CriteriaCaixa | 1,931 | 1,950 | (1.0) | 1,957 | (1.3) |
| **Public sector** | **14,003** | **14,031** | **(0.2)** | **13,805** | **1.4** |
| **Loans and advances, gross** | **208,486** | **206,158** | **1.1** | **206,437** | **1.0** |
| *Of which:* | | | | | |
| *Performing loans* | *192,813* | *190,215* | *1.4* | *189,830* | *1.6* |
| Provisions | (8,200) | (8,697) | (5.7) | (9,163) | (10.5) |
| **Loans and advances, net[2]** | **200,286** | **197,461** | **1.4** | **197,274** | **1.5** |
| *Contingent Liabilities* | *11,290* | *11,307* | *(0.2)* | *10,650* | *6.0* |

*(2) See reconciliation with the public financial statements and other details in the Appendices - Glossary*

*(1) Latest available information. Data prepared in-house, based on Bank of Spain (Infbal) and AEF (Spanish Factoring Association) information.*

# Customer funds

**Customer funds stood at €304,465 million**, showing growth of 2.7% in the first six months of 2016 and 3.0% in the second quarter.

**On-balance sheet funds** gained 3.8% (3.5% in the second quarter) to reach €225,030 million.

- Growth of 8.4% in **demand deposits**, which stood at €126,652 million (+8.3% in the second quarter). The main factors behind the change were the seasonal impact of the double salary and pension payments made in June and maturities in the period, marked by rock-bottom interest rates.
- **Term deposits** totalled €56,883 million due to the sizeable number of deposits renewed on maturity and forceful management of profit margins.
- Significant increase in **liabilities under insurance contracts**[1] (+8.4% in the year and +4.1% in the quarter) thanks to the success of the commercial campaigns rolled out under the CaixaFu[Tu]ro programme.

  The market share for savings insurance products climbed to 23.0% and CaixaBank remains the market leader in this segment.

**Assets under management** amounted to €73,708 million.

- **Assets under management in mutual funds, managed accounts and SICAVs** totalled €49,842 million. The change here (-2.9%) was largely a result of the high level of market volatility seen in the first quarter of the year, while the second quarter has seen the start of a recovery.
- **Pension plans performed well** (+3.0% in the year and +3.2% in the second quarter), reaching €23,866 million.
- CaixaBank is the market leader in number of investment fund investors and in assets under management, with a share[2] of 17.4%, and also in pension plans, with a market share[2] of 22.5%.

| **€ million** | **Jun. 30, 2016** | **Mar. 31, 2016** | **Quarterly change %** | **Dec. 31, 2015** | **Quarterly change %** |
|---|---|---|---|---|---|
| Customer funds | 186,875 | 180,463 | 3.6 | 181,118 | 3.2 |
| Demand deposits | 126,652 | 116,976 | 8.3 | 116,841 | 8.4 |
| Term deposits[3] | 56,883 | 60,147 | (5.4) | 60,936 | (6.7) |
| *Subordinated liabilities (retail)* | 3,340 | 3,340 | 0.0 | 3,341 | (0.0) |
| Reverse repurchase agreements and other accounts | 836 | 1,076 | (22.3) | 1,287 | (35.0) |
| Liabilities under insurance contracts | 37,319 | 35,861 | 4.1 | 34,427 | 8.4 |
| **On-balance sheet funds[4]** | **225,030** | **217,400** | **3.5** | **216,832** | **3.8** |
| Assets under management | 73,708 | 72,511 | 1.7 | 74,500 | (1.1) |
| Mutual funds, managed accounts and SICAVs | 49,842 | 49,389 | 0.9 | 51,321 | (2.9) |
| Pension plans | 23,866 | 23,122 | 3.2 | 23,179 | 3.0 |
| Other accounts | 5,727 | 5,805 | (1.3) | 5,267 | 8.7 |
| **Off-balance sheet funds** | **79,435** | **78,316** | **1.4** | **79,767** | **(0.4)** |
| **Total customer funds** | **304,465** | **295,716** | **3.0** | **296,599** | **2.7** |

*(3) Includes retail debt securities amounting to €641 million at 30 June 2016, €575 million at 31 March 2016, and €417 million at 31 December 2015.*
*(4) See reconciliation with the public financial statements and other details in the annexed Glossary.*

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

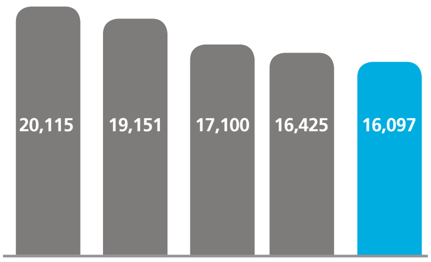
*(2) Latest available information. Data prepared in-house, based on INVERCO and ICEA information.*

# Risk management

## Credit risk quality

**Non-performing loans[1]**
(€ million)

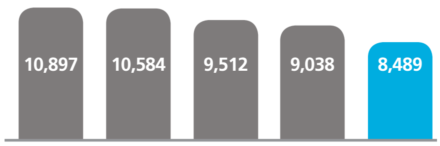
Non-performing loans




| | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| NPL ratio | 9.0% | 8.7% | 7.9% | 7.6% | 7.3% |
| NPL ratio excluding real estate developers | 6.7% | 6.5% | 6.2% | 6.0% | 6.0% |

**Provisions[1]**
(€ million)

Provisions




| | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| Coverage ratio | 54% | 55% | 56% | 55% | 53% |
| Coverage ratio real estate developers | 53% | 55% | 56% | 56% | 54% |

### NPL performance

- Ongoing drop in non-performing loans (down €4,018 million in the past twelve months).
- The **NPL ratio fell to 7.3%** as non-performing loans continue to decline (down €328 million in the second quarter of 2016).
- Stripping out the real estate development sector, the NPL ratio is 6.0%.

### Coverage

- Allowances for loan-loss provisions reached €8,489 million.
- The **coverage ratio stood at 53%** following the decision to pursue conservative risk coverage policies.
- The change in loan-loss provisions stemmed mainly from the cancellation of debt incurred through the acquisition and foreclosure of real estate assets and the reduction in provisions associated with written-off assets.

### Refinancing

- At 30 June 2016, refinanced transactions totalled €20,427 million. Of this amount, €7,633 million (37% of the portfolio) is classified as non-performing and €2,149 million (11% of the portfolio) as substandard.
- Provisions associated with these transactions totalled €3,285 million.

*(1) Calculations include loans and contingent liabilities.*

NPL ratio, by segment

| | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | Jun. 30, 2016 |
|---|---|---|---|---|---|
| **Loans to individuals** | **5.0%** | **5.0%** | **4.6%** | **4.6%** | **4.6%** |
| Home purchases | 4.0% | 4.0% | 3.7% | 3.7% | 3.7% |
| Other | 7.9% | 8.0% | 7.2% | 7.2% | 6.9% |
| **Loans to business** | **18.3%** | **17.3%** | **15.3%** | **14.3%** | **13.7%** |
| Corporates and SMEs | 12.3% | 11.7% | 11.1% | 10.6% | 10.4% |
| Real estate developers | 50.9% | 50.1% | 44.1% | 41.6% | 39.5% |
| **Public sector** | **0.5%** | **0.5%** | **0.5%** | **0.6%** | **0.5%** |
| **NPL Ratio (loans and contingent liabilities)** | **9.0%** | **8.7%** | **7.9%** | **7.6%** | **7.3%** |
| **NPL ratio ex-developers** | **6.7%** | **6.5%** | **6.2%** | **6.0%** | **6.0%** |

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

| € million | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| **Opening balance** | **21,595** | **20,115** | **19,151** | **17,100** | **16,425** |
| Exposures recognized as non-performing (NPL-inflows) | 2,500 | 1,734 | 1,913 | 1,521 | 1,737 |
| Derecognitions from non-performing exposures | (3,980) | (2,698) | (3,964) | (2,196) | (2,065) |
| Of which written off | (591) | (397) | (640) | (381) | (450) |
| **Closing balance** | **20,115** | **19,151** | **17,100** | **16,425** | **16,097** |

Changes in allowance for insolvency risk

| € million | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 |
|---|---|---|---|---|---|
| **Opening balance** | **11,723** | **10,897** | **10,584** | **9,512** | **9,038** |
| Insolvency allowances | 537 | 288 | 218 | 225 | 253 |
| Amounts used | (1,125) | (425) | (1,047) | (567) | (691) |
| Transfers and other changes | (238) | (176) | (243) | (132) | (111) |
| **Closing balance** | **10,897** | **10,584** | **9,512** | **9,038** | **8,489** |

# *Financing for home purchases*

- The main risk segment, **accounting for 42% of total gross lending**, with a well-diversified portfolio, solid collateral and a low NPL-ratio rate of 3.7%.

