CaixaBank posts profit of €273 million on the back of solid gross income, cost containment and a drop in loan loss provisions

- **Pre-tax profit stood at €376 million (+78.7% year on year)**. Profit attributable to the banking and insurance business, excluding real estate business and investees, amounted to **€544 million**.

- **NPL ratio down to 7.6% (-33 basis points).** The NPL ratio has seen further improvement as **non-performing loans drop for the eleventh straight quarter (€5,170 million in the last twelve months**).

- **Cost-to-income ratio excluding non-recurring costs up 2.3 percentage points in the last twelve months to 52.4%** in response to the ongoing drive to streamline and contain **recurring costs (-3.1%).**

- **Pre-impairment income totalled €919 million** (**+35.4%**, or **+0.1%** if we strip out the non-recurring costs reported in 2015). In a climate of rock-bottom interest rates and high market volatility and following the move to remove floor clauses from mortgage loan contracts, **gross income amounted to €1,922 million (-1.6%)**.

- **Significant reduction in impairment losses on financial assets and others** (-45.2%) following the **drop in loan loss provisions (-59.2%)**, with the **cost of risk falling to 0.58%** (-33bp in the past twelve months).

- **The loan portfolio** remained stable at **€206,158 million,** while the **performing loan portfolio was up 0.2%**, confirming the upward trend in loan performance. **Customer funds grew 0.2%** excluding the negative impact of market effects on assets under management.

- CaixaBank has cemented its **leadership in key profit-generating businesses**: **VidaCaixa**, the insurance market leader in Spain; **SegurCaixa Adeslas**, the fastest growing non-life insurance company; **CaixaBank AM**, leading management company in terms of wealth, customers and funds; **CaixaCard** and **Comercia Global Payments**, both leaders in payment systems; and **CaixaBank Consumer Finance**, subsidiary to strength production of new consumer loans, a key business given the current environment.

- **The Bank has maintained its capital strength**, with a fully-loaded Common Equity Tier 1 (CET1) ratio of **11.6% and a regulatory CET1 ratio of 12.8%.** The pro-forma fully-loaded CET1 will climb to 11.8% following completion of the swap arrangement with CriteriaCaixa for the sale of the stakes held by CaixaBank in The Bank of East Asia (BEA) and Grupo Financiero Inbursa (GFI).

Barcelona, 28 April 2016.- CaixaBank, the number one retail bank in Spain with Isidro Fainé as Chairman and Gonzalo Gortázar as CEO, reported net attributable profit of €273 million in the first quarter of 2016, down 27.2% on the same period of 2015, which included a number of one-off impacts associated with the integration of Barclays Bank, SAU.

Pre-tax profit amounted to €376 million, up 78.7% on the €211 million reported in the first quarter of 2015.

Profit attributable to the banking and insurance business amounted to €544 million at 31 March 2016, showing a return of 10.9% (ROTE last twelve months). The real estate business generated a negative impact of €144 million in the first quarter (versus the €557 million in losses in the same period of 2015) reflecting the drop in impairment losses on assets and others.

Strong improvement in pre-tax income

Consolidated income statement

In Million Euros	1Q16	1Q15	YoY (%)
Net interest income	**1,020**	**1,138**	**(10.4%)**
Net fees and commissions	465	513	(9.4%)
Income from investment & associates	137	180	(23.6%)
Trading income	291	129	125.0%
Other operating income & expenses	9	(7)	-
Gross income	**1,922**	**1,953**	**(1.6%)**
Recurring expenses	(1,003)	(1,035)	(3.1%)
Extraordinary operating expenses	-	(239)	-
Pre-impairment income	**919**	**679**	**35.4%**
Impairment losses & others	(410)	(748)	(45.2%)
Gains/losses on assets disposals & other	(133)	280	-
Pre-tax income	**376**	**211**	**78.7%**
Income tax, minority interest & others	(103)	164	-
Profit attributable to the Group	**273**	**375**	**(27.2%)**

1 Pre-impairment income growth: +35.4%

- Impact of extraordinary factors in banking revenues
- Good evolution of gains on financial assets
- Strict cost discipline

2 Significant reduction of impairment losses

- Improving Cost of Risk

Barclays integration impact in 1Q15

Profit for the quarter was driven by high levels of income from the banking business (€1,922 million in gross income, -1.6%), by the containment and streamlining of operating costs (-3.1% excluding the €239 million in costs associated with the integration of Barclays Bank, SAU in the first quarter of 2015) and by the drop in loan loss provisions (€-325 million, -59.2%).

