Business Activity and Results

January - September 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 third quarter 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 (APMs) 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

29.5%
market penetration among individual customers

25.7%
market penetration as main bank among individual customers

342,863
total assets (€ million)

299,673
customer funds (€ million)

205,100
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
14.8%	15.8%	25.8%	22.9%	22.6%	23.5%	18.1%	17.2%

Omnichannel platform

5,089
branches

9,476
ATMs

5.1
online banking customers (million)

3.1
mobile banking customers (million)

Solid balance sheet indicators

LIQUIDITY

52,553
High quality liquid assets (€ million)

174%
Liquidity Coverage Ratio

CAPITAL ADEQUACY

12.6%
fully loaded CET1

13.4%
regulatory CET1

RISK MANAGEMENT

-3,952
(€ million) of NPLs in the last twelve months

7.1%
NPL ratio

52%
coverage ratio (NPL coverage)

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

Profitability and efficiency

+1,374
banking and insurance business

970
profit attributable to the Group (€ million)

+113
investees

-517
non-core RE activity

53.3%
cost-to-income ratio, stripping out extraordinary expenses

4.6%
ROTE

11.0%
of which banking and insurance business

Key figures

€ million	January - September 2016	2015	Annual Change	3Q16	Quarterly Change
INCOME STATEMENT HEADINGS					
Net interest income	3,080	3,308	(6.9%)	1,039	1.8%
Fees and commissions	1,546	1,600	(3.4%)	536	2.7%
Gross income	5,939	6,356	(6.6%)	1,890	(11.2%)
Recurring expenses	(2,997)	(3,066)	(2.2%)	(995)	(0.4%)
Pre-impairment income stripping out extraordinary expenses	2,942	3,290	(10.6%)	895	(20.7%)
Pre-impairment income	2,821	2,747	2.7%	774	(31.4%)
Profit/(loss) before tax	1,314	905	45.2%	426	(16.8%)
Profit/(loss) attributable to the Group	970	996	(2.6%)	332	(9.1%)

€ million	September 2016	June 2016	December 2015	Quarterly Change	Annual Change
BALANCE SHEET					
Total assets	342,863	353,109	344,255	(2.9%)	(0.4%)
Equity	23,555	22,161	25,205	6.3%	(6.5%)
Customer funds	299,673	304,465	296,599	(1.6%)	1.0%
Loans and advances to customers, gross	205,100	208,486	206,437	(1.6%)	(0.6%)
EFFICIENCY AND PROFITABILITY (last 12 months)[1]					
Cost-to-income ratio	54.9%	54.2%	58.9%	0.7	(4.0)
Cost-to-income ratio stripping out extraordinary expenses	53.3%	54.2%	51.9%	(0.9)	1.4
ROE	3.7%	3.4%	3.4%	0.3	0.3
ROTE	4.6%	4.3%	4.3%	0.3	0.3
ROA	0.3%	0.2%	0.2%	0.1	0.1
RORWA	0.6%	0.6%	0.6%	0.0	0.0
RISK MANAGEMENT					
Non-performing loans (NPL)	15,199	16,097	17,100	(898)	(1,901)
Non-performing loan ratio	7.1%	7.3%	7.9%	(0.2)	(0.8)
Non-performing loan ratio stripping out real estate developers	6.0%	6.0%	6.2%	0.0	(0.2)
Cost of risk	0.4%	0.4%	0.7%	0.0	(0.3)
Provisions for non-performing loans	7,934	8,489	9,512	(555)	(1,578)
NPL coverage ratio	52%	53%	56%	(1)	(4)
Net foreclosed available for sale real estate assets	7,071	7,122	7,259	(51)	(188)
Foreclosed available for sale real estate assets coverage ratio	58%	58%	58%	0	0
LIQUIDITY					
High Quality Liquid assets	52,553	58,322	62,707	(5,769)	(10,154)
Loan to deposits	109.3%	104.8%	106.1%	4.5	3.2
Liquidity Coverage Ratio	174%	159%	172%	15	2
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	13.4%	12.3%	12.9%	1.1	0.5
Total Capital	16.6%	15.5%	15.9%	1.1	0.7
Risk-weighted assets (RWAs)	135,922	135,787	143,312	135	(7,390)
Leverage ratio	6.0%	5.3%	5.7%	0.7	0.3
Fully loaded Common Equity Tier 1 (CET1)	12.6%	11.5%	11.6%	1.1	1.0
SHARE INFORMATION					
Share price (€/share)	2.249	1.967	3.214	0.282	(0.965)
Market capitalisation	13,283	10,466	18,702	2,817	(5,419)
Book value per share (€/share)	3.98	4.16	4.33	(0.18)	(0.35)
Tangible book value per share (€/share)	3.30	3.40	3.47	(0.10)	(0.17)
Number of outstanding shares excluding treasury stock (millions)	5,906	5,321	5.819	585	87
Net income attributable per share (€/share) (12 months)	0.14	0.13	0.14	0.01	0.00
Average number of shares excluding treasury stock (millions) (12 months)	5,771	5,861	5,820	(90)	(49)
PER (Price/ Profit)	16.46	15.49	22.97	0.97	(6.51)
Tangible PBV (Market value/ book value of tangible assets)	0.68	0.58	0.93	0.10	(0.25)
BANKING BUSINESS AND RESOURCES (Units)					
Customers (millions)	13.8	13.8	13.8	0.0	0.0
CaixaBank Group Employees	32,315	32,142	32,242	173	73
Branches in Spain	5,089	5,131	5,211	(42)	(122)
ATMs	9,476	9,517	9,631	(41)	(155)

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

Key Group information
for the first nine months of 2016

Our Bank

Leadership

- CaixaBank **has cemented its leadership** by successfully increasing its penetration[1] of the retail market over the last twelve months: 29.5% of retail customers (+1.2pp) now receive one or more services from our bank, while 25.7% (+1.7pp) choose CaixaBank as their main bank.
- **Commercial strength with high market shares[2] across all the main retail products and services.**
  - CaixaBank has market shares of 15.8% and 14.8% for lending and customer deposits, respectively.
  - **Sustained growth in the payroll deposits market share**, a key indicator of customer loyalty, to reach 25.8% (+93bp year to date).
  - CaixaBank's share of the investment fund market stands at 18.1%, 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** (+87bp to 23.5%) and **pension plans** (+111bp to 22.6%).

CaixaBank is the main bank for one out of every four retail customers in Spain

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 omnichannel approach

- The Banker award for the **world's best financial institution when it comes to innovation strategy and world's best technology project following the launch of imaginBank in 2016**.
- Leading national and international entity in **online banking market penetration[1] (32.4%)**, with 5.1 million customers[3].
- Awarded first prize by Forrester Research at its **2016 European Mobile Banking Functionality Benchmark** and also handed the award for **Best Mobile Banking** at the Retail Banker International Awards. With 3.1 million customers, this channel has experienced year-to-date growth of 16%.
- Market leader with 15.5 million cards in circulation (22.9% market share[2] in card turnover).
- Most extensive network of branches (5,089) and ATMs (9,476).

(1) Market penetration. Source: FRS Inmark. Online market penetration according to comScore MMX.

(2) Latest information available. 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 information available.

Sustainable and socially responsible banking model

- CaixaBank has **consolidated its position as one of the world's most responsible banks**:
  - **The Bank continues to climb up the Dow Jones Sustainability Index** and has obtained a perfect score in key areas such as financial stability, information security, anti-money laundering and climate change strategy.
  - Named **Best Responsible Bank by Euromoney** for its commitment to the socio-economic development of both people and the regions where it is present.
- **Presence on the following sustainability indices:** Dow Jones Sustainability Index (DJSI), FTSE4Good, Ethibel Sustainability Index (ESI) Excellence Europe, MSCI Global Sustainability Indexes and Advanced Sustainable Performance Indexes (ASPI).
- As part of its **responsible bank strategy**, CaixaBank is firmly committed to financial inclusion, granting microcredits and promoting its Social Housing Programme.

Business activity

Total assets amounting to €342,863 million

- **Growth of 1.0% in customer funds** in the year to date to reach €299,673 million.
- **Loans and advances to customers, gross,** stood at €205,100 million (-0.6% in 2016). **The performing loan portfolio was up 0.3%.**

Results

Profit/(loss) before tax up by 45.2%

- **Attributable profit** for the first nine months of 2016 **amounted to €970 million**, down 2.6% on the same period of 2015, which included a number of one-off impacts associated with the integration of Barclays Bank, SAU and other factors.
- **Gross income stood at €5,939 million (-6.6%)**. Performance here was influenced by the prevailing climate of rock-bottom interest rates, lower income on the equity investment portfolio, market volatility and a number of one-off impacts, as well as high income generation on insurance contracts.
- **Recurring administrative expenses, depreciation and amortisation was down 2.2%** on the back of efforts to streamline and pare back costs.
- **Extraordinary costs** of €121 million reported in connection with the labour agreement signed in the third quarter of 2016. A total of €543 million in costs associated with the integration of Barclays Bank, SAU and the labour agreement was recognised in 2015.
- **Growth of 2.7% in Pre-impairment income to reach €2,821 million** (-10.6% stripping out extraordinary expenses).
- Significant reduction (-33.3%) in impairment losses on financial assets and other provisions following the drop in loan loss provisions. **Ongoing reduction in the cost of risk to 0.42%** (-40bp in the last twelve months).
- Gains/(losses) on disposal of assets and others primarily comprises the proceeds on asset sales and write-downs mainly relating to the real estate portfolio. In 2015, this heading also included one-off impacts associated with the acquisition of Barclays Bank, SAU.
- **Profit from the banking and insurance business amounted to €1,374 million**, excluding the non-core real estate and equity investment businesses

Balance sheet strength

Risk management

Financial robustness and improving asset quality indicators

- **Sustained reduction in non-performing loans** (down €3,952 million in the past twelve months) and **improvements in the non-performing loan (NPL) ratio** to 7.1% (6.0% stripping out the real estate developer segment), both showing the improving quality of the loan portfolio.

  NPL portfolio coverage ratio of 52% (€7,934 million in provisions).

- **Net foreclosed assets available for sale fell** for the third straight quarter to reach €7,071 million. The portfolio coverage ratio[1] was 58.1%.

  Reduction in the inflow of new foreclosed properties and consistently high sales and rentals at €1,863 million (rentals and sales in the last twelve months), obtaining positive proceeds on sales since the fourth quarter of 2015.

  Net foreclosed assets held for rent amounted to €3,122 million, with an occupancy ratio of 92%.

Liquidity

- **High quality liquid assets totalled €52,553 million**.
- Robust retail lending structure, with a **loan to deposits ratio of 109.3%**.
- **Liquidity Coverage Ratio of 174%**, well clear of the minimum requirement of 70% from 1 January 2016 onward.

Capital management

- The **fully-loaded Common Equity Tier 1 (CET1) ratio was 12.6%**, up 98 basis points following the private placement of treasury shares made among qualified investors with the aim of strengthening capital adequacy within the context of the takeover bid to acquire BPI[2]. On 21 September 2016 the **extraordinary General Shareholders' Meeting of BPI agreed to lift the cap on the number of votes that any one shareholder can cast**.

  The Portuguese Comissão do Mercado de Valores Mobiliários (stock market commission) decided to end the exemption previously granted to CaixaBank in 2012 (temporarily releasing it from its obligation to launch a mandatory bid for the shares in BPI), thus requiring CaixaBank to **launch the takeover bid for BPI, with the Bank duly obliging at a new price of €1.134/share** (weighted average price for the previous six months). The tender offer is still subject to clearance from the various supervisory bodies.

  In order to improve CaixaBank's regulatory capital ratio within the context of the takeover bid, and in view of the capital objective defined in the current Strategic Plan (fully-loaded Common Equity Tier 1 CET1 capital of 11-12%), **the Bank proceeded to sell the above mentioned treasury shares worth €1,322 million and equivalent to 9.9% of share capital through a private placement among qualified investors (+98 bp of capital)[2]**.

- According to the criteria in force in 2016 for the phased-in implementation, regulatory capital and leverage were: **13.4% CET1 and 16.6% total capital, with a leverage ratio of 6.0%**.

- **Stress test[2] coordinated by the European Banking Authority (EBA)**. In an internal test, for CaixaBank, applying the given scenarios and factoring in the swap agreement reached with CriteriaCaixa[2], CaixaBank would have a regulatory CET1 of 10.1% fully loaded and 9.1% in the adverse scenario envisaged for December 2018.

(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.

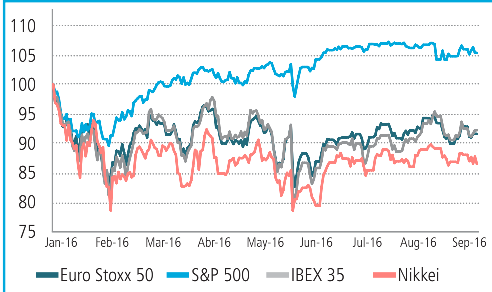
(2) See section on Significant Events.