Financing for home purchases

| | Gross amount | | | | |
|---|---|---|---|---|---|
| **€ million** | **Jun. 30, 2015** | **Sep. 30, 2015** | **Dec. 31, 2015** | **Mar. 31, 2016** | **Jun. 30, 2016** |
| Without mortgage collateral | 796 | 784 | 770 | 763 | 762 |
| Of which: non-performing | 7 | 8 | 7 | 10 | 10 |
| With mortgage collateral | 90,669 | 89,721 | 88,608 | 87,888 | 87,459 |
| Of which: non-performing | 3,659 | 3,580 | 3,275 | 3,298 | 3,291 |
| **Total** | **91,465** | **90,505** | **89,378** | **88,651** | **88,221** |

Loan to value breakdown[1]

| | Jun. 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| **€ million** | **LTV ≤ 40%** | **40% < LTV ≤ 60%** | **60% < LTV ≤ 80%** | **80 < LTV ≤ 100%** | **LTV > 100%** | **TOTAL** |
| Gross amount | 20,580 | 33,140 | 28,311 | 4,773 | 655 | **87,459** |
| Of which: non-performing | 253 | 825 | 1,538 | 516 | 159 | **3,291** |

*(1) Loan-to-value calculations based on appraisals available at the grant date. Updated for non-performing loans as per the criteria established in Bank of Spain Circular 4/2004.*

## Loans to real-estate developers

- **Exposure to the real estate developer sector** down 8.6% in the first half of 2016, meaning the segment now accounts for just 4.3% of the total loan portfolio.
- **Financing for finished homes represents 68.0% of the portfolio**.
- Specific coverage for problematic assets (non-performing and substandard) stood at 43.8%, while coverage of non-performing assets was 49.7%.

| € million | Jun. 30, 2016 | Weight % | Mar. 31, 2016 | Quarterly change | Dec. 31, 2015 | Annual change |
|---|---|---|---|---|---|---|
| Without mortgage collateral | 1,012 | 11.3 | 871 | 141 | 1,083 | (71) |
| With mortgage collateral | 7,967 | 88.7 | 8,423 | (456) | 8,742 | (775) |
| Completed buildings | 6,098 | 67.9 | 6,387 | (289) | 6,534 | (436) |
| Homes | 4,021 | 44.8 | 4,179 | (158) | 4,322 | (301) |
| Other | 2,077 | 23.0 | 2,208 | (131) | 2,212 | (135) |
| Buildings under construction | 610 | 6.8 | 654 | (44) | 643 | (33) |
| Homes | 522 | 5.8 | 552 | (30) | 541 | (19) |
| Other | 88 | 1.0 | 102 | (14) | 102 | (14) |
| Land | 1,259 | 14.0 | 1,382 | (123) | 1,565 | (306) |
| Developed land | 885 | 9.9 | 997 | (112) | 1,186 | (301) |
| Other | 374 | 4.3 | 385 | (11) | 379 | (5) |
| **Total** | **8,979** | **100** | **9,294** | **(315)** | **9,825** | **(846)** |

### NPLs and coverage for real estate development risk

| € million | Jun. 30, 2016 Non-performing | Substandard | Provisions €M | Coverage % | Dec. 31, 2015 Non-performing | Substandard | Provisions €M | Coverage % |
|---|---|---|---|---|---|---|---|---|
| Without mortgage collateral | 256 | 27 | 225 | 79.5 | 500 | 40 | 483 | 89.4 |
| With mortgage collateral | 3,286 | 449 | 1,535 | 41.1 | 3,837 | 488 | 1,892 | 43.7 |
| Completed buildings | 2,410 | 286 | 968 | 35.9 | 2,643 | 326 | 1,076 | 36.2 |
| Homes | 1,340 | 178 | 545 | 35.9 | 1,467 | 213 | 602 | 35.8 |
| Other | 1,070 | 108 | 423 | 35.9 | 1,176 | 113 | 474 | 36.8 |
| Buildings under construction | 136 | 27 | 82 | 50.3 | 205 | 33 | 123 | 51.7 |
| Homes | 114 | 26 | 72 | 51.4 | 174 | 32 | 107 | 51.9 |
| Other | 22 | 1 | 10 | 43.5 | 31 | 1 | 16 | 50.0 |
| Land | 740 | 137 | 485 | 55.3 | 989 | 129 | 693 | 62.0 |
| Developed land | 493 | 91 | 322 | 55.1 | 689 | 109 | 498 | 62.4 |
| Other | 247 | 46 | 163 | 55.4 | 300 | 20 | 195 | 60.9 |
| **Total** | **3,542** | **476** | **1,760** | **43.8** | **4,337** | **528** | **2,375** | **48.8** |

### Breakdown by type of collateral

| € million | Jun. 30, 2016 Gross amount | Excess over value of collateral[1] | Specific provisions | % provision of risk |
|---|---|---|---|---|
| Non-performing | 3,542 | | 1,627 | 45.9 |
| Mortgage | 3,286 | 1,416 | 1,406 | 42.8 |
| Personal | 256 | | 221 | 86.3 |
| Substandard | 476 | | 134 | 28.2 |
| **Total** | **4,018** | | **1,761** | **43.8** |

| € million | Dec. 31, 2015 Gross amount | Excess over value of collateral[1] | Specific provisions | % provision of risk |
|---|---|---|---|---|
| Non-performing | 4,337 | | 2,209 | 50.9 |
| Mortgage | 3,837 | 1,631 | 1,740 | 45.3 |
| Personal | 500 | | 469 | 93.8 |
| Substandard | 528 | | 166 | 31.4 |
| **Total** | **4,865** | | **2,375** | **48.8** |

*(1) In accordance with Spanish regulations, the excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received, previously weighted as follows 80% completed homes, primary residence, 70% rural property and completed offices, premises and industrial buildings, 60% other completed homes, 50% other property mortgages.*

# Foreclosed real estate assets

*Foreclosed assets available for sale fall for the second straight quarter*

- The portfolio of **foreclosed real estate assets available for sale stood at €7,122 million** (down €137 million in the first half of 2016).
- The **coverage ratio was 57.8%**, including initial write-downs and charges to provisions recognised after the real estate foreclosure.
- Real estate assets in the process of foreclosure (€542 and €692 million net at 30 June 2016 and 31 December 2015, respectively) are not considered foreclosed assets available for sale since the bank does not have possession of the asset.
- At 30 June 2016, the Group's real estate assets held for rent stood at €3,062 million, net of provisions. The portfolio has an occupancy rate of 92%.
- **Properties rented or sold** over the last twelve months amounts to **€1,858 million**, with positive results on sales of property since the fourth quarter of 2015.

  The composition of the portfolio of available-for-sale foreclosed real estate assets, 56% of which are finished homes, is a unique factor aiding in the sale of these properties on the market.