Asset quality indicators also continued to fare well, with the NPL ratio dropping to 7.6% in the quarter.

Gains/losses on disposal of assets and others includes, among other items, proceeds from the sale of assets and other write-downs. In 2015, this mainly included the negative goodwill generated from the integration of Barclays Bank, SAU (€602 million).

Stability in generating loans and attracting funds

CaixaBank remains the leading bank in Spain among individual customers, with a market penetration of 28.3%, and also leads the way in online banking (5 million customers) and mobile banking (2.9 million). The commercial strength of the CaixaBank Group has allowed it to cement its leadership while generating sustained growth in market shares for the main financial products and services.

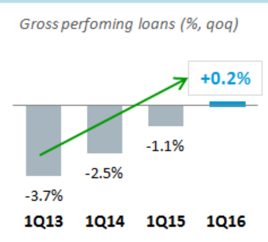
CaixaBank has 13.8 million customers, 5,183 branches, 9,601 ATMs and total assets of €341,363 million. In the first quarter of 2016, the Bank continued to enhance its personal attention model, a process that first got under way with the "A" branches through the implementation of so-called Store branches.

On the commercial front, the Bank continues to focus efforts on attracting and retaining customers, as shown by the 335,000 payrolls secured so far in 2016 (up 9% year on year), pushing up the Bank's payroll market share to 25% (+68bp) for a total of over 3,300,000 payrolls.

Changing trend in credit: performing loans growth

€190.2 Bn
Performing loans

YTD:
+0.2% // + €385 M



Gross loan-book breakdown

In Bn Euros	31st March	YTD
Loans to individuals	**120.2**	**(0.6%)**
of which:		
Home purchases	88.7	(0.8%)
Loan to businesses	**72.0**	**0.4%**
of which:		
Corporates and SMEs	60.7	1.4%
Real Estate developers	9.3	(5.4%)
Public Sector	**14.0**	**1.6%**

Households and businesses credit expansion

Real Estate portfolio continues to fall

Customer loans and advances, gross, amounted to €206,158 million and remained stable in the quarter (-0.1%). The performing loan portfolio grew by 0.2%, confirming the upward trend seen in recent quarters and the positive performance of new loan production: mortgage loans were up 45% while consumer loans gained 44%. The Bank's share of the loan market is now 16.4%.

Customer funds totalled €295,716 million, also stable in the quarter (-0.3%). Excluding the impact of market effects on off-balance sheet products, customer funds gained 0.2%. The market share for customer deposits was 15.3%.