Macroeconomic trends

Global economic climate and markets

Stabilisation of risk asset prices during the quarter

Risk asset prices remained largely stable in the third quarter, despite the volatility spike seen in late June in the wake of the UK's landmark decision to exit the EU. Stock markets were quick to recover thanks to a speedy baton change from David Cameron to Theresa May and the Bank of England's announcement of a more expansive monetary policy. The conspicuous absence of gloomy macroeconomic figures for the global economy and the confirmation that Brexit has had no immediate impact outside the UK were also instrumental in allowing the financial markets to take the news in their stride without too much of a wobble. Following this initial reaction by investors, both the Fed and the ECB decided to wait until September before assessing the impact of the referendum results. Their messages have been somewhat less accommodative than expected, with the Fed hinting at an interest rate hike at the end of the year and the ECB keeping its asset buying programmes unchanged, triggering a moderate increase in financial volatility and asset selling. Even so, at the close of the third quarter, most international stock markets were above their pre-referendum levels on the back of emerging stock markets, which are less exposed to the Brexit fallout despite being more sensitive to the monetary normalisation process unfolding in the United States.

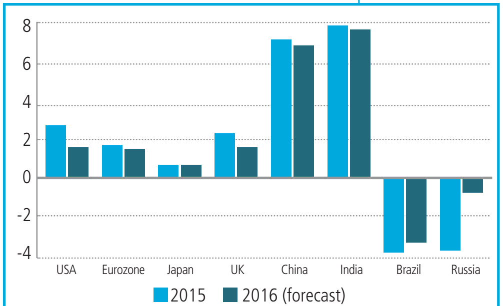


Main international stock markets[1]
Index (100 = 1/1/2016)

On a global scale, financial markets are heading into the final stretch of the year with a mixture of hope and caution. On the plus side, global macroeconomic fundamentals remained robust during the third quarter and indicators certainly seem to show generally favourable growth patterns for both advanced and emerging economies. In contrast, we have a busy calendar of elections due to start in autumn, including the constitutional referendum on the reform of the Italian Senate and of course the presidential elections in the United States, as well as the ongoing matter of hammering out a deal between the United Kingdom and Europe and the sensitivity of emerging economies to the monetary normalisation process in the United States, all of which pose definite risks that could trigger further episodes of volatility. At any rate, should these episodes materialise they will likely be cushioned by the central banks, which look set to maintain their accommodative monetary stance for the rest of the year.

Robust global macroeconomic fundamentals, a promising sign of growth to come

In the United States, solid economic growth and a healthy job market are making it increasingly likely that the Fed will hike interest rates in late 2016; a move that looks even more likely given the announcements made by the Fed itself at the end of the third quarter. Private consumption, the main economic driver so far, has been growing at over 2% year on year since the fourth quarter of 2013 and following the minor glitch seen in early 2016, indicators are now pointing to a gradual pick-up in economic activity in the coming quarters. However, even after this impending interest rate hike, monetary conditions will still remain lax when we consider what the domestic economic climate was calling for, and so we are likely to see further gradual increases in the reference rate as we move through 2017 and 2018.



GDP, main economies[2]
Change, year-to-date (%)

In this regard, we expect to see further interest rate hikes of between 0.50 and 0.75 basis points a year in 2017 and 2018. The Fed will have to weigh up the importance of two opposing forces. On the one hand, if it hikes rates too quickly it runs the risk of derailing the growth of the US economy. It will therefore have to keep a close eye on economic indicators and demand within the United States, as it always does, but it will also need to pay close attention to the impact its rate increases will have on the global financial climate,

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

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

which is now much more sensitive to Fed policy than was previously the case. And on the other hand, the Fed will need to be sufficiently bold in its actions so as to prevent inflation from spiking; something that is not presently too much of a concern, but which will gain in importance over the coming quarters as wage pressures steadily rise.

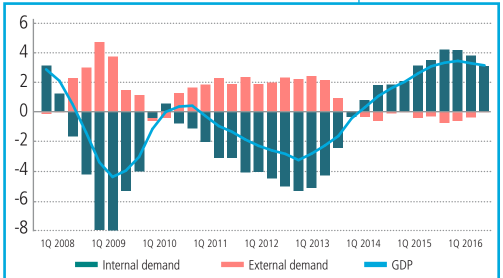
Turning to emerging economies, recent macroeconomic figures have been positive for the most part, revealing that emerging Asian markets are heading in the right direction while their Latin American counterparts are stabilising, with the notable exception of Brazil. More specifically, figures for China show a mild slowdown as the nation transforms its productive model, while in India, where the economy continues to post year-on-year growth of over 7%, Urjit Patel's take-over from Raghuram Rajan at the helm of the central bank suggests that the country will remain on this path. Moving to Latin America, we expect to see rallying economic activity in Mexico in response to the healthy state of the US economy and steadily recovering oil prices. Meanwhile, the Brazilian economic slump is showing signs of letting up, although political uncertainty remains high. There is also considerable uncertainty surrounding those economies that show imbalances, such as South Africa and Turkey, which could see further episodes of instability as monetary policy returns to normal in the United States.

Economic scenario - Europe and Spain

Growth across Europe but with a gradual slowdown for the British economy

In Europe, figures for the third quarter reveal that the immediate economic fallout of the Brexit referendum has been confined to British shores. According to post-Brexit indicators, the eurozone, which grew 0.3% quarter on quarter in the second quarter of the year, will continue to advance at a similar pace in the coming months, spurred on by internal demand and with the added short-term support of the ECB's accommodative monetary stance.

More specifically, because of the sheer scale of the economic stimulus measures being rolled out by the ECB since late 2014, they will need to be withdrawn gradually rather than all at once. Moreover, while levels of inflation are widely expected to recover in the coming quarters, it seems like inflation will still be well below the ECB's target, meaning it is highly likely that its current monetary policy will remain extremely accommodative for the foreseeable future. In this regard, it would certainly appear that the central bank plans to extend its Quantitative Easing programme until the end of 2017, though possibly tapering back its asset buying as inflation moves closer to the target range. Against this likely scenario of more muted buying of public debt by the ECB, it is extremely likely that we will see a steady improvement in returns on sovereign debt instruments.



Spain: GDP[1]
Contribution to year-on-year growth (pp)

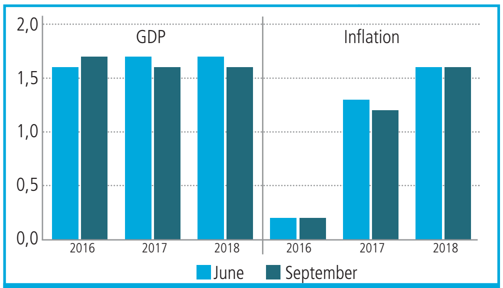
Spain continues to post positive growth, driven by private consumption and investment

However, the resulting climate of rock-bottom interest rates is making it more difficult for banks to generate acceptable returns, which explains the low stock market prices across the banking sector. For its part, the UK economy has surprised many by emerging relatively unscathed from the immediate aftermath of the referendum. We are continuing to see considerable uncertainty surrounding the UK's future relations with the rest of Europe, not only because of the anticipated difficulties in hammering out a deal with the EU -with negotiations due to get under way in spring 2017- but also due to the absence of a clear blueprint for the future within the United Kingdom that has a strong public and political backing. As a result, we are likely to witness a significant, yet gradual slowdown in the British economy over the coming months.

Looking ahead to the mid-term, Brexit also poses a challenge for the future of European integration. On the one hand, Britain's departure is in some ways an opportunity to expand and further consolidate the European project, while on the other, those countries in favour of greater integration are about to enter a busy season of election across Europe, which will get under way with the referendum on the reform of the Italian Senate in December and will continue into 2017 with parliamentary elections in both France and Germany, in which both nations will have to face the threat of growing populist sentiment and Euroscepticism.

(1) Source: CaixaBank Research, based on ECB figures.

Turning to Spain, in this third quarter of the year the uncertainty resulting from Brexit can be added to the lingering domestic political uncertainty that first emerged in late 2015. Even so, GDP for the second quarter exceeded expectations, showing quarter-on-quarter growth of 0.8% for the fourth straight quarter, with private consumption and investment the main catalysts, but with further support from healthy job creation figures and improving borrowing conditions. Furthermore, an excellent tourist season plus the relative stability of the financial markets have all pushed up confidence and created a more favourable climate, making us at CaixaBank Research confident that the Spanish economy will post quarter-on-quarter growth of 0.7% in the third quarter and expected year-on-year growth of 3.1% at year-end 2016. That said, the long delay in forming a government is continuing to undermine the country's ability to meet its fiscal consolidation targets and also makes the Spanish economy more sensitive to possible changes in international investor sentiment.



Eurozone: ECB projections of GDP and inflation[1]
Change, year-to-date (%)

(1) Source: CaixaBank Research, based on ECB figures.

Results

Income statement

Year-on-year trends

€ million	January - September 2016	2015	Change %
Interest income	5,035	6,407	(21.4)
Interest expense	(1,955)	(3,099)	(36.9)
Net interest income	**3,080**	**3,308**	**(6.9)**
Dividend income	113	112	0.5
Share of profit/(loss) of entities accounted for using the equity method	437	502	(12.9)
Net fee and commission income	1,546	1,600	(3.4)
Gains/(losses) on financial assets and liabilities and others	718	712	0.8
Income and expense arising from insurance or reinsurance contracts	214	153	39.6
Other operating income and expense	(169)	(31)	
Gross income	**5,939**	**6,356**	**(6.6)**
Recurring administrative expenses, depreciation and amortisation	(2,997)	(3,066)	(2.2)
Extraordinary expenses	(121)	(543)	(77.7)
Pre-impairment income	**2,821**	**2,747**	**2.7**
Pre-impairment income stripping out extraordinary expenses	**2,942**	**3,290**	**(10.6)**
Impairment losses on financial assets and other provisions	(1,177)	(1,762)	(33.3)
Gains/(losses) on disposal of assets and others	(330)	(80)	
Profit/(loss) before tax	**1,314**	**905**	**45.2**
Income tax expense	(333)	94	
Profit/(loss) for the period	**981**	**999**	**(2.1)**
Profit/(loss) attributable to minority interest and others	11	3	
Profit/(loss) attributable to the Group	**970**	**996**	**(2.6)**

- **Net interest income** amounted to €3,080 million (-6.9% year on year), mainly as a result of:
  - Lower financing costs on retail savings, especially maturity deposits, which has brought down costs from 0.91% in the third quarter of 2015 to 0.48% in the same period of 2016 (-43bp). Plus the lower cost of institutional financing due to lower volumes and rates.
  - 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 from mortgage loan contracts arranged with individual customers in the second half of 2015, and decreased volume of the ALCO portfolio.
- **Fee and commission income** generated a notable €1,546 million, down 3.4% largely in response to market volatility in 2016 and the income from one-off transactions recognised in 2015.
- **Income from equity investments** was €550 million (-10.5%), partly as a result of the change in accounting perimeter following the swap agreement with CriteriaCaixa.
- The heading **Gains/(losses) on financial assets and liabilities and others** yielded gains of €718 million (+0.8%), including €165 million in proceeds from the deal with Visa Europe Ltd.
- **Sustained growth in income arising from insurance contracts** (+39.6%) following the increase in commercial life-risk insurance activity.

- **Other operating income and expense** shows, among other items, the contribution paid to the Single Resolution Fund (in 2015, reported in the last quarter).
- **Gross income** totalled €5,939 million (-6.6%).
- **Recurring operating expenses, depreciation and amortisation** were down 2.2% after successfully unlocking synergies and implementing cost reduction measures.

  A total of €121 million was reported in connection with the labour agreement signed in the third quarter of 2016 to streamline the workforce. In 2015, costs of €543 million were recognised in relation to the integration of Barclays Bank, SAU and the labour agreement.
- **Pre-impairment income up 2.7% to €2,821 million** (-10.6% excluding extraordinary expenses).
- Less **Impairment losses on financial assets and other provisions** (-33.3%) following the steady improvements made to the quality of the loan portfolio. Ongoing reduction in the cost of risk to 0.42% (-40bp in the last twelve 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 also 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).
- **Profit/(loss) before tax was up 45.2% to reach €1,314 million.**
- With respect to **Income tax expense**, double taxation avoidance principles are applied to income contributed by investees, with a significant impact in the first quarter of 2015 following the recognition of the negative goodwill on consolidation of Barclays Bank, SAU.
- **Attributable profit** in the first nine months of 2016 amounted to **€970 million**.