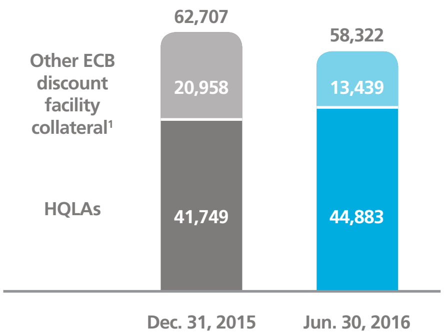
**Foreclosed real estate assets available for sale and associated coverage**

| | Jun. 30, 2016 | | | |
|---|---|---|---|---|
| **€ million** | **Net carrying amount** | **Coverage[1]** | **Coverage %** | **Provisions** |
| **Property acquired related to loans to construction companies and real estate developments** | **4,773** | **(7,434)** | **60.9** | **(4,283)** |
| Completed buildings | 2,433 | (2,356) | 49.2 | (1,384) |
| Homes | 1,809 | (1,775) | 49.5 | (1,023) |
| Other | 624 | (581) | 48.2 | (361) |
| Buildings under construction | 409 | (617) | 60.1 | (459) |
| Homes | 377 | (570) | 60.2 | (433) |
| Other | 32 | (47) | 59.5 | (26) |
| Land | 1,931 | (4,461) | 69.8 | (2,440) |
| Developed land | 1,000 | (1,935) | 65.9 | (1,070) |
| Other | 931 | (2,526) | 73.1 | (1,370) |
| **Property acquired related to mortgage loans to homebuyers** | **1,585** | **(1,482)** | **48.3** | **(838)** |
| **Other** | **764** | **(841)** | **52.4** | **(545)** |
| **Total** | **7,122** | **(9,757)** | **57.8** | **(5,666)** |

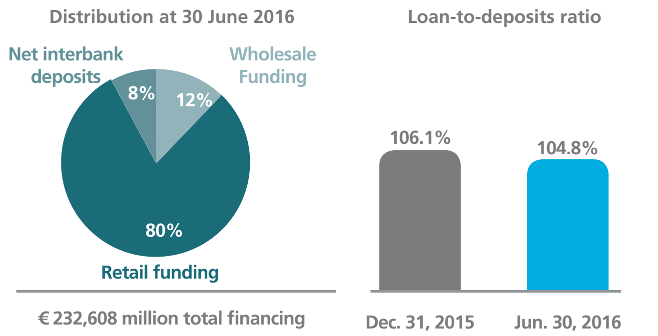
| | Dec. 31, 2015 | | | |
|---|---|---|---|---|
| **€ million** | **Net carrying amount** | **Coverage[1]** | **Coverage %** | **Provisions** |
| **Property acquired related to loans to construction companies and real estate developments** | **4,968** | **(7,564)** | **60.4** | **(4,247)** |
| Completed buildings | 2,625 | (2,618) | 49.9 | (1,439) |
| Homes | 1,983 | (2,017) | 50.4 | (1,076) |
| Other | 642 | (601) | 48.4 | (363) |
| Buildings under construction | 377 | (612) | 61.9 | (428) |
| Homes | 342 | (542) | 61.3 | (394) |
| Other | 35 | (70) | 66.7 | (34) |
| Land | 1,966 | (4,334) | 68.8 | (2,380) |
| Developed land | 1,017 | (1,854) | 64.6 | (1,015) |
| Other | 949 | (2,480) | 72.3 | (1,365) |
| **Property acquired related to mortgage loans to homebuyers** | **1,474** | **(1,422)** | **49.1** | **(760)** |
| **Other** | **817** | **(878)** | **51.8** | **(551)** |
| **Total** | **7,259** | **(9,864)** | **57.6** | **(5,558)** |

*(1) Difference between the cancelled debt and the net carrying amount of the real estate asset, including the initial write-downs and charges to provisions subsequent to the real estate foreclosure.*

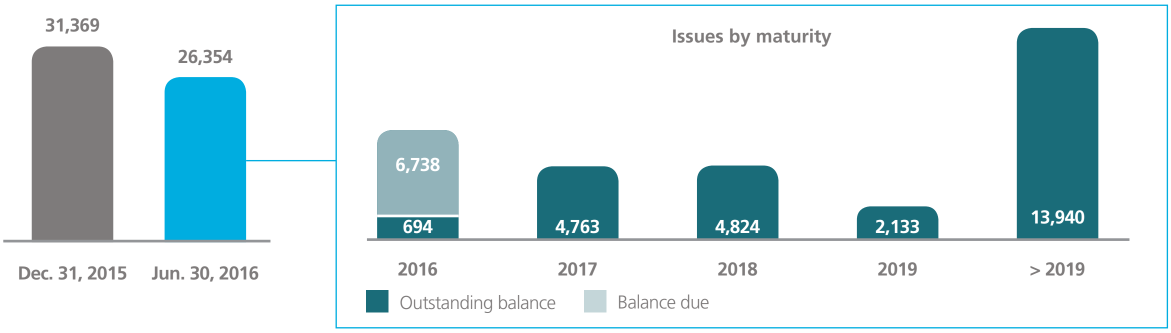
# Liquidity and financing structure




Liquid assets[2]
(€ million)




Financing structure




Institutional financing[3]
(€ million)

- **Liquid assets[2] stood at €58,322 million** at 30 June 2016. The change seen in 2016 was largely down to the positive performance of the loan-deposit gap, sound management of collateral under ECB facilities and the move not to renew institutional issues on maturity.
- **Additional lending secured under the ECB facility**. The TLTRO facility was repaid early in the second quarter of 2016 (€18,319 million), to be replaced by TLTRO II (€24,319 million), thus pushing forward the maturity date to 2020 and obtaining more favourable terms and conditions on the financing facility.
- The **loan-to-deposits ratio** added 1.3 percentage points to reach 104.8%, reflecting the solid structure of retail financing.
- **Institutional financing[2]** amounted to €26,354 million, with the change here impacted by:
  - Maturities totalling €6,738 million.
  - Issuance of mortgage covered bonds worth €1,500 million at seven years, with demand exceeding €2,500 million.
- Available capacity to issue mortgage and regional public sector covered bonds stands at €9,025 million.
- **Liquidity coverage ratio** (LCR) of 159% in the first half of 2016, well clear of the minimum requirement of 70% from 1 January 2016 onward.

*(1) As of 31 December 2015 and 30 June 2016, this includes €911 million and €1,257 million in assets to be contributed to the ECB facility. The assets were effectively delivered in January and July of 2016, respectively.*

*(2) Amendment to the definition of bank liquidity compared to previous quarters. In line with regulatory standards bank liquidity is now defined as the sum of the High Quality Liquid Assets (HQLAs) plus the unused ECB discount facility not already included in HQLAs.*

*(3) See reconciliation with the public financial statements in the Appendices - Glossary.*

*Performance of the LTD ratio*

| € million | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | Jun. 30, 2016 |
|---|---|---|---|---|---|
| **Loans and advances, net** | **195,139** | **193,140** | **192,213** | **192,602** | **195,817** |
| Loans and advances gross | 211,559 | 209,005 | 206,437 | 206,158 | 208,486 |
| Allowance for impairment losses | (10,419) | (10,109) | (9,163) | (8,697) | (8,200) |
| Brokered loans[1] | (6,001) | (5,756) | (5,061) | (4,859) | (4,469) |
| **Customer funds** | **179,756** | **176,422** | **181,118** | **180,463** | **186,875** |
| Demand deposits | 109,580 | 111,367 | 116,841 | 116,976 | 126,652 |
| Time deposits | 66,833 | 61,712 | 60,936 | 60,147 | 56,883 |
| Subordinated liabilities (retail) | 3,343 | 3,343 | 3,341 | 3,340 | 3,340 |
| **Loan to Deposits** | **108.6%** | **109.5%** | **106.1%** | **106.7%** | **104.8%** |

*(1) Loans financed with funds from public institutions (Instituto Oficial de Crédito and the European Investment Bank).*

## Collateralisation of mortgage covered bonds

| € million | | Jun. 30, 2016 |
|---|---|---|
| Mortgage covered bonds issued | a | 43,669 |
| Loans and credits (collateral for mortgage covered bonds) | b | 106,113 |
| **Collateralization** | **b/a** | **243%** |
| **Overcollateralization** | **b/a -1** | **143%** |
| **Mortgage covered bond issuance capacity[2]** | | **7,471** |

*(2) The CaixaBank Group is also able to issue public-sector covered bonds worth €1,554 million. Issue capacity based on the public sector portfolio, with a 70% limit.*

# Capital management

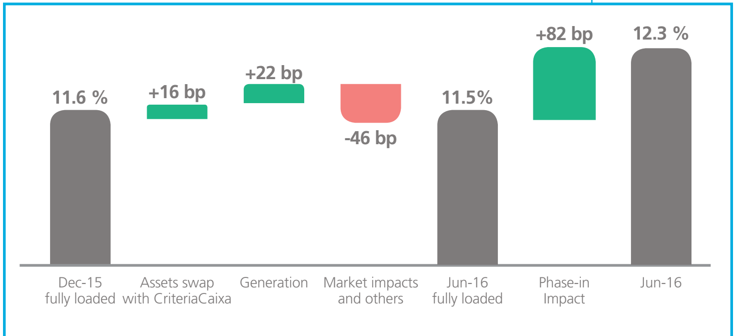
- At 30 June 2016, CaixaBank had a **fully-loaded Common Equity Tier 1 ratio (CET1) of 11.5%**, up 16 basis points as a result of the asset swap agreement with CriteriaCaixa and the generation of 22 basis points of fully loaded CET1 capital. Furthermore the market performance and other factors have implied a 46 basis points negative impact.