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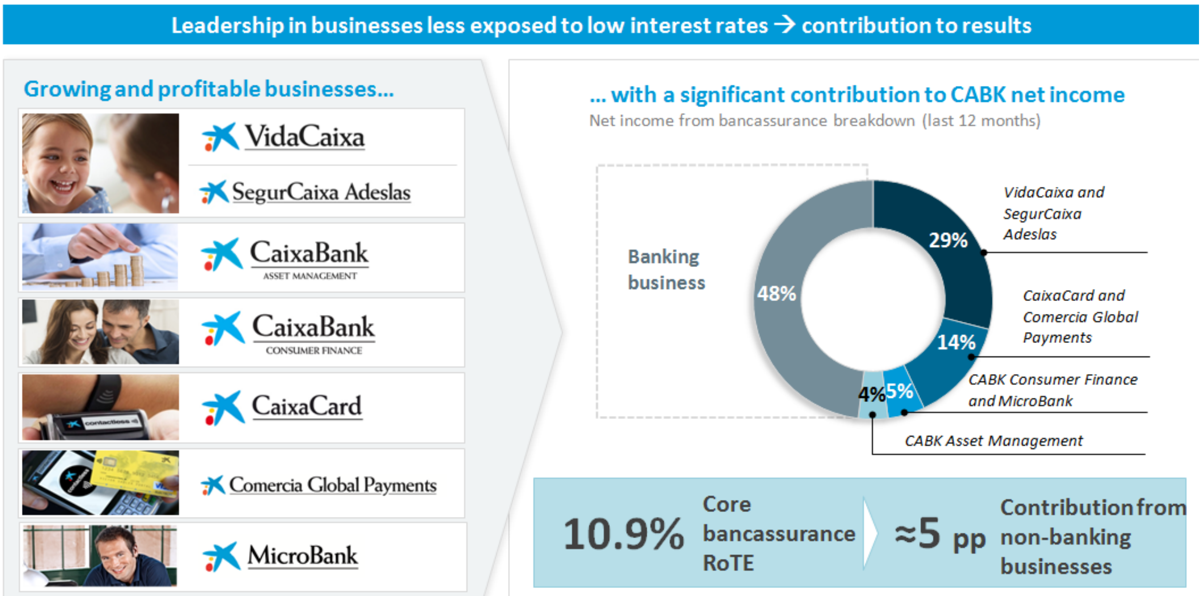
Leadership in key businesses, with both growth and returns

CaixaBank has a model that combines ownership of product-generating businesses (insurance, fund management, cards, etc.) with an excellent distribution platform to ensure proximity to customers, plus its undisputed technological strength.

In 2015, CaixaBank remained the leading bank in assets under management in both investment and pension products. In relation to investment funds, CaixaBank Asset Management is the leading fund manager with a market share of 17.4%, and it also ranks first in assets under management (€49,389 million, including portfolios and SICAVs) and in the number of fund investors (1.2 million).

In relation to pension plans and savings insurance, VidaCaixa remains the market leader in assets under management, with market shares of 21.8% and 22.6%, respectively. Furthermore, SegurCaixa Adeslas, in which CaixaBank holds at 49.9% stake, is the fastest-growing non-life insurance company, with a market share of 26.1%.



In the field of payment systems, CaixaBank outperformed the market in both card turnover through CaixaCard (wholly-owned subsidiary of CaixaBank) and PoS terminals through Comercia Global Payments (49% owned by CaixaBank), with a market share of 22.8% and 26.1%, respectively.

Moreover, the launch of CaixaBank Consumer Finance illustrates the Bank's ongoing commitment to consumer financing, a key business given the current climate. New production of consumer loans was up 44% in the first quarter of the year.