Quarterly performance

€ million	3Q15	4Q15	1Q16	2Q16	3Q16
Interest income	1,834	1,965	1,699	1,649	1,687
Interest expense	(796)	(920)	(679)	(628)	(648)
Net interest income	**1,038**	**1,045**	**1,020**	**1,021**	**1,039**
Dividend income	2	91	5	103	5
Share of profit/(loss) of entities accounted for using the equity method	120	(127)	132	160	145
Net fee and commission income	524	515	488	522	536
Gains/(losses) on financial assets and liabilities and others	65	151	268	325	125
Income and expense arising from insurance or reinsurance contracts	52	61	64	76	74
Other operating income and expense	(9)	(268)	(55)	(80)	(34)
Gross income	**1,792**	**1,468**	**1,922**	**2,127**	**1,890**
Recurring administrative expenses, depreciation and amortisation	(1,013)	(997)	(1,003)	(999)	(995)
Extraordinary expenses	(2)				(121)
Pre-impairment income	**777**	**471**	**919**	**1,128**	**774**
Pre-impairment income stripping out extraordinary expenses	**779**	**471**	**919**	**1,128**	**895**
Impairment losses on financial assets and other provisions	(323)	(754)	(410)	(502)	(265)
Gains/(losses) on disposal of assets and others	(106)	16	(133)	(114)	(83)
Profit/(loss) before tax	**348**	**(267)**	**376**	**512**	**426**
Income tax expense	(58)	87	(101)	(142)	(90)
Profit/(loss) for the period	**290**	**(180)**	**275**	**370**	**336**
Profit/(loss) attributable to minority interest and others	2	2	2	5	4
Profit/(loss) attributable to the Group	**288**	**(182)**	**273**	**365**	**332**

- **Net interest income up 1.8%** to €1,039 million impacted by the drop in retail costs (-8bp on maturity deposits), loan management and the change in interest rates on balances utilised under ECB facilities.
- **Income from equity investments** was impacted by the recognition of the Telefónica dividend in the second quarter and the reduction in attributed profit following the swap agreement signed with CriteriaCaixa.
- Strong **fee and commission income**, which gained 2.7%.
- The change in **Gains/(losses) on financial assets and liabilities and others** (-62.2%) was largely down to the recognition of the result of the Visa Europe Ltd deal in the previous quarter.
- **Robust income arising from insurance contracts**, which remained practically unchanged at €74 million.
- **Other operating income and expense** included, in the second quarter of 2016, the contribution paid to the Single Resolution Fund (€74 million).
- **Recurring administrative expenses, depreciation and amortisation** was down 0.4% thanks to the savings captured as a result of the early retirement agreement of the previous quarter.
- Recognition of €121 million in extraordinary expenses associated with the labour agreement signed in the third quarter.
- **Pre-impairment income** amounted to €774 million (-31.4%), down 20.7% excluding extraordinary expenses.
- Improvement in **Impairment losses on financial assets and other provisions** (-47.3%), which in the second quarter of the year included the provision associated with the early retirement agreement (€-160 million).
- The heading **Gains/(losses) on disposal of assets and others** was impacted by the drop in real estate provisions, which include, among others, calendar allowances.
- **Attributable profit** for the third quarter of 2016 amounted to **€332 million**.

Returns on average total assets

Data expressed as% of ATAs (annualized)	3Q15	4Q15	1Q16	2Q16	3Q16
Interest income	2.17	2.28	2.01	1.96	1.97
Interest expense	(0.94)	(1.07)	(0.81)	(0.75)	(0.75)
Net interest income	**1.23**	**1.21**	**1.20**	**1.21**	**1.22**
Dividend income	0.00	0.11	0.01	0.12	0.01
Share of profit/(loss) of entities accounted for using the equity method	0.14	(0.15)	0.16	0.19	0.17
Net fee and commission income	0.62	0.60	0.57	0.62	0.63
Gains/(losses) on financial assets and liabilities and others	0.10	0.19	0.30	0.37	0.13
Income and expense arising from insurance or reinsurance contracts	0.06	0.07	0.08	0.09	0.09
Other operating income and expense	(0.01)	(0.31)	(0.06)	(0.09)	(0.04)
Gross income	**2.14**	**1.72**	**2.26**	**2.51**	**2.21**
Recurring administrative expenses, depreciation and amortisation	(1.21)	(1.17)	(1.18)	(1.18)	(1.16)
Extraordinary expenses	0.00	0.00	0.00	0.00	(0.14)
Pre-impairment income	**0.93**	**0.55**	**1.08**	**1.33**	**0.91**
Pre-impairment income stripping out extraordinary expenses	**0.93**	**0.55**	**1.08**	**1.33**	**1.05**
Impairment losses on financial assets and other provisions	(0.38)	(0.88)	(0.48)	(0.59)	(0.31)
Gains/(losses) on disposal of assets and others	(0.14)	0.02	(0.16)	(0.13)	(0.10)
Profit/(loss) before tax	**0.41**	**(0.31)**	**0.44**	**0.61**	**0.50**
Income tax expense	(0.06)	0.10	(0.12)	(0.17)	(0.11)
Profit/(loss) for the period	**0.35**	**(0.21)**	**0.32**	**0.44**	**0.39**
Profit/(loss) attributable to minority interest and others	0.01	0.00	0.00	0.01	0.00
Profit/(loss) attributable to the Group	**0.34**	**(0.21)**	**0.32**	**0.43**	**0.39**
€ million: *Average total net assets*	*335,591*	*341,701*	*339,616*	*338,300*	*341,425*

Gross income

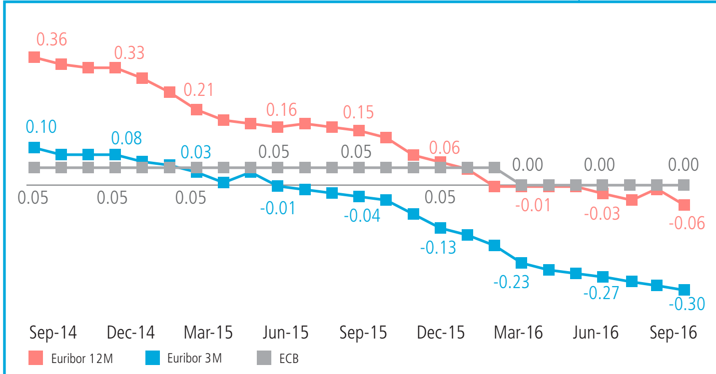
Net interest income

Net interest income for the first nine months of 2016 stood at €3,080 million (-6.9% year on year) against a backdrop of rock-bottom interest rates. The change here is a result of:

- Forceful management of retail activity, prompting a **sharp drop in the cost of maturity deposits** while lowering 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 from mortgage loan contracts arranged with individual customers in 2015, 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.

Net interest income quarter on quarter up 1.8% in response to the lower cost of deposits and institutional financing and the change in interest rates on balances held with the ECB, which together outpaced the drop in income on the loan portfolio and fixed income securities.

Returns on the loan portfolio down to 2.24%. Against a backdrop of falling interest rates, returns on the loan portfolio shed 4 basis points as prices shifted by -3bp (-2bp for mortgage loans) and in response to the change in commercial flows.



Interest rates
(%)

The rate on new loans excluding the public sector (3.20%) gained 7 basis points in the quarter, mainly due to the increased weighting of unsecured loans to individuals.

Sustained reduction in customer deposit costs thanks to the commercial drive in this direction. The cost of maturity deposits shed 8 basis points to reach 0.48%. This reduction is down to the rate on new loans of 0.06% (-3bp quarter on quarter), 42 basis points less than the rate for the loan portfolio. The cost of demand deposits was down by 2 basis points to 0.07%.

The **customer spread** was 2.04%, unchanged on the previous quarter as the drop in the cost of deposits was the same as the drop in the return on loans.

The **balance sheet spread** increased to 1.22%. The ratio of financing income to total average assets was 1.97% while the ratio of financing costs to total average assets ratio was 0.75%.

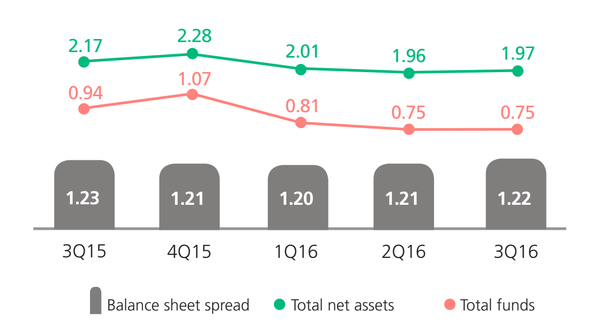
Quarterly cost and income

€ million		1Q16 Average balance	1Q16 Income or expense	1Q16 Rate %	2Q16 Average balance	2Q16 Income or expense	2Q16 Rate %	3Q16 Average balance	3Q16 Income or expense	3Q16 Rate %
Financial Institutions[1]		13,573	5	0.13	12,688	7	0.22	10,790	35	1.29
Loans	(a)	191,931	1,137	2.38	192,332	1,092	2.28	192,632	1,084	2.24
Fixed income securities portfolio		23,837	161	2.71	23,071	122	2.13	22,986	104	1.80
Other assets with returns[2]		44,707	394	3.55	46,779	425	3.65	49,643	458	3.67
Other assets		65,568	2		63,430	3		65,374	6	
Total average assets	**(b)**	**339,616**	**1,699**	**2.01**	**338,300**	**1,649**	**1.96**	**341,425**	**1,687**	**1.97**
Financial Institucions[1]		36,083	(61)	0.68	32,854	(46)	0.56	38,367	(41)	0.42
Retail customer funds	(c)	172,366	(133)	0.31	177,263	(106)	0.24	173,048	(86)	0.20
Demand deposits		112,287	(30)	0.11	119,379	(25)	0.09	120,321	(22)	0.07
Maturity deposits		60,079	(103)	0.69	57,884	(81)	0.56	52,728	(64)	0.48
Time deposits		59,592	(103)	0.70	57,459	(81)	0.56	52,315	(64)	0.49
Retail repurchase agreements and marketable debt securities		487		0.02	425		0.00	412		0.02
Wholesale marketable debt securities and other		32,694	(123)	1.51	29,288	(93)	1.28	28,663	(88)	1.22
Subordinated liabilities		4,407	(34)	3.13	4,366	(34)	3.11	4,263	(32)	3.01
Other funds with cost[2]		47,132	(327)	2.79	49,134	(347)	2.84	52,720	(394)	2.98
Other funds		46,934	(1)		45,395	(2)		44,364	(7)	
Total average funds	**(d)**	**339,616**	**(679)**	**0.81**	**338,300**	**(628)**	**0.75**	**341,425**	**(648)**	**0.75**
Net interest income			**1,020**			**1,021**			**1,039**	
Customer spread (%)	**(a-c)**		**2.07**			**2.04**			**2.04**	
Balance sheet spread (%)	**(b-d)**		**1.20**			**1.21**			**1.22**	

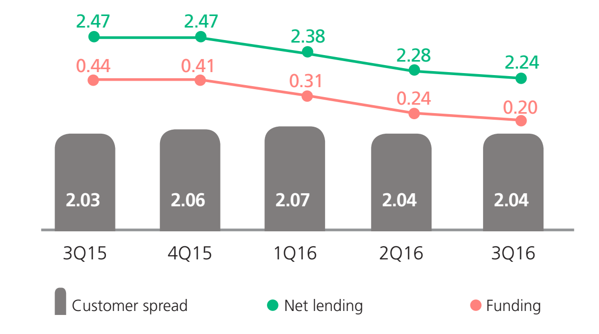
€ million		1Q15 Average balance	1Q15 Income or expense	1Q15 Rate %	2Q15 Average balance	2Q15 Income or expense	2Q15 Rate %	3Q15 Average balance	3Q15 Income or expense	3Q15 Rate %	4Q15 Average balance	4Q15 Income or expense	4Q15 Rate %
Financial Institutions		6,345	4	0.24	7,086	3	0.16	7,497	3	0.17	10,026	7	0.28
Loans	(a)	195,502	1,350	2.80	195,076	1,313	2.70	193,502	1,205	2.47	193,074	1,203	2.47
Fixed income securities portfolio		34,917	291	3.37	27,869	236	3.39	26,871	205	3.03	26,890	194	2.86
Other assets with returns[2]		46,084	713	6.28	43,987	659	6.01	42,411	420	3.93	45,855	558	4.83
Other assets		67,999	2		69,334	2		65,310	1		65,856	3	
Total average assets	**(b)**	**350,847**	**2,360**	**2.73**	**343,352**	**2,213**	**2.59**	**335,591**	**1,834**	**2.17**	**341,701**	**1,965**	**2.28**
Financial Institutions		33,834	(57)	0.68	33,474	(57)	0.68	33,435	(53)	0.63	36,939	(61)	0.65
Retail customer funds	(c)	172,420	(272)	0.64	170,177	(219)	0.52	169,963	(186)	0.44	172,527	(178)	0.41
Demand deposits		97,123	(47)	0.20	100,187	(41)	0.17	105,664	(39)	0.15	110,695	(45)	0.16
Maturity deposits		75,297	(225)	1.21	69,990	(178)	1.02	64,299	(147)	0.91	61,832	(133)	0.85
Time deposits		72,251	(218)	1.22	67,963	(178)	1.05	63,562	(147)	0.91	61,378	(133)	0.86
Retail repurchase agreements and marketable debt securities		3,046	(7)	0.95	2,027		0.02	737		0.34	454		0.14
Wholesale marketable debt securities and other		39,835	(203)	2.07	37,009	(169)	1.83	36,593	(160)	1.74	33,885	(148)	1.73
Subordinated liabilities		4,469	(34)	3.13	4,468	(35)	3.16	4,459	(36)	3.18	4,428	(35)	3.13
Other funds with cost[2]		50,962	(653)	5.20	47,646	(599)	5.04	44,266	(359)	3.22	47,421	(496)	4.15
Other funds		49,327	(3)		50,578	(2)		46,875	(2)		46,501	(2)	
Total average funds	**(d)**	**350,847**	**(1,222)**	**1.41**	**343,352**	**(1,081)**	**1.26**	**335,591**	**(796)**	**0.94**	**341,701**	**(920)**	**1.07**
Net interest income			**1,138**			**1,132**			**1,038**			**1,045**	
Customer spread (%)	**(a-c)**		**2.16**			**2.18**			**2.03**			**2.06**	
Balance sheet spread (%)	**(b-d)**		**1.32**			**1.33**			**1.23**			**1.21**	

(1) According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being TLTRO II income, while the other way round the relevant heading is financial intermediaries on the liabilities side. Only the net amount between income and expense for both headings has economic significance.