  Fully-loaded total capital of 14.7%, while the leverage ratio ended up at 4.9%.

- According to the criteria in force in 2016 for the phased-in implementation, regulatory capital and leverage are: **12.3% CET1 and 15.5% total capital, with a leverage ratio of 5.3%**.

- **Regulatory risk-weighted assets (RWA) amounted to €135,787 million**, down €3,992 million in the quarter mainly as a result of the asset swap arranged with CriteriaCaixa.

- The European Central Bank (ECB) and the national supervisor require CaixaBank to maintain a regulatory CET1 ratio of 9.3125% at 30 June 2016 (including the phased in implementation of the capital conservation and systemic risk buffers), which increases to 9.5% in a fully loaded perspective. In view of the current CET1 ratio, this requirement is comfortably met, meaning CaixaBank would not be subject to any of the possible restrictions imposed by capital adequacy regulations in relation to dividend distributions, variable remuneration and interest to holders of additional Tier 1 capital instruments.



**CET 1 change**

- CaixaBank is also subject to minimum capital requirements on a non-consolidated basis. CaixaBank's regulatory CET1 ratio under this perimeter is currently 12.3%.

***Fully-loaded Common Equity Tier 1 (CET1) ratio of 11.5%***

## Key performance and key indicators

| € million | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 BIS III (Regulatory) | Mar. 31, 2016 | Jun. 30, 2016 |
|---|---|---|---|---|---|
| CET1 Instruments | 24,434 | 24,192 | 23,984 | 23,696 | 21,230 |
| Shareholders' equity | 23,977 | 24,158 | 23,688 | *23,969* | *21,938* |
| Capital | 5,768 | 5,824 | 5,824 | *5,910* | *5,910* |
| Profit attributable to the Group | 708 | 996 | 814 | *273* | *638* |
| Reserves and other | 17,501 | 17,338 | 17,050 | *17,786* | *15,390* |
| Other CET1 Instruments[1] | 457 | 34 | 296 | *(273)* | *(708)* |
| Deductions from CET1 | (5,576) | (5,504) | (5,499) | (5,821) | (4,560) |
| **CET1** | **18,858** | **18,688** | **18,485** | **17,875** | **16,670** |
| **TIER 1** | **18,858** | **18,688** | **18,485** | **17,875** | **16,670** |
| T2 Instruments | 4,457 | 4,460 | 4,444 | 4,374 | 4,382 |
| T2 Deductions | (86) | (96) | (102) | (93) | |
| **TIER 2** | **4,371** | **4,364** | **4,342** | **4,281** | **4,382** |
| **TOTAL CAPITAL** | **23,229** | **23,052** | **22,827** | **22,156** | **21,052** |
| *Risk-weighted assets* | *147,634* | *146,291* | *143,312* | *139,779* | *135,787* |
| *CET1 Ratio* | *12.8%* | *12.8%* | *12.9%* | *12.8%* | *12.3%* |
| *Tier 1 Ratio* | *12.8%* | *12.8%* | *12.9%* | *12.8%* | *12.3%* |
| *Total Capital Ratio* | *15.7%* | *15.8%* | *15.9%* | *15.9%* | *15.5%* |
| *Leverage Ratio* | *5.7%* | *5.8%* | *5.7%* | *5.8%* | *5.3%* |

| € million | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 BIS III (fully loaded) | Mar. 31, 2016 | Jun. 30, 2016 |
|---|---|---|---|---|---|
| CET1 Instruments | 25,357 | 24,903 | 24,813 | 24,363 | 21,578 |
| Shareholders' equity | 23,977 | 24,158 | 23,688 | *23,969* | *21,938* |
| Capital | 5,768 | 5,824 | 5,824 | *5,910* | *5,910* |
| Profit attributable to the Group | 708 | 996 | 814 | *273* | *638* |
| Reserves and other | 17,501 | 17,338 | 17,050 | *17,786* | *15,390* |
| Other CET1 Instruments[1] | 1,380 | 745 | 1,125 | *394* | *(360)* |
| Deductions from CET1 | (8,699) | (8,371) | (8,233) | (8,311) | (6,070) |
| **CET1** | **16,658** | **16,532** | **16,580** | **16,052** | **15,508** |
| **TIER 1** | **16,658** | **16,532** | **16,580** | **16,052** | **15,508** |
| T2 Instruments | 4,457 | 4,460 | 4,444 | 4,374 | 4,382 |
| T2 Deductions | (1) | | (1) | | |
| **TIER 2** | **4,456** | **4,460** | **4,443** | **4,374** | **4,382** |
| **TOTAL CAPITAL** | **21,114** | **20,992** | **21,023** | **20,426** | **19,890** |
| *Risk-weighted assets* | *144,716* | *141,911* | *143,575* | *137,872* | *135,314* |
| *CET1 Ratio* | *11.5%* | *11.6%* | *11.6%* | *11.6%* | *11.5%* |
| *Tier 1 Ratio* | *11.5%* | *11.6%* | *11.6%* | *11.6%* | *11.5%* |
| *Total Capital Ratio* | *14.6%* | *14.8%* | *14.6%* | *14.8%* | *14.7%* |
| *Leverage Ratio* | *5.1%* | *5.2%* | *5.2%* | *5.3%* | *4.9%* |

*(1) Mainly includes valuation adjustments and minority interest*

# Segment reporting

For segment reporting purposes, CaixaBank's results are classified into three main businesses:

- **Banking and insurance:** includes all banking revenues (retail, corporate and institutional banking, cash management and market transactions); insurance activity and asset management; liquidity management and ALCO; and income from financing the other businesses.
- **Non-core real estate:** shows the results, net of financing costs, of non-core real estate assets, which include:
  - Non-core lending to real estate developers.
  - Foreclosed real estate assets (available for sale and rental) mainly owned by real estate subsidiary BuildingCenter.
  - Other real estate assets and holdings.
- **Equity investments**, which includes international banking stakes (Erste Group Bank and Banco BPI) as well as Repsol and Telefónica. It also includes significant stakes in other sectors incorporated as a result of the recent acquisitions by the Group.

The business includes dividend income and/or share of profits from investees accounted for using the equity method, net of financing costs.

Capital is assigned to the non-core real estate and equity investment businesses based on the **corporate target of maintaining a fully-loaded regulatory Common Equity Tier 1 (CET1) ratio of over 11%** and takes into account both capital consumption by risk-weighted assets at 11% and the applicable deductions.

The difference between the Group's total own funds and the capital assigned to these businesses is included in the banking and insurance business.

Operating expenses for each business segment include both direct and indirect costs, which are assigned according to internal criteria.