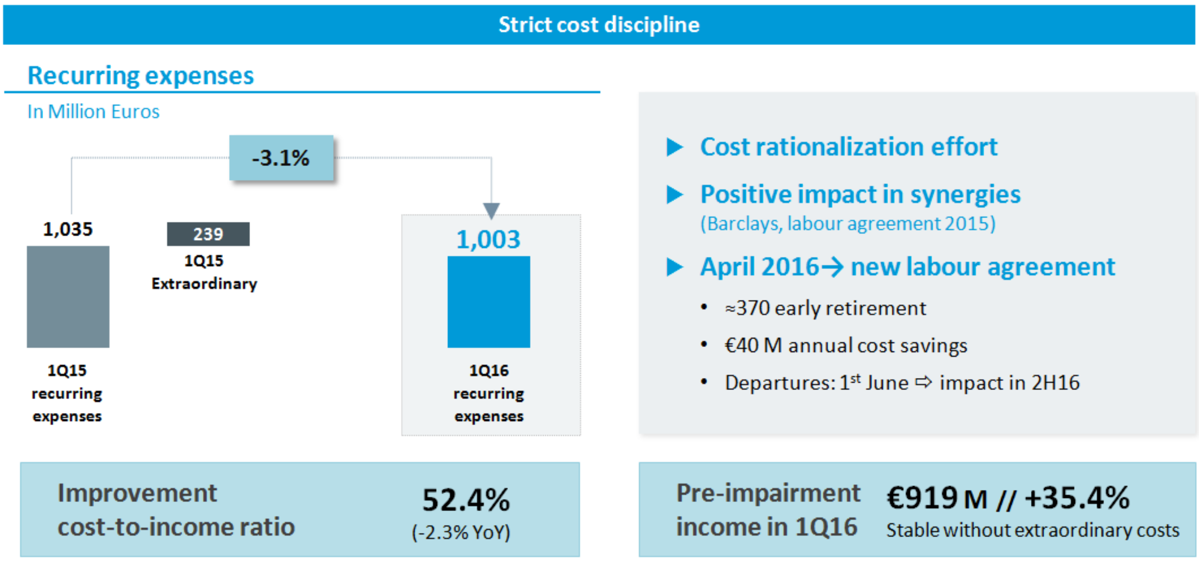
High levels of banking income and cost containment

Changes in income and expenses brought gross income to €1,922 million (-1.6%), while pre-impairment income reached €919 million (+35.4%, or 0.1% if we exclude the non-recurring costs reported in 2015).

Net interest income totalled €1,020 million (-10.4%) reflecting falling interest rates, the removal of floor clauses from mortgage loan contracts and the drop in income on fixed income securities.

Fee and commission income amounted to €465 million (-9.4%) impacted by high market volatility, with a particularly heavy impact on fees on investment funds and pension plans, and also due to the high income reported in the first quarter of 2015 from non-recurring investment banking transactions.

Excluding non-recurring costs, expenses shed 3.1% on the back of the ongoing drive to streamline and contain costs and unlock synergies and savings under the labour agreement signed in 2015. The changes seen in income and costs triggered an improvement of 2.3 percentage points in the cost-to-income ratio without non-recurring costs, which stood at 52.4%.



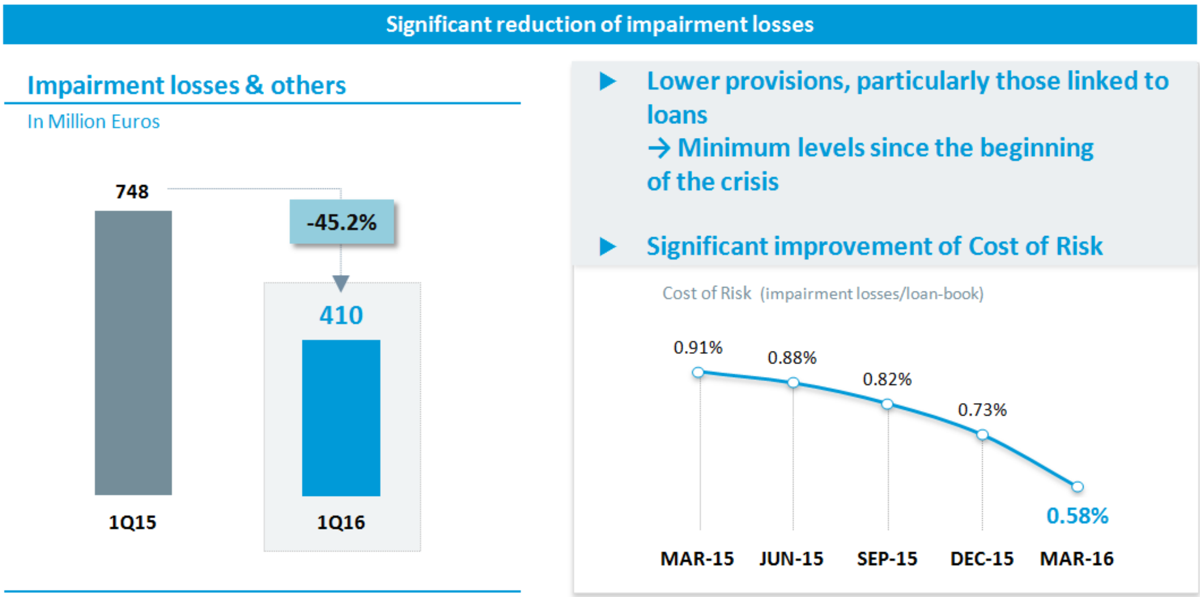
Income from equity investments totalled €137 million. The change in share of profit/loss of entities accounted for using the equity method (-25.6%) was down to the individual performances of the different businesses and prevailing market conditions.