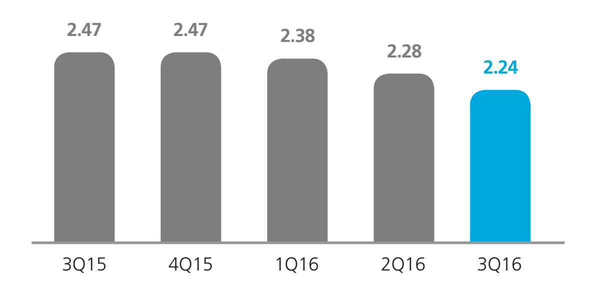
(2) Other assets with returns and Other funds with cost relate largely to the Group's life insurance activity. The change in 2015 was down to market conditions resulting in a transfer from guaranteed savings to other financial products. As a result of these surrenders, the income and cost of these two headings have both increased, although the net contribution of the insurance business remains stable.



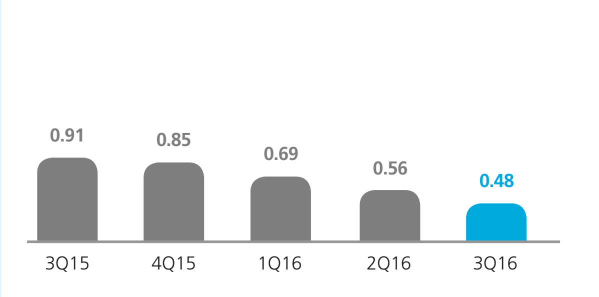
Balance sheet spread as a% of average total assets
(%)



Changes in the customer spread
(%)



Loan rates as a%
(back book)



Maturity deposit rates as a%
(back book)

Fees and commissions

- **Fee and commission income stood at €1,546 million in the first nine months of 2016** (-3.4%) in response to market volatility and a number of one-off impacts.
- **Banking services, securities and other fees** amounted to €987 million (-7.4%). 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.

  The year-on-year performance was impacted by the higher income on one-off investment banking transactions reported in 2015.
- **Investment fund fees** were €295 million (-7.2%) impacted, among others, by the market volatility seen in the first quarter of 2016.
- Growth in **pension plan management fees to reach €138 million** (+19.6%) with an increase in assets under management through the wide range of products on offer.
- **Fees on the sale of non-life insurance** totalled €126 million, up 25.5% year on year thanks to the success of the commercial campaigns carried out.
- The **quarterly improvement** is largely down to the growth in fees (+2.7%) despite the typical seasonal effect of lower activity during the period. Noteworthy growth in pension plan management fees and insurance sales. In relation to banking fees and commissions, highlights for the period included the increased income obtained from one-off investment banking transactions and from payment systems.

	January - September		Change	
€ million	**2016**	**2015**	**absolute**	**%**
Banking services, securities and other fees	987	1,068	(81)	(7.4)
Mutual funds, managed accounts and SICAVs	295	317	(22)	(7.2)
Pension plans	138	115	23	19.6
Sales of insurance products	126	100	26	25.5
Net fee and commission income	**1,546**	**1,600**	**(54)**	**(3.4)**

€ million	**3Q15**	**4Q15**	**1Q16**	**2Q16**	**3Q16**
Banking services, securities and other fees	342	322	310	336	341
Mutual funds, managed accounts and SICAVs	110	106	97	99	99
Pension plans	42	51	42	47	49
Sales of insurance products	30	36	39	40	47
Net fee and commission income	**524**	**515**	**488**	**522**	**536**

Income from equity investments

- **Income from equity investments totalled €550 million.**
- The year-on-year change in the share of profits of entities accounted for using the equity method (-12.9%) was down to the fact that their results were affected by their business performance and by market conditions, as well as the drop in attributable income following the signing of the swap agreement with CriteriaCaixa in May 2016.
- Meanwhile, the **quarterly performance** was influenced by various seasonal aspects affecting business at the investees, as well as the swap agreement just mentioned and the recognition of the Telefónica dividend in the previous quarter.
- Extraordinary accounting provisions for Repsol were recognised in the fourth quarter of 2015.

	January - September		Change	
€ million	**2016**	**2015**	**absolute**	**%**
Dividend income	113	112	1	0.5
Share of profit/(loss) of entities accounted for using the equity method	437	502	(65)	(12.9)
Income from equity investments	**550**	**614**	**(64)**	**(10.5)**

€ million	**3Q15**	**4Q15**	**1Q16**	**2Q16**	**3Q16**
Dividend income	2	91	5	103	5
Share of profit/(loss) of entities accounted for using the equity method	120	(127)	132	160	145
Income from equity investments	**122**	**(36)**	**137**	**263**	**150**

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

- **Gains/(losses) on financial assets and liabilities and others** amounted to €718 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 approximately €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 and other

- **Sustained growth in income** arising from life-risk insurance activity to reach €214 million (+39.6%) on the back of intensive sales activity.

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 in the first quarter.
- 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) along with the contribution paid to the Spanish Deposit Guarantee Fund (€185 million).

	January - September		Change	
€ million	**2016**	**2015**	**absolute**	**%**
Other operating income and expense	**(169)**	**(31)**	**(138)**	

€ million	**3Q15**	**4Q15**	**1Q15**	**2Q16**	**3Q16**
Contribution to DGF, NRF and SRF[1]		(278)		(74)	
Spanish Property Tax (IBI)			(44)		
Other	(9)	10	(11)	(6)	(34)
Other operating income and expense	**(9)**	**(268)**	**(55)**	**(80)**	**(34)**

(1) Recognition of the payment made to the 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 administrative expenses, depreciation and amortisation** (-2.2% year on year and -0.4% in the quarter) on the back of the ongoing drive to streamline and contain costs, unlock synergies following the integration of Barclays Bank, SAU and make savings as a result of the early retirements and labour agreements aimed at streamlining the workforce.
- Extraordinary expenses of €121 million and €543 million were reported in 2016 and 2015[1], respectively.
- **Pre-impairment income totalled €2,821 million** (+2.7% year on year and -10.6% excluding extraordinary expenses).

Efficiency improvements a strategic target

Administrative expenses, depreciation and amortisation

€ million	January - September 2016	January - September 2015	Change absolute	Change %
Personnel expenses	(1,979)	(2,040)	61	(3.0)
General expenses	(743)	(748)	5	(0.8)
General and administrative expenses	**(2,722)**	**(2,788)**	**66**	**(2.4)**
Depreciation and amortisation	**(275)**	**(278)**	**3**	**(0.7)**
Recurring administrative expenses, depreciation and amortisation	**(2,997)**	**(3,066)**	**69**	**(2.2)**
Extraordinary expenses	**(121)**	**(543)**	**422**	**(77.7)**
Total expenses	**(3,118)**	**(3,609)**	**491**	**(13.6)**

€ million	3Q15	4Q15	1Q16	2Q16	3Q16
Personnel expenses	(676)	(665)	(666)	(660)	(653)
General expenses	(248)	(248)	(248)	(246)	(249)
General and administrative expenses	**(924)**	**(913)**	**(914)**	**(906)**	**(902)**
Depreciation and amortisation	**(89)**	**(84)**	**(89)**	**(93)**	**(93)**
Recurring administrative expenses, depreciation and amortisation	**(1,013)**	**(997)**	**(1,003)**	**(999)**	**(995)**
Extraordinary expenses	**(2)**				**(121)**
Total expenses	**(1,015)**	**(997)**	**(1,003)**	**(999)**	**(1,116)**

Pre-impairment income

€ million	January - September 2016	January - September 2015	Change absolute	Change %
Gross income	**5,939**	**6,356**	**(417)**	**(6.6)**
Recurring administrative expenses, depreciation and amortisation	(2,997)	(3,066)	69	(2.2)
Extraordinary expenses	(121)	(543)	422	(77.7)
Pre-impairment income	**2,821**	**2,747**	**74**	**2.7**
Pre-impairment income shipping out extraordinary expenses	**2,942**	**3,290**	**(348)**	**(10.6)**

€ million	3Q15	4Q15	1Q16	2Q16	3Q16
Gross income	**1,792**	**1,468**	**1,922**	**2,127**	**1,890**
Recurring administrative expenses, depreciation and amortisation	(1,013)	(997)	(1,003)	(999)	(995)
Extraordinary expenses	(2)				(121)
Pre-impairment income	**777**	**471**	**919**	**1,128**	**774**
Cost-to-income ratio stripping out extraordinary expenses (%) (last 12 months)[2]	*51.4*	*51.9*	*51.7*	*54.2*	*53.3*
Cost-to-income ratio (%) (last 12 months)[2]	*58.3*	*58.9*	*55.6*	*54.2*	*54.9*

(2) Cost-to-income ratios for the second and third quarters of 2016 exclude the contribution paid to the National Resolution Fund for the fourth quarter of 2015 (€93 million) so as to ensure that there is no overlap with the contribution paid to the Single Resolution Fund in the second quarter of 2016 (€74 million).

(1) In 2015, a total of €259 million was recognised as a result of the integration of Barclays Bank, SAU, plus a further €284 million in relation to the labour agreement.

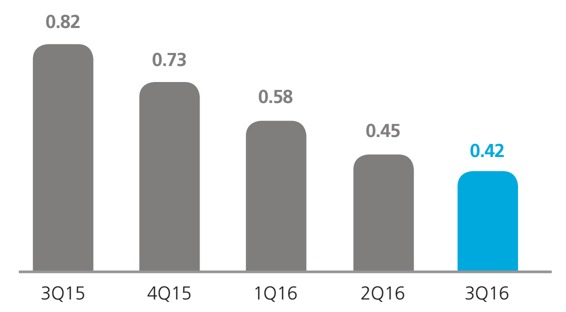
Impairment losses on financial assets and other provisions

- **Impairment losses on financial assets and other provisions were down 33.3% in response to the drop in loan loss provisions (-49.4%)** as asset quality indicators gradually return to normal.

  Cost of risk down 40 basis points in the last twelve months to reach 0.42%.

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

  In the previous quarter, this heading included €160 million associated with the early retirement agreement signed in April of 2016.



Cost of risk
(%)

€ million	January - September 2016	2015	Change absolute	%
Allowance for insolvency risk	(696)	(1,375)	679	(49.4)
Other charges to provisions	(481)	(387)	(94)	24.0
Impairment losses on financial assets and other provisions	**(1,177)**	**(1,762)**	**585**	**(33.3)**

€ million	3Q15	4Q15	1Q16	2Q16	3Q16
Allowance for insolvency risk	(288)	(218)	(225)	(253)	(218)
Other charges to provisions	(35)	(536)	(185)	(249)	(47)
Impairment losses on financial assets and other provisions	**(323)**	**(754)**	**(410)**	**(502)**	**(265)**

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 of real estate assets and charges to provisions, including calendar allowances, as well as the losses incurred from the early redemption of the bond issue exchangeable for Repsol shares[1].

  In 2015, it 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. It had a 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 €970 million.**

(1)See section on Significant Events.

Business activity

Balance sheet

Total assets amounted to €342,863 million at 30 September 2016. The annual change was down to:

- **Changes in retail commercial activity,** impacting loans and advances to customers, customer deposits and liabilities under insurance contracts.
- **Investments in joint ventures and associates** was affected by the asset swap transaction signed with CriteriaCaixa.
- Further highlights **in balance sheet items associated with treasury and ALM activities** include:
  - Sound management of fixed income assets and net increase in ECB financing.
  - Drop in wholesale funding, mainly because the Bank opted not to renew certain funding upon maturity.

€ million	Sep. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Annual change absolute	Annual change %
Cash, cash balances at central banks and other demand deposits	7,425	6,615	5,146	5,881	4,199	(2,416)	(36.5)
Financial assets held for trading	15,121	13,312	14,475	15,977	13,418	106	0.8
Available-for-sale financial assets	61,428	62,997	65,997	66,380	66,200	3,203	5.1
Loans and receivables	207,934	210,473	206,573	218,274	210,333	(140)	(0.1)
Loans and advances to central banks and credit institutions	4,593	6,649	6,369	10,052	7,265	616	9.3
Loans and advances to customers	201,582	202,896	199,265	207,618	202,502	(394)	(0.2)
Debt securities	1,759	928	939	604	566	(362)	(39.0)
Held-to-maturity investments	5,179	3,820	3,831	4,306	5,669	1,849	48.4
Investments in joint ventures and associates	9,752	9,674	9,148	6,299	6,371	(3,303)	(34.1)
Tangible assets	6,362	6,293	6,303	6,334	6,387	94	1.5
Intangible assets	3,669	3,672	3,660	3,661	3,651	(21)	(0.6)
Non-current assets held for sale	7,747	7,961	7,760	7,162	7,112	(849)	(10.7)
Other assets	18,837	19,438	18,470	18,835	19,523	85	0.4
Total assets	**343,454**	**344,255**	**341,363**	**353,109**	**342,863**	**(1,392)**	**(0.4)**
Liabilities	**317,879**	**319,050**	**316,392**	**330,948**	**319,308**	**258**	**0.1**
Financial liabilities held for trading	11,642	12,200	12,147	12,623	11,875	(325)	(2.7)
Financial liabilities measured at amortised cost	254,240	253,499	248,050	258,839	245,836	(7,663)	(3.0)
Deposits from central banks and credit institutions	33,741	34,262	32,127	36,222	35,681	1,419	4.1
Customer deposits	182,783	184,110	183,341	190,948	178,312	(5,798)	(3.1)
Debt securities issued	33,807	32,336	29,467	27,966	27,953	(4,383)	(13.6)
Other financial liabilities	3,909	2,791	3,115	3,703	3,890	1,099	39.4
Subordinated liabilities	*4,422*	*4,345*	*4,356*	*4,258*	*4,226*	*(119)*	*(2.7)*
Liabilities under insurance or reinsurance contracts	39,569	40,291	43,119	45,763	47,535	7,244	18.0
Provisions	4,400	4,598	4,564	4,815	4,904	306	6.7
Other liabilities	8,028	8,462	8,512	8,908	9,158	696	8.2
Equity	**25,575**	**25,205**	**24,971**	**22,161**	**23,555**	**(1,650)**	**(6.5)**
Own funds	24,158	23,689	23,969	21,938	23,360	(329)	(1.4)
Profit/(loss) attributable to the Group	*996*	*814*	*273*	*638*	*970*		
Minority interest, valuation adjustment and other	1,417	1,516	1,002	223	195	(1,321)	(87.1)
Total liabilities and equity	**343,454**	**344,255**	**341,363**	**353,109**	**342,863**	**(1,392)**	**(0.4)**

Quarterly change in loans and advances to customers was impacted by changes in retail activity and by the reverse repurchase agreements signed (€-2,265 in the third quarter of 2016). The Own funds heading was affected by the private placement of treasury shares among qualified investors.