## CaixaBank Group income statement, by business segment

| € million | Banking & Insurance January-June 2016 | 2015 | % change | Non-core real estate January-June 2016 | 2015 | % change | Investments January-June 2016 | 2015 | % change |
|---|---|---|---|---|---|---|---|---|---|
| **Net interest income** | **2,162** | **2,417** | **(10.6)** | **(28)** | **(53)** | **(47.9)** | **(93)** | **(94)** | **(2.2)** |
| Dividends and share of profit/(loss) of entities accounted for using the equity method | 63 | 56 | 12.4 | 9 | 8 | 10.0 | 328 | 428 | (23.4) |
| Net fee and commission income | 1,010 | 1,074 | (5.9) | | 2 | | | | |
| Gains/(losses) on financial assets and liabilities and others | 593 | 647 | (8.1) | | | | | | |
| Income and expense arising from insurance or reinsurance contracts | 140 | 101 | 38,3 | | | | | | |
| Other operating income and expense | 9 | 103 | (91.7) | (144) | (125) | 15.3 | | | |
| **Gross income** | **3,977** | **4,398** | **(9.6)** | **(163)** | **(168)** | **(3.0)** | **235** | **334** | **(29.6)** |
| Recurring administrative expenses, depreciation and amortisation | (1,944) | (2,001) | (2,8) | (56) | (50) | 12.6 | (2) | (2) | |
| Extraordinary expense | | (541) | | | | | | | |
| **Pre-impairment income** | **2,033** | **1,856** | **9,5** | **(219)** | **(218)** | **0.5** | **233** | **332** | **(29.5)** |
| **Pre-impairment income excluding extraordinary expenses** | **2,033** | **2,397** | **(15.2)** | **(219)** | **(218)** | **0.5** | **233** | **332** | **(29.5)** |
| Impairment losses on financial assets and other provisions | (639) | (869) | (26,5) | (109) | (570) | (80.8) | (164) | | |
| Gains/(losses) on disposal of assets and others | 11 | 417 | (97.5) | (167) | (429) | (61.1) | (91) | 38 | |
| **Profit/(loss) before tax** | **1,405** | **1,404** | **0,1** | **(495)** | **(1,217)** | **(59.3)** | **(22)** | **370** | |
| Income tax expense | (455) | (243) | 86,1 | 140 | 367 | (61,9) | 72 | 28 | |
| **Profit/(loss) for the period** | **950** | **1,161** | **(18.3)** | **(355)** | **(850)** | **(58.2)** | **50** | **398** | **(87.2)** |
| Minority interest and others | 7 | 1 | | | | | | | |
| **Profit/(loss) attributable to the Group** | **943** | **1,160** | **(18.8)** | **(355)** | **(850)** | **(58.2)** | **50** | **398** | **(87.2)** |
| *Average equity* | *18,382* | *17,908* | *2.7* | *1,538* | *1,692* | *(9.1)* | *3,402* | *4,204* | *(19.1)* |
| *Total Assets* | *331,677* | *315,646* | *5.1* | *14,355* | *16,151* | *(11.1)* | *7,077* | *12,170* | *(41.9)* |
| *ROTE* | *10.1%* | *14.2%* | | | | | *2.0%* | *18.8%* | *(16.8)* |
| *Cost-to-income* | *52.4%* | *45.5%* | | | | | | | |
| *Non-performing loan ratio* | *5.8%* | *6.5%* | *(0,7)* | *82.5%* | *86.2%* | *(3.7)* | | | |
| *Non-performing coverage ratio* | *54%* | *54%* | | *48%* | *54%* | *(6.0)* | | | |

## 2016 quarterly business performance

| € million | Banking & insurance 1Q16 | 2Q16 | 1H16 | Non-core real estate activity 1Q16 | 2Q16 | 1H16 | Investments 1Q16 | 2Q16 | 1H16 |
|---|---|---|---|---|---|---|---|---|---|
| **Net interest income** | **1,082** | **1,080** | **2,162** | **(10)** | **(18)** | **(28)** | **(52)** | **(41)** | **(93)** |
| Dividends and share of profit/(loss) of entities accounted for using the equity method | 27 | 36 | 63 | 3 | 6 | 9 | 107 | 221 | 328 |
| Net fee and commission income | 488 | 522 | 1.010 | | | | | | |
| Gains/(losses) on financial assets and liabilities and others | 267 | 326 | 593 | | | | 1 | (1) | |
| Income and expense arising from insurance or reinsurance contracts | 64 | 76 | 140 | | | | | | |
| Other operating income and expense | 34 | (25) | 9 | (89) | (55) | (144) | | | |
| **Gross income** | **1,962** | **2,015** | **3,977** | **(96)** | **(67)** | **(163)** | **56** | **179** | **235** |
| Recurring administrative expenses, depreciation and amortisation | (975) | (969) | (1.944) | (27) | (29) | (56) | (1) | (1) | (2) |
| **Pre-impairment income** | **987** | **1,046** | **2,033** | **(123)** | **(96)** | **(219)** | **55** | **178** | **233** |
| Impairment losses on financial assets and other provisions | (224) | (415) | (639) | (22) | (87) | (109) | (164) | | (164) |
| Gains/(losses) on disposal of assets and others | | 11 | 11 | (53) | (114) | (167) | (80) | (11) | (91) |
| **Profit/(loss) before tax** | **763** | **642** | **1.405** | **(198)** | **(297)** | **(495)** | **(189)** | **167** | **(22)** |
| Income tax expense | (217) | (238) | (455) | 54 | 86 | 140 | 62 | 10 | 72 |
| **Profit/(loss) for the period** | **546** | **404** | **950** | **(144)** | **(211)** | **(355)** | **(127)** | **177** | **50** |
| Minority interest and others | 2 | 5 | 7 | | | | | | |
| **Profit/(loss) attributable to the Group** | **544** | **399** | **943** | **(144)** | **(211)** | **(355)** | **(127)** | **177** | **50** |

*Note: Cost-to-income, ROTE and cost of risk ratios are calculated on the basis of the last twelve months (excluding extraordinary expenses). In 2015, these ratios are shown on an annualised basis for the banking and insurance business as no comparable historical information is available.*
*The ratios for the Banking and insurance business in 2016 do not include the contribution paid to the National Resolution Fund in the fourth quarter of 2015 so as to avoid overlap with the contribution paid to the Single Resolution Fund in the second quarter of 2016. Furthermore the one-off impacts resulting from the acquisition and integration of Barclays Bank, SAU in 2015 (€602 million in negative goodwill; €-257 million in restructuring costs; and €-64 million in asset impairment due to obsolescence) and the labour agreement (€-284 million), are also excluded.*
*The Equity Investments business reflects the results of Grupo Financiero Inbursa and of The Bank of East Asia through to the time of the swap. See section on Significant Events.*

## Banking and insurance business

- **Profit of €943 million in the first half of 2016**, with a return of 10.1% (ROTE last twelve months).

  Here, the year-on-year change (-18.8%) was down to a number of one-off aspects in 2015 associated with the integration of Barclays Bank, SAU

- **Gross income totalled €3,977 million (-9.6%)**, up 2.7% quarter on quarter.
- **Recurring operating expenses were down 2.8% year on year** in response to the ongoing drive to contain costs. Extraordinary expenses totalling €541 million were reported in the first half of 2015 in relation to the integration of Barclays Bank, SAU and the labour agreement.
- **Pre-impairment income for the first six months was up 9.5%** year on year to reach €2,033 million (-15.2% stripping out extraordinary expenses), while in quarter-on-quarter terms it was up 6.0% in the second quarter.
- The cost-to-income ratio stripping out extraordinary expenses stands at 52.4%.
- **Drop in impairment losses on financial assets and others (-26.5%)**. The cost of risk continues to fall, ending June at 0.38%.

  The second quarter includes the recognition of the €-160 million provisioning in relation to the early retirement agreement.

- In 2015, Gains/(losses) on disposal of assets and other mainly included the negative goodwill (€602 million) generated from the acquisition of Barclays Bank, SAU.
- The NPL loan ratio was 5.8% while the coverage ratio came in at 54%.

## Non-core real estate business

- The **non-core real estate** business generated a negative impact of €355 million in the first half of 2016 (versus €850 million in losses in same period of 2015).
- **Net loans under management** amounted to €2,519 million, **down 13.3% in the year to date and 29.8% year on year**.
- **Foreclosed real estate assets available for sale** amounted to €7,122 million, net, **down 1.9% in the year**. Real estate assets held for rent totalled €3,062 million, net.
- Total properties rented or sold over the last twelve months amounts to **€1,858 million** with positive results on sales of property since the fourth quarter of 2015.