Gains on financial assets and exchange rate differences was up 125.0% to reach €291 million. A number of unrealised capital gains materialised in the first quarter of 2016, mainly on fixed-income assets classified as financial assets available for sale.

Sharp drop in loan loss provisions and the NPL ratio

Impairment losses on financial assets and others stood at €410 million, down 45.2% year on year. Loan loss provisions were down (-59.2%), as were other charges to provisions (-6.4%), which includes a current estimation of the coverage needed for future contingencies and impairment of other assets. The cost of risk fell to 0.58% (-33bp in the last 12 months).

The drop in the NPL ratio accelerated to rest at 7.6% at 31 March 2016, after shedding 33 basis points in the quarter. The NPL ratio saw further improvement as non-performing loans dropped for the eleventh straight quarter (€675 million in the quarter and €5,170 in the last twelve months). The NPL ratio has dropped by 42% since June of 2013. Excluding real estate developers, the NPL ratio fell to 6%.



The intense commercial activity of BuildingCenter, CaixaBank's real estate subsidiary, has generated €1,960 million in sales and rentals of real estate assets over the past 12 months. The real estate market is continuing to recover, as shown by the relative price stability and greater levels of demand, and this yielded positive results on sales of real estate assets for the second straight quarter.

The net portfolio of foreclosed real estate assets available for sale amounted to €7,194 million (€-65 million in the first quarter of 2016) and is continuing to stabilise, with a high coverage ratio of 57.5%.

Capital strength and excellent liquidity

CaixaBank's fully-loaded core capital ratio (Common Equity Tier 1) remained high at 11.6%, applying the criteria envisaged for the end of the phase-in period. The pro-forma CET1 ratio will climb to 11.8% following completion of the swap arrangement with CriteriaCaixa for the sale of the stakes held by CaixaBank in The Bank of East Asia (BEA) and Grupo Financiero Inbursa (GFI).

Following the criteria in force in 2015 for phased-in implementation, CaixaBank's regulatory CET1 ratio stood at 12.8% while its total capital ratio reached 15.9%, ahead of all the other main financial institutions in Spain.

Bank liquidity was €49,555 million at year-end (14.5% of the Group's assets), in response to changes in the loan-deposit gap, institutional issues that were not renewed on maturity and the maturity and management of loan collateral.

Voluntary tender offer for BPI

On 18 April 2016, CaixaBank notified the market of the decision reached by its Board of Directors to launch a voluntary tender offer for Banco BPI. The cash tender offer price has been set at €1.113 per share and is conditional on Banco BPI removing the cap on voting rights, on CaixaBank ultimately reaching a stake of over 50% in the Portuguese bank and on obtaining the necessary regulatory clearance. The share price being offered is equivalent to the weighted average price of Banco BPI shares over the past six months.

Before announcing the plan, CaixaBank held talks with the ECB to keep it abreast of the situation and to request the suspension of any administrative proceedings under way against Banco BPI on account of its excess risk concentration so as to allow CaixaBank to find a solution to the situation should it finally gain control of Banco BPI.