Loans and advances to customers

Loans and advances to customers, gross, stood at €205,100 million (-0.6% in 2016). **The performing loan portfolio has gained 0.3%** in the year to date.

Performing loan portfolio up 0.3% in the year to date

Changes by segment include:

- **Loans for home purchases** (-2.1%) continued to feel the effects of household deleveraging, although indicators are now showing positive signs in new loans.

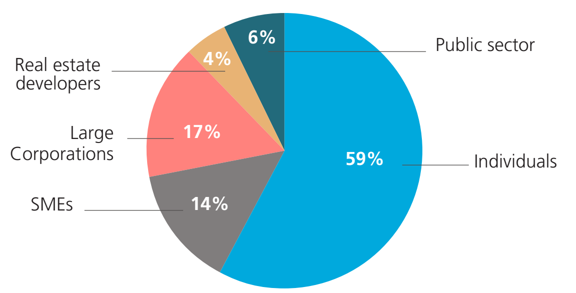
  The mortgage market share[1] was 17.6%.

- **Annual growth of 0.3% in loans to individuals - other**. Growth in consumer lending on the back of the financing campaigns rolled out to date, which has offset the deleveraging seen in other loans to individuals.

- **Sustained increase in financing to productive sectors ex-real estate developers** (+6.5% in the year to date).

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

  Market shares[1] for working capital financing products climbed to 21.1% for factoring and reverse factoring and to 17.1% for commercial loans.



Diversification of the lending portfolio
(% of gross lending)

- **Financing to real estate developers** is steadily accounting for less and less of the loan portfolio, falling to 3.9% at 30 September 2016 (-83bp on December 2015).

- **The quarterly change (-1.6%)** can be put down to the reduction in loans to individuals (-1.7%) following the seasonal impact of the pension payments made in June (-0.5% if we exclude this impact), and also the drop in lending to CriteriaCaixa (-36.6%) and the Bank's active management of loans to real estate developers (-10.2%).

  A further highlight for the quarter was the **solid performance in loans to productive sectors ex-real estate developers (+2.4%).**

€ million	Sep. 30, 2016	Jun. 30, 2016	Quarterly change%	Dec. 31, 2015	Annual change%
Loans to individuals	**119,204**	**121,317**	**(1.7)**	**120,994**	**(1.5)**
Home purchases	87,483	88,221	(0.8)	89,378	(2.1)
Other	31,721	33,096	(4.2)	31,616	0.3
Loans to business	**73,049**	**73,166**	**(0.2)**	**71,638**	**2.0**
Corporates and SMEs	63,760	62,256	2.4	59,856	6.5
Real estate developers	8,064	8,979	(10.2)	9,825	(17.9)
CriteriaCaixa	1,225	1,931	(36.6)	1,957	(37.4)
Public sector	**12,847**	**14,003**	**(8.3)**	**13,805**	**(6.9)**
Loans and advances, gross[2]	**205,100**	**208,486**	**(1.6)**	**206,437**	**(0.6)**
Of which:					
Performing loans	*190,313*	*192,813*	*(1.3)*	*189,830*	*0.3*
Provisions	(7,644)	(8,200)	(6.8)	(9,163)	(16.6)
Loans and advances, net	**197,456**	**200,286**	**(1.4)**	**197,274**	**0.1**
Contingent Liabilities	*10,332*	*11,290*	*(8.5)*	*10,650*	*(3.0)*

(2) See reconciliation with the financial statements in the Appendices - Glossary

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

Customer funds

Customer funds stood at €299,673 million, showing growth of 1.0% in 2016.

On-balance sheet funds totalled €215,895 at 30 September 2016.

- Growth of 6.0% in **demand deposits** to reach €123,860 million.
- **Term deposits** amounted to €49,478 million (-18.8%) due to the number of deposits renewed on maturity and forceful management of profit margins.
- Significant increase in **liabilities under insurance contracts**[1] (+11.3% in the year and +2.6% in the third quarter) thanks to the success of the commercial campaigns rolled out under the CaixaFu[Tu]ro programme.

  The market share[2] for savings insurance products climbed to 23.5% and CaixaBank remains the market leader in this segment.

Assets under management totalled €77,926 million. The change here (+4.6%) was a result of the high market volatility seen in the first quarter of the year, which was followed by a steady recovery from the second quarter onward.

- **Assets under management in mutual funds, managed accounts and SICAVs** stands at €53,524 million (+4.3%).
- **Pension plans performed well**, climbing to €24,402 million (+5.3%).

  CaixaBank is the market leader in number of investment fund investors and in assets under management, with a market share[2] of 18.1%, and also in pension plans, with a 22.6%.

The **quarterly change (-1.6%)** was down to:

- The drop in on-balance sheet funds following the seasonal impact of the double salary and pension payments and active management of wholesale deposits against a backdrop of rock-bottom interest rates.
- Solid result for assets under management (+5.7%), following the success of the campaigns rolled out and the ongoing market recovery.

€ millions	Sep. 30, 2016	Jun. 30,2016	Quarterly change %	Dec. 31, 2015	Annual change %
Customer funds	176,678	186,875	(5.5)	181,118	(2.5)
Demand deposits	123,860	126,652	(2.2)	116,841	6.0
Term deposits[3]	49,478	56,883	(13.0)	60,936	(18.8)
Subordinated liabilities (retail)	3,340	3,340	0.0	3,341	(0.0)
Reverse repurchase agreements and others accounts	910	836	8.9	1,287	(29.3)
Liabilities under insurance contracts	38,307	37,319	2.6	34,427	11.3
On-balance sheet funds[4]	**215,895**	**225,030**	**(4.1)**	**216,832**	**(0.4)**
Assets under management	77,926	73,708	5.7	74,500	4.6
Mutual funds, managed accounts and SICAVs	53,524	49,842	7.4	51,321	4.3
Pension plans	24,402	23,866	2.2	23,179	5.3
Other accounts	5,852	5,727	2.2	5,267	11.1
Off-balance sheet funds	**83,778**	**79,435**	**5.5**	**79,767**	**5.0**
Total customer funds[4]	**299,673**	**304,465**	**(1.6)**	**296,599**	**1.0**

(3) Includes retail debt securities of €623 million at 30 September 2016, €641 million at 30 June 2016 and €417 million at 31 December 2015.
(4) See reconciliation with the financial statements and other details in the Appendices - Glossary.

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

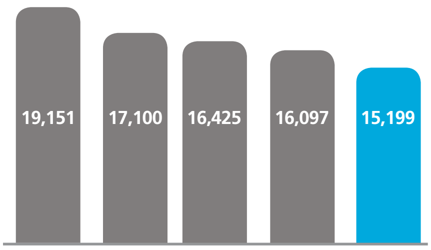
(2)Latest information available. Data prepared in-house, based on INVERCO and ICEA information.

Risk management

Credit risk quality

Non-performing loans[1]
(€ million)

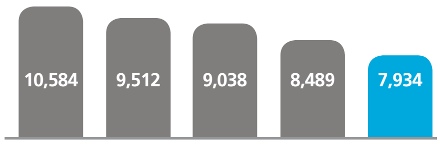
Non-performing loans



	3Q15	4Q15	1Q16	2Q16	3Q16
NPL ratio	8.7%	7.9%	7.6%	7.3%	7.1%
NPL ratio ex-RE developers	6.5%	6.2%	6.0%	6.0%	6.0%

Provisions[1]
(€ million)

Provisions



	3Q15	4Q15	1Q16	2Q16	3Q16
Coverage ratio	55%	56%	55%	53%	52%
Coverage ratio ex-RE developers	55%	56%	56%	54%	53%

NPL performance

- Ongoing drop in non-performing loans (€-3,952 million and €-898 million for the past twelve months and for the third quarter, respectively).
- The **NPL ratio shed 27 basis points in the third quarter of 2016 to reach 7.1%** as non-performing loans continue to decline.
- Excluding the real estate development sector, the NPL ratio is 6.0%.

Coverage

- Allowances for loan loss provisions totalled €7,934 million.
- The **coverage ratio stood at 52%** following the decision to pursue conservative risk coverage policies.
- The change in NPL provisions is largely down to the cancellation of debt incurred through the acquisition and foreclosure of real estate assets and the derecognition of assets and write-offs.

Refinancing

- At 30 September 2016, refinanced transactions totalled €19,937 million. Of this amount, €7,531 million (38% of the portfolio) is classified as non-performing.
- Provisions associated with these transactions totalled €3,070 million.

(1) Calculations include loans and contingent liabilities.

NPL ratio by segment

	Sep. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016
Loans to individuals	**5.0%**	**4.6%**	**4.6%**	**4.6%**	**4.7%**
Home purchases	4.0%	3.7%	3.7%	3.7%	3.8%
Other[1]	8.0%	7.2%	7.2%	6.9%	7.2%
Loans to business	**17.3%**	**15.3%**	**14.3%**	**13.7%**	**12.3%**
Corporates and SMEs	11.7%	11.1%	10.6%	10.4%	9.8%
Real estate developers	50.1%	44.1%	41.6%	39.5%	34.0%
Public sector	**0.5%**	**0.5%**	**0.6%**	**0.5%**	**1.3%**
NPL Ratio (loans and contingent liabilities)	**8.7%**	**7.9%**	**7.6%**	**7.3%**	**7.1%**
NPL ratio ex-developers	**6.5%**	**6.2%**	**6.0%**	**6.0%**	**6.0%**

(1) The quarterly change was largely down to the seasonal impact of the advance of the double pension payments. Without this impact, the ratio would be 7.2% at 30 June 2016.

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

€ million	3Q15	4Q15	1Q16	2Q16	3Q16
Opening balance	**20,115**	**19,151**	**17,100**	**16,425**	**16,097**
Exposures recognized as non-performing (NPL-inflows)	1,734	1,913	1,521	1,737	1,296
Derecognitions from non-performing exposures	(2,698)	(3,964)	(2,196)	(2,065)	(2,194)
Of which written off	(397)	(640)	(381)	(446)	(264)
Closing balance	**19,151**	**17,100**	**16,425**	**16,097**	**15,199**

Changes in allowance for insolvency risk

€ million	3Q15	4Q15	1Q16	2Q16	3Q16
Opening balance	**10,897**	**10,584**	**9,512**	**9,038**	**8,489**
Insolvency allowances	288	218	225	253	218
Amounts used	(425)	(1,047)	(567)	(691)	(669)
Transfers and other changes	(176)	(243)	(132)	(111)	(104)
Closing balance	**10,584**	**9,512**	**9,038**	**8,489**	**7,934**

Financing for home purchases

- The main risk segment, **accounting for 43% of gross lending**, with a well-diversified portfolio, solid collateral and a low NPL ratio of 3.8%.

Financing for home purchases

	Gross amount				
€ million	**Sep. 30, 2015**	**Dec. 31, 2015**	**Mar. 31, 2016**	**Jun. 30, 2016**	**Sep. 30, 2016**
Without mortgage collateral	784	770	763	762	752
Of which: non-performing	8	7	10	10	9
With mortgage collateral	89,721	88,608	87,888	87,459	86,731
Of which: non-performing	3,580	3,275	3,298	3,291	3,329
Total	**90,505**	**89,378**	**88,651**	**88,221**	**87,483**

Loan to value breakdown[2]

	Sep. 30, 2016					
€ million	**LTV ≤ 40%**	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**80 < LTV ≤ 100%**	**LTV > 100%**	**TOTAL**
Gross amount	20,756	33,277	27,558	4,514	626	**86,731**
Of which: non-performing	268	854	1,547	509	150	**3,329**

(2) 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

- **Significant reduction of 17.9% in exposure to the real estate developer sector** in 2016, meaning the segment now accounts for just **3.9%** of the total loan portfolio (-83bp in 2016).
- Coverage of non-performing assets was 44.8%.