**Balance sheet - Non-core real estate business**

| € million | Jun. 30, 2016 | Dec. 31, 2015 | Jun. 30, 2015 |
|---|---|---|---|
| **Assets** | **14,355** | **15,317** | **16,151** |
| Loans to non-core real estate developers, net | 2,519 | 2,906 | 3,589 |
| Loans to non-core real estate developers, gross | 4,195 | 5,143 | 6,787 |
| Provisions | (1,676) | (2,237) | (3,198) |
| Foreclosed real estate assets available for sale | 7,122 | 7,259 | 7,009 |
| Rental portfolio | 3,062 | 2,966 | 3,062 |
| Other | 1,652 | 2,186 | 2,491 |
| **Liabilities** | **14,355** | **15,317** | **16,151** |
| Deposits and other liabilities | 425 | 638 | 795 |
| Intra-group financing | 12,333 | 13,144 | 13,730 |
| Assigned capital | 1,597 | 1,535 | 1,626 |

## Equity investments business

- **Attributable profit for the first half of 2016 amounted to €50 million.**
- The first quarter of 2016 was impacted by several one-off events, mainly the extraordinary write-downs made to a number of unlisted stakes and the negative impact stemming from the early repayment of the bond issue exchangeable for Repsol 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.
- Net profit for the second quarter amounted to **€177 million**, which includes the Telefónica dividend and also the impact of the asset swap agreement with CriteriaCaixa.

# The CaixaBank share

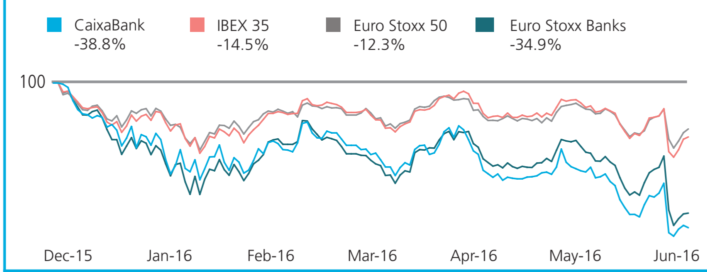
## *Share price performance*

- The main European Stock markets were all in negative territory at the close of the second quarter. Euro Stoxx 50 lost 4.7% while the IBEX 35 shed 6.4%, making June its worst month in four years. Stock market prices, particularly banking sector prices, retreated as news of the UK referendum results spread, showing a victory for the Brexit camp.

  The global economy is expected to emerge relatively unscathed from Brexit, although an initial period of market volatility appears inevitable. In response to the news, several central banks have announced that they are ready to step up their monetary stimulus measures if needed. Meanwhile, interest rates have fallen in the money and bond markets.

  In Spain, the political uncertainty surrounding the new parliamentary elections and the likelihood of forming a coalition government has fed through to the stock market.

- The CaixaBank share ended trading on 30 June 2016 at €1.967/share (-24.3% in the quarter), exceeding the drop experienced by the Euro Stoxx Banks index (-17.9%) and also more pronounced than the average for other Spanish banks[1] (-15.8%).




**CaixaBank shares versus the main Spanish and European indices in the first semester of 2016**

- Trading in the second quarter of 2016 was 68.4% up year on year and trading volume has been steadily growing as a result of the progressive increase in the free float and the greater weight of the CaixaBank share within the portfolio of institutional investors. Towards the end of the quarter, we witnessed especially high levels of trading in response to Brexit.

## *Shareholder returns*

- CaixaBank has paid shareholders a total of €0.16 per share in the last 12 months, split into quarterly payments; two of which were paid under the Scrip Dividend Programme, while the other two were paid in cash.
- A cash payout of €0.04 per share was made on 1 June 2016, corresponding to the fourth quarterly payment charged to profit for 2015.
- On 10 March 2016, the Board of Directors decided, that dividends for 2016 under its shareholder remuneration policy will be paid via three cash payments and one payment under the Scrip Dividend Programme, with shareholder remuneration to remain a quarterly event.

  CaixaBank reaffirmed its intention to remunerate its shareholders with cash distributions equal or superior to 50% of the net consolidated result, In line with the 2015-2018 Strategic Plan.

*(1) IBEX 35 Banks Index - Bloomberg.*

## Shareholder returns over the past 12 months

| Concept | €/share | Payment date[1] |
|---|---|---|
| Cash dividend, final dividend 2015 | 0.04 | Jun. 1, 2016 |
| Optonial Scrip Dividend[2] | 0.04 | Mar. 18, 2016 |
| Cash dividend, Interim 2015 | 0.04 | Dec. 24, 2015 |
| Optonial Scrip Dividend[3] | 0.04 | Sep. 25, 2015 |

*(1) Settlement date for rights sold to CaixaBank related to the Optional Scrip Dividend program.*
*(2) Listing date for bonus suscription rights: 1 March 2016.*
*(3) Listing date for bonus suscription rights: 8 September 2015.*

## Key performance indicators for the CaixaBank share

| | Jun. 30, 2016 |
|---|---|
| Market capitalization (€M) | 10,466 |
| Number of outstanding shares[1] | 5,320,966 |
| **Share price (€/share)** | |
| Share price at the beginning of the period (December 31, 2015) | 3,214 |
| Share price at closing of the period (June 30, 2016) | 1,967 |
| Maximum price[2] | 3,214 |
| Maximum price[2] | 1,894 |
| **Trading volume in the first half of 2016** (number of shares, excluding special transactions, in thousands) | |
| Maximum daily trading volume | 76,900 |
| Minimum daily trading volume | 5,145 |
| Average daily trading volume | 18,602 |
| **Stock market ratios** | |
| Net Profit (€M) (12 months) | 744 |
| Average number of shares (12 months)[1] | 5,860,878 |
| **Net income attributable per Share (EPS) (€/share)** | **0.13** |
| Equity (€M) | 22,161 |
| Number of shares at June 30, 2016[1] | 5,320,966 |
| **Book value per share (€/share)** | **4.16** |
| Tangible Equity (€M) | 18,108 |
| Number of shares at June 30, 2016[1] | 5,320,966 |
| **Tangible book value per share (€/share)** | **3.40** |
| **PER (Price/Profit)** | **15.49** |
| **TangibleP/BV (Market value/ tangible book value)** | **0.58** |
| **Dividend Yield[3]** | **8.1%** |

*(1) Number of shares, in thousands, excluding treasury shares. At 30 June 2016, CaixaBank has no convertible capital securities outstanding that could be converted into common shares.*
*(2) Share price at close of trading.*
*(3) Calculated by dividing the yield for the past 12 months (€0.16/share) by the closing price at the end of the period (€1.967/share).*

# Significant events in the first half of 2016

## *Voluntary tender offer for Banco BPI*

On 18 April 2016, CaixaBank announced that its Board of Directors has decided to launch a non-hostile takeover bid to acquire Banco BPI.

The offered price is 1.113€ per share in cash and is subject to the elimination of the voting cap in Banco BPI, obtaining more than 50% of Banco BPI's share capital and regulatory approvals. The tender offer price is in line with the volume-weighted average of Banco BPI's share price during the last six months.

Prior to this announcement, CaixaBank has held conversations with the ECB to keep it informed of the foregoing and has requested a suspension of any administrative proceedings against Banco BPI related to its large exposures limit situation with the purpose of allowing CaixaBank to find a solution for said situation should CaixaBank eventually take control of Banco BPI.

In response to this request, and as reported by CaixaBank on 22 June 2016, the Supervisory Board of the European Central Bank (ECB) granted CaixaBank four months in which to resolve BPI's large exposure breach. This four-month period would start following completion of the acquisition of BPI by CaixaBank, but on the understanding that this will take place before the end of October 2016.

The Supervisory Board of the ECB has also decided to suspend the sanctioning proceedings currently being pursued against BPI due to the major exposure breach committed prior to 2015.

CaixaBank has been informed that these decisions have been reached by the Supervisory Board of the ECB strictly within the context of the announced takeover bid and are conditional on CaixaBank eventually assuming control of BPI.

## *Swap agreement with CriteriaCaixa to exchange the stakes held in The Bank of East Asia and Grupo Financiero Inbursa for treasury shares and cash*

On 3 December 2015, the Board of Trustees of the "la Caixa" Banking Foundation and the boards of directors of both CaixaBank and CriteriaCaixa, S.A.U. (Criteria or CriteriaCaixa) signed a swap agreement whereby CaixaBank undertook to transfer to CriteriaCaixa its stake in The Bank of East Asia and in Grupo Financiero Inbursa in exchange for a mix of treasury shares and cash.