Best Bank in Spain 2015

Best Private Bank in Spain 2015 and 2016

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Welfare Projects: improving the present, building the future

The **”la Caixa” Banking Foundation**, which directly oversees Welfare Projects and uses Criteria-Caixa to pool all the stakes held by the ”la Caixa” Group, including CaixaBank, has recently unveiled its **new 2016-2019 Strategic Plan**, setting out the strategies and plans that are to guide Welfare Projects over the coming four years and providing further proof of the Group’s tireless commitment to citizens and society.

The plan envisions a budget of **€2,060 million between 2016 and 2019**; an investment that will focus on three main strategic areas: society, research, and culture and education. In 2016, **”la Caixa” Welfare Projects will once again have a budget of €500 million**, the same as for the last eight years. This generous allowance makes it Spain’s largest foundation in terms of funds invested and one of the largest in Europe and indeed worldwide.

Social programmes, which focus on actions and initiatives to cover the basic needs of the most vulnerable groups of society while championing equal opportunities, will remain the main priority of Welfare Projects and will account for **60% of the total budget** over the coming four years. **Child care and job creation** will be the two pillars of the entity’s social action. These priorities are embodied in the **CaixaProinfancia and Incorpora initiatives**, which are both now fully consolidated.

CaixaProinfancia has been set up to **fight child poverty** and in the first quarter of 2016 the programme provided care to **over 34,000 children** aged from 0 to 18 across all the main cities of Spain. The initiative was also set up in Galicia in early 2016 with the aim of supporting the lives of the most underprivileged children living in the region.

Upwards of 4,000 jobs

Turning to the **job prospects of the most underprivileged sections of society**, the **Incorpora programme** remains staunchly committed to creating jobs for the disabled, those who have been out of work for a long time, victims of gender-based violence, young people at risk of exclusion, people aged over 45 and former convicts. Between January and March of this year, the project created a total of **4,108 jobs at 2,129 different companies. Incorpora also deployed a network of Self-Employment Points** in the first three months of 2016 to provide advice and support to citizens looking to set up their own business.

Ceremonies were also held between January and March to celebrate **the centenary of the Senior Citizens programme of Welfare Projects.** A total of **227,417** people took part in the entity’s oldest and most venerable programme during the period, with over 5,400 projects rolled out to champion active ageing, social involvement and respect and dignity of senior members of society.

The **Integral Support Programme for People with Advanced Illnesses** -another strategic initiative of Welfare Projects- provided care to **over 4,700 patients** and 6,822 family members in the first quarter of 2016. According to a scientific survey conducted, 90% of patients showed signs of improvement under this ground-breaking international programme.

The Banking Foundation's new Strategic Plan also seeks to **consolidate the objective of providing easier access to housing**, especially for low-income people given its overriding importance for many citizens. The "la Caixa" Group already has **upwards of 33,000 subsidised flats** currently available to low-income groups of society.

The **Volunteering Programme of "la Caixa"** provided assistance and support to over 221,000 people in 2015 (50% more than in 2014) and now has **13,000 active people** involved in the initiative, including both current and former employees and their family members.

The **20 projects selected** under the fifth edition of the **Social Enterprise Programme** were also unveiled in the quarter. All these projects will have a positive social impact by setting up companies to improve the quality of life of the most vulnerable groups of society. Along these same lines, a total of **500 pupils from four different schools in Colombia** are now learning about the core features, values and importance of creativity and enterprise thanks to the expansion of the Young Entrepreneurs Venture of Welfare Projects.

Direct social action through **Fundación de la Esperanza** (Hope Foundation), championing intercultural cohesion and co-existence, helping ex-convicts rejoin society and find work and supporting the training of university students are further examples of the entity's work in the first quarter of 2016.

Commitment to research

The new Strategic Plan is heavily committed to research and aims to triple its budget to **€90 million in 2019.**

A number of milestones were reached in early 2016, including the presentation of a pioneering study into the epigenetic prediction of drug response in order to optimise available **therapies for cancer sufferers** who are no longer responding to standard treatments. A further programme is also under way to **control the spread of mosquitoes that carry global diseases** such as dengue, chikungunya and Zika.