Financing for completed buildings represents 67.9% of the portfolio

€ million	Sep. 30, 2016	% weight	Jun. 30, 2016	Quarterly change	Dec. 31, 2015	Annual change
Without mortgage collateral	**889**	**11.0**	**1,012**	**(123)**	**1,083**	**(194)**
With mortgage collateral	**7,175**	**89.0**	**7,967**	**(792)**	**8,742**	**(1,567)**
Completed buildings	5,474	67.9	6,098	(624)	6,534	(1,060)
Homes	3,584	44.4	4,021	(437)	4,322	(738)
Other	1,890	23.5	2,077	(187)	2,212	(322)
Buildings under construction	618	7.7	610	8	643	(25)
Homes	540	6.7	522	18	541	(1)
Other	78	1.0	88	(10)	102	(24)
Land	1,083	13.4	1,259	(176)	1,565	(482)
Developed land	735	9.1	885	(150)	1,186	(451)
Other	348	4.3	374	(26)	379	(31)
Total	**8,064**	**100.0**	**8,979**	**(915)**	**9,825**	**(1,761)**

NPLs and coverage for real estate development risk

	Sep. 30, 2016			Dec. 31, 2015		
€ million	Non-performing	Provisions	Coverage %	Non-performing	Provisions	Coverage %
Without mortgage collateral	**192**	**174**	**90.6**	**500**	**469**	**93.8**
With mortgage collateral	**2,548**	**1,054**	**41.4**	**3,837**	**1,740**	**45.3**
Completed buildings	1,912	677	35.4	2,643	1,007	38.1
Homes	998	338	33.9	1,467	555	37.8
Other	914	339	37.1	1,176	452	38.4
Buildings under construction	82	33	40.2	205	103	50.2
Homes	69	30	43.5	174	88	50.6
Other	13	3	23.1	31	15	48.4
Land	554	344	62.1	989	630	63.7
Developed land	349	227	65.0	689	451	65.5
Other	205	117	57.1	300	179	59.7
Total	**2,740**	**1,228**	**44.8**	**4,337**	**2,209**	**50.9**

Breakdown by type of collateral

		Sep. 30, 2016		
€ million	Gross amount	Excess over value of collateral[1]	Specific provisions	% provisions of risk
Mortgage	2,548	1,073	1,054	41.4
Personal	192		174	90.6
Total non-performing	**2,740**		**1,228**	**44.8**

		Dec. 31, 2015		
€ million	Gross amount	Excess over value of collateral[1]	Specific provisions	% provisions of risk
Mortgage	3,837	1,631	1,740	45.3
Personal	500		469	93.8
Total non-performing	**4,337**		**2,209**	**50.9**

(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 fell for the third consecutive quarter

- The portfolio of net **foreclosed real estate assets available for sale stood at €7,071 million** (down €188 million in 2016).
- The **coverage ratio was 58.1%**, including initial write-downs and charges to provisions recognised after the real estate foreclosures.
- Real estate assets in the process of foreclosure (€542 and €692 million, net, at 30 September 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 September 2016, the Group's real estate assets held for rent amounted to €3,122 million, net of provisions. The portfolio has an occupancy rate of 92%.
- **Properties rented or sold** over the last twelve months amounted to **€1,863 million**, with positive results on sales of property since the fourth quarter of 2015.

The composition of foreclosed real estate assets available for sale, 56% of which relates to completed buildings, is a unique factor aiding in the sale of these properties on the market.

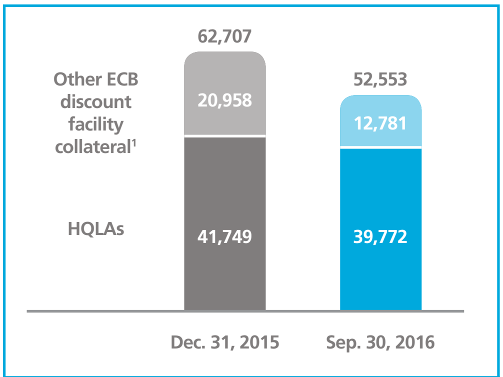
Foreclosed real estate assets available for sale and associated coverage

	Sep. 30, 2016			
€ million	**Net carrying amount**	**Coverage[1]**	**Coverage %**	**Provisions**
Property acquired related to loans to construction companies and real estate developments	**4,713**	**(7,463)**	**61.3**	**(4,274)**
Completed buildings	2,338	(2,340)	50.0	(1,360)
Homes	1,728	(1,735)	50.1	(1,002)
Other	610	(605)	49.8	(358)
Buildings under construction	432	(641)	59.7	(474)
Homes	390	(592)	60.3	(447)
Other	42	(49)	53.8	(27)
Land	1,943	(4,482)	69.8	(2,440)
Developed land	1,014	(1,962)	65.9	(1,079)
Other	929	(2,520)	73.1	(1,361)
Property acquired related to mortgage loans to homebuyers	**1,588**	**(1,465)**	**48.0**	**(840)**
Other	**770**	**(862)**	**52.8**	**(568)**
Total	**7,071**	**(9,790)**	**58.1**	**(5,682)**

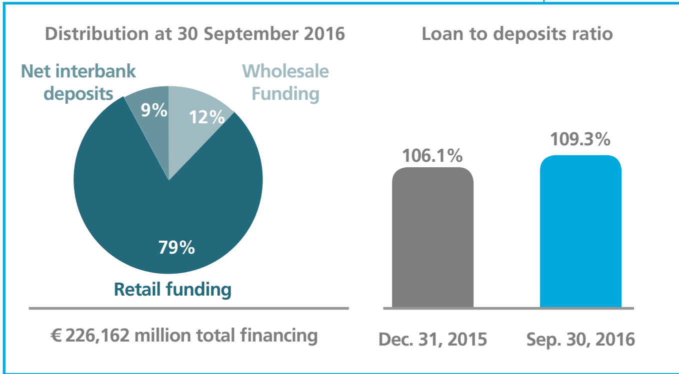
	Dec. 31, 2015			
€ million	**Net carrying amount**	**Coverage[1]**	**Coverage %**	**Provisions**
Property acquired related to loans to construction companies and real estate developments	**4,968**	**(7,564)**	**60.4**	**(4,247)**
Completed buildings	2,625	(2,618)	49.9	(1,439)
Homes	1,983	(2,017)	50.4	(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.

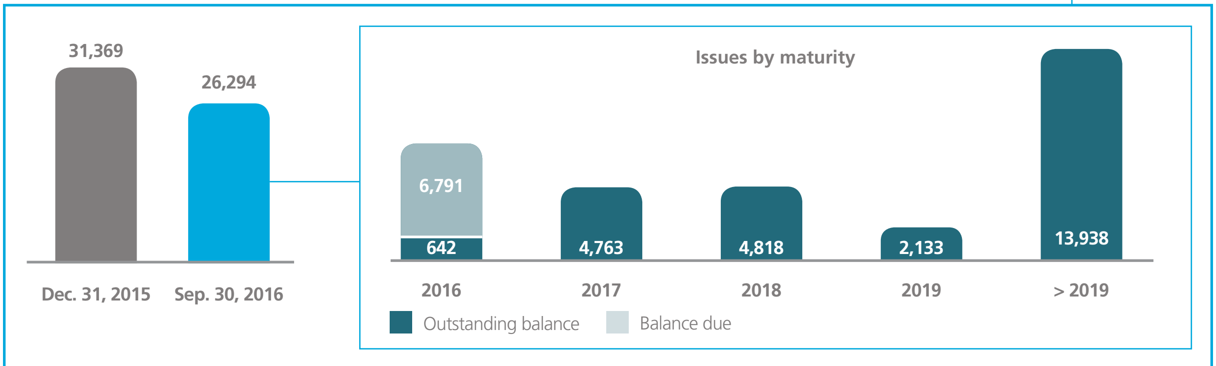
Liquidity and financing structure



High quality liquid assets[2]
(€ million)



Financing structure



Institutional financing[2]
(€ million)

- **High quality liquid assets[2] stood at €52,553 million** at 30 September 2016. The annual change is 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.
- The **balance drawn** under the ECB facility (**TLTRO II**) remained at **€24,319 million** in the quarter.
- **Institutional financing** amounted to €26,294 million, with the annual change impacted by:
  - Maturities totalling €6,791 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 €7,963 million.
- **Liquidity Coverage Ratio** (LCR) of **174%** at 30 September 2016, well clear of the minimum requirement of 70% from 1 January 2016.

(1) At 31 December 2015, it included €911 million in assets yet to be delivered to the ECB facility. The assets were effectively delivered in January of 2016.

(2) See the Glossary section.

Performance of the LTD ratio

€ million	Sep. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016
Loans and advances, net	**193,140**	**192,213**	**192,602**	**195,817**	**193,157**
Loans and advances gross	209,005	206,437	206,158	208,486	205,100
Allowance for impairment losses	(10,109)	(9,163)	(8,697)	(8,200)	(7,644)
Brokered loans[1]	(5,756)	(5,061)	(4,859)	(4,469)	(4,299)
Customer funds	**176,422**	**181,118**	**180,463**	**186,875**	**176,678**
Demand deposits	111,367	116,841	116,976	126,652	123,860
Time deposits	61,712	60,936	60,147	56,883	49,478
Subordinated liabilities (retail)	3,343	3,341	3,340	3,340	3,340
Loan to deposits	**109.5%**	**106.1%**	**106.7%**	**104.8%**	**109.3%**

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

Collateralisation of mortgage covered bonds

€ million		Sep. 30, 2016
Mortgage covered bonds issued	a	43,660
Loans and credits (collateral for mortgage covered bonds)	b	104,663
Collateralisation	**b/a**	**240%**
Overcollateralisation	**b/a -1**	**140%**
Mortgage covered bond issuance capacity[2]		**7,271**

(2) The CaixaBank Group is also able to issue regional public-sector covered bonds worth €692 million. Issue capacity based on the public sector portfolio, with a 70% limit.

Capital management

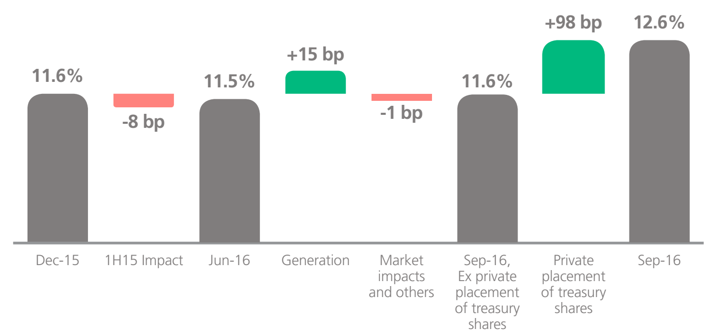
- CaixaBank had a **fully-loaded Common Equity Tier 1 (CET1)** ratio of 12.6% at 30 September 2016, 11.6% stripping out the impact of the private placement of treasury shares. The ratio was up 112 basis points in the quarter due to the impact of the sale of treasury shares[1], which generated 98 basis points, plus 15 basis points from capital generation and -1 basis point from market changes and other factors.

  Fully-loaded total capital amounted to 15.8%, while the leverage ratio was 5.6%.

- According to the criteria in force in 2016 for the phased-in implementation, regulatory capital and leverage were: **13.4% CET1 and 16.6% total capital, with a leverage ratio of 6.0%**.

- **Regulatory risk-weighted assets (RWA) amounted to €135,922 million**, up €135 million quarter on quarter.

- The European Central Bank (ECB) and the national supervisor require CaixaBank to maintain a regulatory CET1 ratio of 9.3125% at 30 September 2016 (including the phased-in implementation of the capital conservation and systemic risk buffers), which increases to 9.5% in a fully-loaded perspective. The Bank's current CET1 ratio shows that the requirements imposed on CaixaBank will not trigger any of the restrictions envisaged in applicable capital adequacy regulations relating to payouts of dividends, variable remuneration and interest to holders of additional tier 1 capital instruments.



Change in fully-loaded CET1

Fully-loaded Common Equity Tier 1 (CET1) ratio of 12.6%

(1) See section on Significant Events.