On 30 May 2016, the asset swap arrangement was successfully completed, having previously secured all the necessary administrative authorisations and complied with the terms of the swap agreement signed on that date (the Swap Agreement).

Under the terms of the Swap Agreement, CaixaBank has now transferred to Criteria its stake in The Bank of East Asia, Limited (BEA), representing approximately 17.3% of its share capital, and its stake in Grupo Financiero Inbursa, S.A.B. de C.V. (GFI), representing approximately 9.01% of the company's capital. Meanwhile, Criteria has transferred to CaixaBank a number of CaixaBank treasury shares representing approximately 9.89% of its share capital, plus a cash amount of €678 million.

As a result of the transfers set out in the Swap Agreement, the agreements relating to BEA and GFI have been amended in order for Criteria to occupy CaixaBank's position as new shareholder. CaixaBank will remain banking partner to both banks to continue cooperating with them in commercial activities. When making strategic investments in banks that operate on the American continent and in the Asia-Pacific, CaixaBank will continue to honour its commitment to make such investments through GFI and BEA respectively, unless, in the case of GFI, it decides not to take part in the investment.

The transfers included in the swap agreement had a net negative impact of €14 million on CaixaBank's consolidated result at the reporting close, and an impact on the Tier 1 regulatory capital (CET1) ratio of approximately -0.3% (phase-in) and +0.2% (fully loaded).

The swap will allow CaixaBank to accomplish the objective set out in the 2015-2018 Strategic Plan, which calls for a one-third reduction in the weight of the capital charge of the investee portfolio to bring it below 10% before the end of 2016. Following the deal, the weight of the capital charge on minority holdings has fallen to below 8%.

At CaixaBank's Annual General Meeting on 28 April 2016, shareholders approved the Board of Directors' motion to reduce share capital by €584,811,827 by redeeming 584,811,827 treasury shares, equivalent to the number of CaixaBank shares that were to be subsequently acquired from CriteriaCaixa under the swap agreement discussed previously (9.9%). At the CaixaBank Annual General Meeting, shareholders also authorised the Board of Directors to set the date for carrying out this share capital reduction within a maximum of six months from the acquisition date of the treasury shares under the swap agreement. CaixaBank's shareholders also voted at the Annual General Meeting to authorise the Board of Directors to abandon the capital reduction should corporate interests or new developments make the transaction inadvisable, regardless of whether the necessary clearance to complete the reduction is granted.

At 30 June 2016, CriteriaCaixa was the main shareholder of CaixaBank with a holding amounting to 46.91% and an equal amount of voting rights (56.7% stake at 31 December 2015 with voting rights of 56.17%).

## *Intended prudential deconsolidation of CaixaBank from CriteriaCaixa*

On 26 May 2016, CriteriaCaixa announced through a significant event filing, with the following key aspects, that the European Central Bank (ECB) has responded to its request for information, indicating the threshold below which it would consider that CriteriaCaixa no longer exerts control over CaixaBank for prudential purposes.

For CriteriaCaixa, the relevant deconsolidation conditions established by the ECB that the market should rely on are, among others, that CriteriaCaixa's voting and economic rights in CaixaBank no longer exceed 40% of total rights; that CriteriaCaixa's proprietary board members at CaixaBank no longer exceed 40% of the total number of board members, plus a number of other corporate governance considerations; and lastly that CaixaBank will no longer be permitted to grant loans or financing to CriteriaCaixa and/ or "la Caixa" Banking Foundation once twelve months have elapsed from the desconsolidation date.

If the requirements announced by the ECB are met, it will duly confirm that control over CaixaBank has been relinquished and in the absence of other controlling stakes in other banks, Criteria will cease to be a mixed financial holding company for the purposes of Regulation (EU) No 575/2013, and consequently, CriteriaCaixa consolidated group will no longer be required to comply with the capital requirements set out in the above mentioned regulation.

The Board of Trustees of the "la Caixa" Banking Foundation and the Board of Directors of CriteriaCaixa have agreed to put on record their desire to honour the above conditions so as to bring about the prudential deconsolidation of CriteriaCaixa from the CaixaBank Group before the end of 2017.

## Changes in the Board of Directors

On 30 June, CaixaBank publicly announced through a significant event filing (as outlined below) that its Board of Directors had agreed to accept the resignations tendered by Isidro Fainé Casas, Juan José López Burniol and María Dolors Llobet María as board members, the first two so as to prevent a conflict of interest from arising since we have now reached the end of the term stipulated in Transitional Provision Two of Law 26/2013, on savings banks and banking foundations, and Ms. Llobet because she has already served as board member for six years and is therefore nearing the end of her term of office. The aim here is to ensure a greater number of independent directors within the context of the deconsolidation process currently ongoing with CriteriaCaixa.

The decision was reached to appoint Jordi Gual Solé and José Serna Masiá as proprietary directors, following a favourable report from the Appointments Committee and subject also to a suitability assessment to be conducted by the European Central Bank. It was also agreed to appoint Koro Usarraga Unsain as independent director, again upon receiving a favourable report from the Appointments Committee and only after she has undergone a suitability assessment.

The decision was also reached to appoint Jordi Gual Solé as non-executive chairman of the Board of Directors, on the proposal of the Appointments Committee and subject to him effectively becoming a board member and passing the suitability assessment for the role of chairman to be conducted by the European Central Bank. Once this position becomes effective, he will also sit on the Executive Committee of the CaixaBank's Board of Directors.

CaixaBank then announced that on 7 July José Serna Masiá had accepted his appointment as proprietary director previously made on 30 June, after obtaining confirmation from the European Central Bank as to his suitability for the directorship.

## Full early redemption of the bond issue exchangeable for Repsol shares

On 28 January 2016, CaixaBank's Board of Directors resolved to fully call the bond issue exchangeable for Repsol shares titled "Unsecured Mandatory Exchangeable Bonds due 2016" (the "Exchangeable Bonds").

The Exchangeable Bonds were redeemed by delivering the underlying Repsol shares to bondholders. The redemption date of the Exchangeable Bonds was 3 March 2016, while the underlying shares were delivered on 10 March. Approximately 5,479.45 Repsol shares were delivered for each Exchangeable Bond, plus a cash sum of €1,340.16 as interest accrued and a further cash sum of €3,048.90 to cover unpaid coupons, all in accordance with the terms and conditions of the Exchangeable Bonds.

Accordingly, and after deducting the exchangeable bonds held by the Bank itself, CaixaBank delivered a total of 29,824,636 shares representing 2.069% of Repsol's share capital and paid out a total cash sum of €23,889,653.58.

# Appendices

## Investment portfolio

| Main investees (associates and available for sale) at 30 June 2016 | |
|---|---|
| Telefónica | 5.01% |
| Repsol | 10.21% |
| Banco BPI[1] | 45.16% |
| Erste Group Bank[2] | 9.92% |
| SegurCaixa Adeslas | 49.92% |
| Comercia Global Payments | 49.00% |
| ServiHabitat Servicios Inmobiliarios | 49.00% |
| Sareb | 12.24% |

*(1) The consolidated carrying amount (equity attributable to the CaixaBank Group, net of write-downs) amounts to €927 million (€1.41/share).*
*(2) The consolidated carrying amount (equity attributable to the CaixaBank Group, net of write-downs) amounts to €1,229 million (€28.82/share).*

## Ratings

| Agency | Long-Term | Short-Term | Outlook | Last review date | Rating of covered bonds program |
|---|---|---|---|---|---|
| Standard&Poor's | BBB | A-2 | Stable | 22 April 2016 | A+ |
| Fitch | BBB | F2 | Positive | 23 April 2016 | |
| Moody's | Baa2 | P-2 | Negative | 20 April 2016 | Aa2 |
| DBRS | A (low) | R-1 (low) | Stable | 13 April 2016 | AA (High) |

# Glossary

*In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRS), 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 IFRS. 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[1]

**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 for the period (quarterly).
> **Cost of 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.** The difference between the return on assets and the cost of liabilities (in %).

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

**Cost-to-income ratio.** Administrative expenses and depreciation divided by gross income (last 12 months).

**ROE (Return on equity).** Profit attributable to the Group divided by average equity (last 12 months).

**ROTE (Return on tangible equity).** Profit attributable to the Group divided by average equity less, where applicable, intangible assets using management criteria (last 12 months).