Key performance and key indicators

€ million	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015[1]	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016
			BIS III (Regulatory)			
CET1 Instruments	24,434	24,192	23,984	23,696	21,230	22,726
Shareholders' equity	23,977	24,158	23,688	23,969	21,938	23,360
Capital	5,768	5,824	5,824	5,910	5,910	5,910
Profit attributable to the Group	708	996	814	273	638	970
Reserves and other	17,501	17,338	17,050	17,786	15,390	16,480
Others CET1 Instruments[2]	457	34	296	(273)	(708)	(634)
Deduction from CET1	(5,576)	(5,504)	(5,499)	(5,821)	(4,560)	(4,536)
CET1	**18,858**	**18,688**	**18,485**	**17,875**	**16,670**	**18,190**
TIER 1	**18,858**	**18,688**	**18,485**	**17,875**	**16,670**	**18,190**
T2 Instruments	4,457	4,460	4,444	4,374	4,382	4,398
T2 Deductions	(86)	(96)	(102)	(93)		
TIER 2	**4,371**	**4,364**	**4,342**	**4,281**	**4,382**	**4,398**
TOTAL CAPITAL	**23,229**	**23,052**	**22,827**	**22,156**	**21,052**	**22,588**
Risk-weighted assets	*147,634*	*146,291*	*143,312*	*139,779*	*135,787*	*135,922*
CET1 Ratio	*12.8%*	*12.8%*	*12.9%*	*12.8%*	*12.3%*	*13.4%*
Tier 1 Ratio	*12.8%*	*12.8%*	*12.9%*	*12.8%*	*12.3%*	*13.4%*
Total Capital Ratio	*15.7%*	*15.8%*	*15.9%*	*15.9%*	*15.5%*	*16.6%*
Leverage ratio	*5.7%*	*5.8%*	*5.7%*	*5.8%*	*5.3%*	*6.0%*

€ million	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015[1]	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016
			BIS III (fully loaded)			
CET1 Instruments	25,357	24,903	24,813	24,363	21,578	23,007
Shareholders' equity	23,977	24,158	23,688	23,969	21,938	23,360
Capital	5,768	5,824	5,824	5,910	5,910	5,910
Profit attributable to the Group	708	996	814	273	638	970
Reserves and other	17,501	17,338	17,050	17,786	15,390	16,480
Others CET1 Instruments[2]	1,380	745	1,125	394	(360)	(353)
Deduction from CET1	(8,699)	(8,371)	(8,233)	(8,311)	(6,070)	(5,962)
CET1	**16,658**	**16,532**	**16,580**	**16,052**	**15,508**	**17,045**
TIER 1	**16,658**	**16,532**	**16,580**	**16,052**	**15,508**	**17,045**
T2 Instruments	4,457	4,460	4,444	4,374	4,382	4,398
T2 Deductions	(1)		(1)			
TIER 2	**4,456**	**4,460**	**4,443**	**4,374**	**4,382**	**4,398**
TOTAL CAPITAL	**21,114**	**20,992**	**21,023**	**20,426**	**19,890**	**21,443**
Risk-weighted assets	*144,716*	*141,911*	*143,575*	*137,872*	*135,314*	*135,516*
CET1 Ratio	*11.5%*	*11.6%*	*11.6%*	*11.6%*	*11.5%*	*12.6%*
Tier 1 Ratio	*11.5%*	*11.6%*	*11.6%*	*11.6%*	*11.5%*	*12.6%*
Total Capital Ratio	*14.6%*	*14.8%*	*14.6%*	*14.8%*	*14.7%*	*15.8%*
Leverage ratio	*5.1%*	*5.2%*	*5.2%*	*5.3%*	*4.9%*	*5.6%*

(1) Figures at December 2015 updated to reflect final COREP adjustments.
(2) 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 the real estate subsidiary BuildingCenter.
  - Other real estate assets and interests.
- **Equity investments:** includes international banking stakes (Erste Group Bank and Banco BPI) and the stakes in Repsol and Telefónica. It also includes other significant stakes recently acquired by the Group as part of its drive to diversify across sectors.

  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 between 11% and 12%** and takes into account both capital consumption by risk-weighted assets at 11% and the applicable deductions.

The difference between the Group's total equity 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			Non-core real estate			Investments		
	January-September		Change	January-September		Change	January-September		Change
	2016	2015	%	2016	2015	%	2016	2015	%
Net interest income	**3,257**	**3,537**	**(7.9)**	**(49)**	**(73)**	**(32.5)**	**(128)**	**(156)**	**(17.7)**
Dividends and share of profit/(loss) of entities accounted for using the equity method	126	102	23.5	11	10	6.9	413	502	(17.7)
Net fee and commission income	1,545	1,597	(3.2)	1	3				
Gains/(losses) on financial assets and liabilities and others	714	654	9.0				4	58	(92.6)
Income and expense arising from insurance or reinsurance contracts	214	153	39.6						
Other operating income and expense	17	136		(186)	(167)				
Gross income	**5,873**	**6,179**	**(4.9)**	**(223)**	**(227)**	**(1.8)**	**289**	**404**	**(28.6)**
Recurring administrative expenses, depreciation and amortisation	(2,908)	(2,987)	(2.6)	(86)	(76)	14.0	(3)	(3)	
Extraordinary expenses	(121)	(543)							
Pre-impairment income	**2,844**	**2,649**	**7.4**	**(309)**	**(303)**	**2.3**	**286**	**401**	**(28.9)**
Pre-impairment income stripping out extraordinary expenses	**2,965**	**3,192**	**(7.1)**	**(309)**	**(303)**	**2.3**	**286**	**401**	**(28.9)**
Impairment losses on financial assets and other provisions	(845)	(1,147)	(26.4)	(168)	(615)	(72.7)	(164)		
Gains/(losses) on disposal of assets and others	11	417		(250)	(535)	(53.4)	(91)	38	
Profit/(loss) before tax	**2,010**	**1,919**	**4.7**	**(727)**	**(1,453)**	**(49.9)**	**31**	**439**	
Income tax expense	(625)	(394)	58.6	210	439	(52.1)	82	49	
Profit/(loss) for the period	**1,385**	**1,525**	**(9.1)**	**(517)**	**(1,014)**	**(48.9)**	**113**	**488**	**(76.9)**
Profit/(loss) attributable to minority interest and others	11	3							
Profit/(loss) attributable to the Group	**1,374**	**1,522**	**(9.7)**	**(517)**	**(1,014)**	**(48.9)**	**113**	**488**	**(76.9)**
Half year average equity	*18,671*	*18,063*	*3.4*	*1,561*	*1,672*	*(6.7)*	*2,758*	*4,159*	*(33.7)*
Total Assets	*321,685*	*315,978*	*1.8*	*13,953*	*15,792*	*(11.6)*	*7,225*	*11,684*	*(38.2)*
ROTE	*11.0%*						*1.3%*	*18.5%*	*(17.2)*
Cost-to-income ratio stripping out extraordinary expenses	*51.3%*								
Non-performing loan ratio	*5.8%*	*6.3%*	*(0.5)*	*80.5%*	*85.5%*	*(5.0)*			
Non-performing coverage ratio	*54%*	*56%*	*(2.0)*	*47%*	*54%*	*(7.0)*			

2016 quarterly business performance

€ million	Banking & insurance			Non-core real estate activity			Investments		
	1Q16	2Q16	3Q16	1Q16	2Q16	3Q16	1Q16	2Q16	3Q16
Net interest income	**1,082**	**1,080**	**1,095**	**(10)**	**(18)**	**(21)**	**(52)**	**(41)**	**(35)**
Dividends and share of profit/(loss) of entities accounted for using the equity method	27	36	63	3	6	2	107	221	85
Net fee and commission income	488	522	535			1			
Gains/(losses) on financial assets and liabilities and others	267	326	121				1	(1)	4
Income and expense arising from insurance or reinsurance contracts	64	76	74						
Other operating income and expenses	34	(25)	8	(89)	(55)	(42)			
Gross income	**1,962**	**2,015**	**1,896**	**(96)**	**(67)**	**(60)**	**56**	**179**	**54**
Recurring administrative expenses, depreciation and amortisation	(975)	(969)	(964)	(27)	(29)	(30)	(1)	(1)	(1)
Extraordinary expenses			(121)						
Pre-impairment income	**987**	**1,046**	**811**	**(123)**	**(96)**	**(90)**	**55**	**178**	**53**
Pre-impairment income stripping out extraordinary expenses	**987**	**1,046**	**932**	**(123)**	**(96)**	**(90)**	**55**	**178**	**53**
Impairment losses on financial assets and other provisions	(224)	(415)	(206)	(22)	(87)	(59)	(164)		
Gains/(losses) on disposal of assets and others		11		(53)	(114)	(83)	(80)	(11)	
Profit/(loss) before tax	**763**	**642**	**605**	**(198)**	**(297)**	**(232)**	**(189)**	**167**	**53**
Income tax expense	(217)	(238)	(170)	54	86	70	62	10	10
Profit/(loss) for the period	**546**	**404**	**435**	**(144)**	**(211)**	**(162)**	**(127)**	**177**	**63**
Profit/(loss) attributable to minority interest and others	2	5	4						
Profit/(loss) attributable to the Group	**544**	**399**	**431**	**(144)**	**(211)**	**(162)**	**(127)**	**177**	**63**

Note: Profit and cost-to-income ratios calculated on the basis of the last twelve months (excluding extraordinary expenses). For the banking and insurance business, no comparable historical information is available for the 2015 ratios.

For the banking and insurance business, ratios for 2016 exclude the €-121 in restructuring costs and the 4Q15 contribution paid to the National Resolution Fund so as to avoid overlap with the contribution paid to the Single Resolution Fund in 2Q16.

The equity investments business includes both Grupo Financiero Inbursa and The Bank of East Asia up until the signing of the swap agreement.

Banking and insurance business

- **Profit of €1,374 million at 30 September 2016**, with a return of 11.0% (ROTE last twelve months).

  The year-on-year change (-9.7%) was down to one-off aspects in 2015 in relation to the integration of Barclays Bank, SAU.

- **Gross income of €5,873 million (-4.9%).**

- **Recurring operating expenses were down 2.6% year on year** in response to the ongoing drive to contain costs. Extraordinary costs of €121 million were reported in connection with the labour agreement signed in the third quarter of 2016. A total of €543 million in costs associated with the integration of Barclays Bank, SAU and the labour agreement was recognised in 2015.

- **Pre-impairment income for the first nine months was up 7.4%** year on year to reach €2,844 million (-7.1% excluding extraordinary expenses).

- **The cost-to-income ratio excluding extraordinary expenses** stood at 51.3%.

- **Drop in impairment losses on financial assets and other** (-26.4%). The cost of risk continued to fall, ending the quarter at 0.35%.

  In the second quarter of 2016, this heading included €-160 million associated with the early retirement agreement.

- In 2015, Gains/(losses) on disposal of assets and others mainly included the negative goodwill (€602 million) generated from the acquisition of Barclays Bank, SAU.

- **The NPL 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 €517 million in the first nine months of 2016 (versus €1,014 million in losses in the same period of 2015).

- **Net loans under management** amounted to €2,092 million, down 28% in the year to date.

- Net foreclosed real estate assets available for sale totalled €7,071 million, **down 2.6% in the year**. Real estate assets held for rent stood at €3,122 million, net.

- **Total properties rented or sold** over the last twelve months amount to €1,863 million, with positive results on sales of property since the fourth quarter of 2015.

Balance sheet - Non-core real estate business

€ million	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2015
Assets	**13,953**	**15,317**	**15,792**
Loans to non-core real estate developers, net	2,092	2,906	3,332
Loans to non-core real estate developers, gross	3,355	5,143	6,260
Provisions	(1,263)	(2,237)	(2,928)
Foreclosed real estate assets available for sale	7,071	7,259	7,070
Rental portfolio	3,122	2,966	3,140
Other	1,668	2,186	2,250
Liabilities	**13,953**	**15,317**	**15,792**
Deposits and other liabilities	448	638	594
Intra-group financing	11,889	13,144	13,615
Assigned capital	1,616	1,535	1,583

Equity investment business

- **Profit attributable to the Group at 30 September 2016 stands at €113 million,** which includes:

  One-off events in the first quarter associated with the extraordinary write-downs made to unlisted stakes and the negative impact stemming from the early repayment of the issue of bonds 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).

  Recognition in the the second quarter of the Telefónica dividend and completion of the transfer to CriteriaCaixa of the stakes in The Bank of East Asia and Grupo Financiero Inbursa.

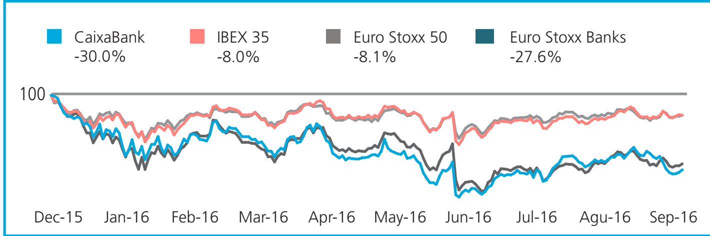
The CaixaBank share

Share price performance

- The main European Stock markets closed out the third quarter in positive territory. The Euro Stoxx 50 gained 4.80%, while the Ibex35 finally ended its bad run of five straight quarters of losses to post 7.55% growth. However, let us not forget that these more promising figures come shortly after the stock market collapse seen in late June as news spread of the Brexit camp's victory in the British referendum, which was followed by a swift recovery in July and August only for market uncertainty to re-emerge in September. Once again, the European banking sector has felt the brunt of these changes: in July and August it rallied strongly, but soon after the instability returned, this time as a result of lingering concerns over the financial health of Deutsche Bank and the unknowns surrounding plans to purge the Italian banking sector. Meanwhile in Spain, at least some of the prevailing political uncertainty has fed through to the stock markets.

The CaixaBank share price was €2.249/share at the end of the third quarter (+14.34%)

- The ECB made no change to its monetary policy in the quarter, and nor for that matter did the Federal Reserve, though the Fed is expected to hike interest rates in late 2016 assuming the macroeconomic indicators continue to improve and no major risks emerge. On a more global scale, we would highlight the agreement reached by OPEC to limit crude oil production from November onward.



CaixaBank shares versus the main Spanish and European indices in the first nine months of 2016

- The CaixaBank share ended trading on 30 September 2016 at €2.249/share (+14.34 % in the quarter), outperforming the gains made by the Euro Stoxx Eurozone Banks index (+11.16 %) and the average for Spanish financial institutions (+9.15 %).

- Trading in the third quarter of 2016 was up 40.8 % 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 third quarter, especially high levels of trading were noted following the private placement of 585 million treasury shares among qualified investors[2].

Shareholder returns

- CaixaBank has paid shareholders a total of €0.15 per share in the last twelve months, split into quarterly payments; one of which was paid under the Scrip Dividend Programme, while the other three were paid in cash.

- A cash payout of €0.03 per share was made on 30 September 2016, corresponding to the first quarterly payment charged to profit for 2016.

- On 10 March 2016, the Board of Directors proposed that dividends for 2016 under its shareholder remuneration policy be paid via three cash payments and one payment under the Scrip Dividend Programme, with shareholder remuneration to remain a quarterly event. In line with the 2015-2018 Strategic Plan, CaixaBank has reiterated its intention of remunerating shareholders by distributing an amount in cash equal to or greater than 50% of consolidated net profit.

(1) IBEX 35 Banks Index - Bloomberg.

(2) See section on Significant Events.

Shareholder returns over the past twelve months

Concept	€/share	Payment date
Cash dividend, interim 2016	0.03	Sep. 30, 2016
Cash dividend, final dividend 2015	0.04	Jun. 1, 2016
Optional Scrip Dividend[1]	0.04	Mar. 18, 2016
Cash dividend, interim 2015	0.04	Dec. 24, 2015

(1) Settlement date for rights sold to CaixaBank related to the Optional Scrip Dividend program. Listing date for bonus subscription rights: 1 March 2016.

Key performance indicators for the CaixaBank share

	Sep. 30, 2016
Market capitalisation (€ M)	13,283
Number of outstanding shares[2]	5,905,966
Share price (€/share)	
Share price at the beginning of the period (31 December 2015)	3.214
Share price at closing of the period (30 September 2016)	2.249
Maximum price[3]	3.214
Minimum price[3]	1.894
Trading volume in the first nine months of 2016 **(number of shares, excluding non-recurring transactions, in thousands)**	
Maximum daily trading volume	91,076
Minimum daily trading volume	4,792
Average daily trading volume	17,502
Stock market ratios	
Net Profit (€M) (12 months)	788
Average number of shares (12 months)	5,770,664
Net income attributable per share (EPS) (€/share)	**0.14**
Equity (€M)	23,524
Number of shares at 30 September 2016[2]	5,905,966
Book value per share (€/share)[4]	**3.98**
Tangible Equity (€M)	19,482
Number of shares at 30 September 2016[2]	5,905,966
Tangible book value per share (€/share)[4]	**3.30**
PER (Price / Profit)	**16.46**
Tangible P/BV (market value/ tangible book value)	**0.68**
Dividend Yield[5]	**6.7%**

(2) Number of shares, in thousands, excluding treasury shares. At 30 September 2016, CaixaBank has no convertible capital securities outstanding that could be converted into common shares.
(3) Share price at close of trading.
(4) See Glossary.
(5) Calculated by dividing the yield for the past twelve months (€0.15/share) by the closing price at the end of the period (€2.249/share).

Significant events in the first nine months of 2016

Tender offer for BPI

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

The offered price was 1.113€ per share in cash and was 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 was in line with the volume-weighted average of Banco BPI's share price during the last six months.

Prior to the announcement, CaixaBank had held conversations with the ECB to keep it informed of the process and requested a suspension of any administrative proceedings against Banco BPI on account of its large exposure breach so as to allow CaixaBank to find a solution to the 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 running from the date on which CaixaBank eventually acquires BPI in which to resolve BPI's large exposure breach.

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

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

On 21 September 2016, the extraordinary General Shareholders Meeting of BPI agreed to lift the 20% voting cap in relation to the tender offer announced on 18 April 2016. The Portuguese Comissão do Mercado de Valores Mobiliários (stock market commission) decided to end the exemption previously granted to CaixaBank in 2012 (temporarily releasing it from its obligation to launch a mandatory bid for the shares in Banco BPI), thus requiring CaixaBank to launch the takeover bid for BPI. This means that the planned takeover of BPI, which was initially envisaged as a voluntary move, is now compulsory. The share price has now been set at €1.134, equivalent to the weighted average of the quoted price of BPI shares over the previous six months.

Acceptance of the offer by the target shareholders is subject to compliance with all applicable legal and regulatory requirements, including those prescribed by applicable law on foreigners and aliens insofar as the target shareholders are subject to that law.

Sale of treasury shares to qualified investors

On 22 September 2016, CaixaBank decided to make use of the power conferred on the Board of Directors by the General Shareholders' Meeting on 28 April 2016, thus proceeding to sell a package of treasury shares through a private placement among qualified investors. Most of these shares had recently been acquired from its shareholder CriteriaCaixa under the terms of the swap agreement discussed bellow.

A total of 585,000,000 treasury shares were successfully sold, representing 9.9% of CaixaBank's share capital (including treasury shares worth €380 million transferred to two institutional investors committed to remaining with the Bank). The price per treasury share was set at €2.26, thus offering investors a 3.67% discount on the quoted price of the CaixaBank share on the transaction date.

CaixaBank obtained a total of €1,322 million in proceeds from the sale.

The placement has allowed CaixaBank to strengthen its regulatory capital ratio in view of the tender offer for BPI shares described previously, thus allowing it to meet the objective under its Strategic Plan of maintaining a fully-loaded Common Equity Tier 1 (CET1) ratio of 11 to 12%.

Outcome of the stress test coordinated by the European Banking Authority (EBA)

The stress test conducted by the European authorities extended to the entire CriteriaCaixa Group, therefore including not only the CaixaBank Group, but also the industrial stakes and real estate assets of Criteria, based on the maximum prudential consolidation level at 31 December 2015. Under this perimeter, the CriteriaCaixa Group has obtained a regulatory CET1 ratio (phase-in) of 9.0% at the end of the adverse scenario (2018) and a fully-loaded ratio of 7.8%.

CaixaBank, as part of the CriteriaCaixa Group, has conducted an internal estimate of its own individual results by relying on the same methodology and official scenarios as those relied on by the CriteriaCaixa Group. Applying the same methodology and adverse macroeconomic scenario to CaixaBank on its own, the Bank's Common Equity Tier 1 (CET1) ratio would be 9.8% at December 2018 (regulatory view) and 8.5% fully loaded.

If we factor in the swap agreement between CaixaBank and Criteria discussed bellow, CaixaBank's CET1 ratio at the end of the adverse scenario (2018) would improve to 10.1% (regulatory view) and to 9.1% (fully loaded) due to the release of deductions deriving from the financial stakes transferred to Criteria.

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 board resignations tendered by Isidro Fainé Casas, Juan José López Burniol and María Dolors Llobet María, 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 from 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.

CaixaBank later announced that José Serna Masiá and Koro Usarraga Unsain had accepted their 30 June appointments as proprietary and independent director, respectively, after receiving notice from the European Central Bank on 7 July and 4 August, respectively, effectively confirming their suitability for office.

Subsequently, CaixaBank announced on 14 September that Jordi Gual Solé had accepted his appointments as proprietary director, non-executive chairman of the Board of Directors and member of the Executive Committee, of which he will also act as chairman in accordance with article 12 of the Board Regulations. These acceptances were made after receiving notice from the European Central Bank confirming his suitability for the positions of board member and non-executive chairman of CaixaBank.

Agreement reached with CriteriaCaixa to swap the stakes held in The Bank of East Asia and Grupo Financiero Inbursa for a mix of 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) agreed to sign a swap agreement whereby CaixaBank would transfer to CriteriaCaixa its stake in The Bank of East Asia and in Grupo Financiero Inbursa in exchange for a mix of CaixaBank shares and cash (the "Swap Agreement").

On 30 May 2016, this asset swap arrangement was successfully completed, having previously secured all necessary administrative authorisations and having satisfied the terms of the swap agreement.

As a result, CaixaBank 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 its share capital. In exchange, Criteria transferred to CaixaBank a number of CaixaBank shares representing approximately 9.89% of its share capital, plus a cash sum of €678 million.

As a result of the transfers envisaged under the Swap Agreement, the agreements with BEA and GFI have since been amended to allow Criteria to take over from CaixaBank as their 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 honour its commitment to making those investments through GFI and BEA respectively, unless, in the case of GFI, that bank decides not to take part in the investment.

The transfers following the Swap Agreement had a net negative impact of €14 million on CaixaBank's consolidated result at the close of the operation, and an impact on the ordinary Tier 1 regulatory capital (CET1) ratio of around -0.3% (phased-in) and +0.2% (fully loaded).

The swap has allowed 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, compared to 16% at the end of 2014. Following the deal, the weight of the capital charge of minority holdings has fallen to below 8%.

At 30 September 2016, CriteriaCaixa was the majority shareholder of CaixaBank, with a stake of 46.91% and an equal amount of voting rights.

Intended prudential deconsolidation of CriteriaCaixa from CaixaBank

On 26 May 2016, CriteriaCaixa announced through a significant event filing, with the following key aspects, that the European Central Bank (ECB) had 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 dividend rights in CaixaBank no longer exceed 40% of the 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 requirements; 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 deconsolidation 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, the 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.

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 September 2016	
Telefónica	5.01%
Repsol	10.05%
Banco BPI[1]	45.50%
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 €922 million (€1.39/share).
(2) The consolidated carrying amount (equity attributable to the CaixaBank Group, net of write-downs) amounts to €1,236 million (€28.98/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	26 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 IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

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

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

Alternative Performance Measures[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 retail deposits:** cost of on-balance sheet retail customer funds divided by the average balance for the specific period (quarterly), excluding subordinated liabilities.

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

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

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

Cost-to-income ratio without extraordinary expenses: administrative expenses, depreciation and amortisation without extraordinary expenses divided by gross income (last twelve months).

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

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

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

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

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

Cost of risk: total loan loss provisions 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.

High quality liquid assets: HQLAs (High Quality Liquid Assets within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the Bank of Spain (non-HQLA).

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

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

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.
- (-) Operating expenses

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.

Loan loss provisions.
- 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 others. Includes the following line items:
- Impairment/(reversal) of impairment on 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/(loss) attributable to minority interests and others. Includes the following line items:
- Profit/(loss) after tax from discontinued operations.
- Profit/(loss) for the period attributable to minority interests (non-controlling interests).

Activity indicators

Loans and advances to customers, gross

September 2016 **€ million**	
Loans and advances to customers (Public Balance Sheet)	**202,502**
NPL provisions	7,644
Other, non-retail, financial assets (asset under the asset protection scheme and others)	(725)
Reverse repurchase agreement (public and private sector)	(4,321)
Loans and advances to customers, gross	**205,100**

Liabilities under insurance contracts

September 2016 **€ million**	
Liabilities arising from insurance contracts (Public Balance Sheet)	**47,535**
Capital gains/(losses) on insurance assets available for sale	(12,356)
Unit-links[1]	3,128
Liabilities arising from insurance contracts, under management criteria	**38,307**

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

Customer funds

September 2016 € million	
Financial liabilities at amortised cost (Public Balance Sheet)	**245,836**
Non-retail financial liabilities	**(68,248)**
Deposits from central banks	(27,348)
Deposits from credit institutions	(8,333)
Other financial liabilities	(3,890)
Institutional issues[1]	(28,176)
Counterparties and other	(501)
Liabilities under insurance contracts, under management criteria	**38,307**
Total on-balance sheet customer funds	**215,895**
Assets under management (mutual funds, managed accounts, SICAVs and pension plans)	77,926
Other accounts[2]	5,852
Off-balance sheet funds	**83,778**
Total customer funds	**299,673**

(1) Recognised for accounting purposes at 30.09.16 under: Debt securities issued (27,953) and Customer deposits (4,508).
(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

September 2016 € million	
Debt securities issued (Public Balance Sheet)	**27,953**
Securitized bonds	(2,426)
Value adjustments	(277)
Retail	(3,963)
Issues acquired by companies within the group	279
Customer deposits (Public Balance Sheet)[3]	**4,508**
Deposits from credit institutions (Public Balance Sheet) - Mortgage covered bonds (BEI)	**220**
Institutional financing for the purpose of managing bank liquidity	**26,294**

(3) €4,429 million in multi-issuer covered bonds and €79 million in subordinated deposits.

Market indicators

EPS (Earnings per share): profit attributable to the Group for the last twelve 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: 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 less minority interests divided by the number of fully diluted shares outstanding at a specific date.

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

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

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

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

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 security or any financial service or product of CaixaBank, S.A. (the "Company") or of any other company mentioned herein.

This document may contain statements relating to projections or estimates in respect of future business or returns, particularly in relation to financial information regarding investees has been prepared primarily on the basis of estimates made by the Company. While these projections and estimates reflect the Company's current opinion or view of future business prospects, certain risks, uncertainties and other relevant factors may cause the actual results or outcome to be substantially different to what the Company currently expects. These variables include market conditions, macroeconomic factors, regulatory and government requirements, fluctuations in national or international stock markets or in interest and exchange rates, changes in the financial position or our customers, debtors or counterparties, and so forth. These risk factors, together with any others mentioned in past or future reports, could adversely affect our business and the levels of performance and results described. Other unknown or unforeseeable factors could also make the results or outcome differ significantly from those described in our projections and estimates.

Past financial statements and previous growth rates are no guarantee of the future performance, results or price of shares (including earnings per share). Nothing contained in this document should be construed as constituting a forecast of future results or profit.

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. 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), or by or with any other authority operating in other jurisdictions. 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.

Institutional Investors & Analysts
investors@caixabank.com
+34 93 411 75 03

Best Bank for CSR in Western Europe

Best Bank in Spain 2016