> The value of **intangible assets using management criteria** is obtained by adding intangible assets in the public balance sheet to the intangible assets and goodwill related to investees less impairment allowances, recognised under investments in joint ventures and associates in the public balance sheet.

**ROA (Return on assets).** Profit attributable to the Group divided by average assets (last 12 months).

**RORWA (Return on risk-weighted assets).** Net profit divided by regulatory risk-weighted assets (last 12 months).

**Cost of risk.** Total insolvency allowances recognised in the last twelve months divided by total loans and advances to customers, gross, plus contingent liabilities at the period-end.

**Non-performing loan ratio.** Non-performing loans, gross under Loans and advances to customers on the public balance sheet and contingent liabilities divided by total loans and advances to customers, gross, and contingent liabilities.

**Coverage ratio.** Total impairment allowances on Loans and advances to customers and provisions for contingent liabilities divided by non-performing loans under Loans and advances to customers and non-performing contingent liabilities.

**Loan to deposits.** Net loans and advances to customers less brokered loans (funded by Instituto de Crédito Oficial and the European Investment Bank) divided by customer funds on the balance sheet.

*(1) The cost-to-income and profit ratios for 2Q16 do not include the contribution to the National Resolution Fund for 4Q15 (€93 million) so as to avoid overlap with the 2Q16 contribution to the SRF (€74 million).*

## Reconciliation of management indicators with public financial statements

### *Income statement*

**Net fee and commission income.** Includes the following line items:
- Fee and commission income.
- Fee and commission expenses.

**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 differences, gains/(losses), net.

**Operating expenses.** Includes the following line items:
- Administrative expenses.
- Depreciation and amortisation.

**Pre-impairment income.**
- (+) Gross income.
- (-) Administrative expenses.
- (-) Depreciation and amortisation.

**Impairment losses on financial and other provisions.** Includes the following line items:
- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss.
- Provisions/(reversal) of provisions.

*Insolvency allowances.*
- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss - loans and receivables.
- Provisions/(reversal) of provisions - Provisions for contingent liabilities.

*Other allowances*.
- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding Loans and receivables.
- Provisions/(reversal) of provisions, excluding provisions for contingent liabilities.

**Gains/(losses) on derecognition of assets and other.** Includes the following line items:
- Impairment/(reversal of impairment) of investments in joint ventures and 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 attributable to minority interest and others.** Includes the following line items:
- Profit/(loss) before tax from discontinued operations
- Profit/(loss) for the period attributable to minority interest (non-controlling).

### *Activity indicators*

**Loans and advances to customers, gross**

| **June 2016**<br>**€ million** | |
|---|---|
| **Loans and Advances to customers (Public Balance Sheet)** | **207,618** |
| NPL provisions | (8,200) |
| Other, non-retail, financial assets (asset under the asset protection scheme and others) | 746 |
| Revers repurchase agreement (public and private sector) | 6,586 |
| **Loans and advances to customers, gross** | **208,486** |

**Liabilities under insurance contracts**

| **June 2016**<br>**€ million** | |
|---|---|
| **Liabilites araising from insurance contracts (Public Balance Sheet)** | **45,763** |
| Capital gains/(losses) on insurance assets available for sale | (11,295) |
| Unit-links[1] | 2,851 |
| **Liabilites araising from insurance contracts, under management criteria** | **37,319** |

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

### Customer funds

| June 2016<br>€ million | |
|---|---|
| **Financial liabilities at amortised cost (Public Balance)** | **258,839** |
| **Non-retail financial liabilities** | **(71,128)** |
| Deposits from central banks | (27,099) |
| Deposits from credit institutions | (9,124) |
| Other financial liabilities | (3,702) |
| Institutional issues[1] | (28,287) |
| Counterparties and other | (2,916) |
| **Liabilities under insurance contracts, under management criteria** | **37,319** |
| **Total on-balance sheet customer funds** | **225,030** |
| Assets under management (mutual funds, managed accounts, SICAVs and pension plans) | 73,708 |
| Other accounts[2] | 5,727 |
| **Off-balance sheet funds** | **79,435** |
| **Total customer funds** | **304,465** |

*(1) Recognised for accounting purposes at 30/06/2016 under: Debt securities issued (23,790) and Customer deposits (4,497).*
*(2) Includes, among others, funds associated with the agreements to distribute insurance products from Barclays Bank, SAU and a subordinated debt issue of "la Caixa" (currently at CriteriaCaixa).*

### Institutional issues for banking liquidity purposes

| June 2016<br>€ million | |
|---|---|
| **Debt securities issued (Public Balance Sheet)** | **27,966** |
| Securitized bonds | (2,516) |
| Value adjustments | (121) |
| Retail | (3,981) |
| Issues acquired by companies within the Group | 279 |
| **Customer deposits (Public Balance Sheet)[3]** | **4,507** |
| **Deposits from credit institutions (Public Balance Sheet) - Mortgage covered bonds (BEI)** | **220** |
| **Institutional financing for the purpose of managing bank liquidity** | **26,354** |

*(3) €4,429 million in multi-issuer covered bonds and €78 million in subordinated deposits.*

## Market indicators

**EPS (Earnings per share).** Profit attributable to the Group of the last 12 months divided by the average number of fully diluted shares outstanding.

The **average number of fully diluted shares outstanding** is calculated as the average number of shares issued less the average number of treasury shares held plus the average number of shares that would be issued on the hypothetical conversion/exchange of convertible/exchangeable debt instruments issued.

**Market capitalisation.** The 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 divided by the number of fully diluted shares outstanding at a specific date.

**TBVA (tangible book value).** Equity less intangible assets dividend by the number of fully diluted shares outstanding at a specific date.

**P/E (Price-to-earnings ratio).** Share price dividend 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 12 months divided by the period-end share price.

# Disclaimer

This document is intended exclusively for information purposes and does not aim to provide financial advice or constitute an offer to sell, exchange, or acquire, or an invitation to acquire any type of financial service or product.

This document may contain statements relating to projections or estimates in respect of future business or returns. In no event should this information be construed as a guarantee of future results.

This document features data supplied by third parties generally considered to be reliable information sources. However, the accuracy of the data has not been verified. This document contains estimates at the date of preparation that refer to a number of issues affecting CaixaBank (the Company). Specifically, the financial information regarding investees has been prepared primarily on the basis of estimates made by the Company. None of the directors, officers or employees of CaixaBank are obliged, either explicitly or implicitly, to ensure that these contents are accurate or complete, or to keep them updated or correct them in the event any deficiencies, errors or omissions are detected. Moreover, in reproducing these contents via any medium, CaixaBank may introduce any changes it deems suitable and may partially or completely omit any portions of this document it chooses. CaixaBank assumes no liability for any discrepancies with this version. The contents of this disclaimer should be taken into account by any persons or entities that may have to take decisions or prepare or share opinions relating to securities issued by CaixaBank, including, in particular, decisions reached by the analysts and investors that rely on this document. All such parties are urged to consult the public documentation and information CaixaBank submits to the Spanish securities market regulator (Comisión Nacional del Mercado de Valores, CNMV). Be advised that this document contains unaudited financial information.

This document has not been approved by or filed with the Spanish National Securities Market Regulator (Comisión Nacional del Mercado de Valores, or CNMV). In any event, its contents are regulated by the Spanish law applicable at time of writing. This report is not addressed to any person or legal entity located in any other jurisdiction. Consequently, it may not necessarily comply with the prevailing standards or legal requisites of other jurisdictions.

Without prejudice to applicable legal requirements or to any other limitations imposed by the CaixaBank Group, permission to use the contents of this document or the signs, trademarks and logos it contains is expressly denied. This prohibition extends to any reproduction, distribution, transmission to third parties, public communication or conversion, in any medium, for commercial purposes, without the prior express consent of the respective proprietary title holders. Failure to observe this prohibition may constitute a legal infraction sanctionable under prevailing legislation.

CaixaBank

Institutional Investors & Analysts

investors@caixabank.com
+34 93 411 75 03

Best Bank for CSR
in Western Europe

Best Bank
in Spain 2016