The foundation also stepped up its ongoing support for **scientific progress** by rolling out projects to improve research into Alzheimer's, Parkinson's, neurodegenerative illnesses, AIDS and cardiovascular conditions. The quarter also witnessed the launch of the second edition of **CaixaImpulse**, the first fully-comprehensive programme for transforming the scientific knowledge generated at research centres into companies that generate value within society.

Maintaining excellence in culture and education is another of the major challenges set out in the 2016-2019 Strategic Plan of the ”la Caixa” Banking Foundation.

CaixaForum centres are currently staging exhibitions such as ***Drawing Versailles***. ***Charles Le Brun*** (1619-1690) (CaixaForum Madrid); ***Impressionists and modernists. Masterpieces of the Phillips Collection*** (CaixaForum Barcelona); ***Women of Rome. Seductive, maternal, indulgent*** (CaixaForum Zaragoza); and ***Times of melancholy. Creation and disillusionment in the Spanish Golden Age*** (CaixaForum Palma). A further highlight in the realm of culture was the 2016 Art and Patronage Award, which went to Jose María Lafuente.

The entity remains firmly committed to education as a driver of individual and collective advancement and **training** therefore remains one of its key priorities. Here, the **eduCaixa** programme reached out to over **800,000 pupils from 3,834 Spanish schools** between January and March of this year. The initiative offers educational and teaching resources, with programmes designed to hone entrepreneurial skills, boost careers in science, disseminate art and culture and promote personal growth by teaching healthy habits, values and social awareness.

The quarter was essentially the first stage in the process of synchronising the work of Welfare Projects with the new Strategic Plan, with the aim of improving the present while building the future.

Key figures for the CaixaBank Group

€ million	January - March 2016	2015	Annual Change	4Q15	Quarterly Change
INCOME STATEMENT HEADINGS					
Net interest income	1,020	1,138	(10.4%)	1,045	(2.4%)
Fees and commissions	465	513	(9.4%)	489	(5.0%)
Gross income	1,922	1,953	(1.6%)	1,410	36.3%
Expenses stripping out extraordinary costs	(1,003)	(1,035)	(3.1%)	(997)	0.6%
Pre-impairment income stripping out extraordinary costs	919	918	0.1%	413	122.7%
Pre-impairment income	919	679	35.4%	413	122.7%
Pre-tax income	376	211	78.7%	(267)	-
Profit attributable to the Group	273	375	(27.2%)	(182)	-

€ million	March 2016	December 2015	Change
BALANCE SHEET			
Total assets	341,363	344,255	(0.8%)
Equity	24,971	25,205	(0.9%)
Customer funds	295,716	296,599	(0.3%)
Customer loans, gross	206,158	206,437	(0.1%)
EFFICIENCY AND PROFITABILITY (last 12 months)			
Cost-to-income ratio (total operating expenses/ gross income)	56.3%	59.6%	(3.3)
Cost-to-income ratio stripping out extraordinary costs	52.4%	52.6%	(0.2)
ROE (profit attributable to the Group/ average equity)	3.0%	3.4%	(0.4)
ROTE (attributable profit / average tangible equity)	3.7%	4.3%	(0.6)
ROA (net profit / average total assets)	0.2%	0.2%	0.0
RORWA (net profit / risk-weighted assets)	0.6%	0.7%	(0.1)
RISK MANAGEMENT			
Non-performing loans (NPL)	16,425	17,100	(675)
Non-performing loan ratio	7.6%	7.9%	(0.3)
Non-performing loan ratio stripping out real estate developers	6.0%	6.2%	(0.2)
Cost ok risk	0.6%	0.7%	(0.1)
Provisions for non-performing loans	9,038	9,512	(474)
NPL coverage ratio	55%	56%	(1)
NPL coverage ratio including collateral	128%	128%	0
Net foreclosed available for sale real estate assets	7,194	7,259	(65)
Foreclosed available for sale real estate assets coverage ratio	58%	58%	0
LIQUIDITY			
Liquidity	49,555	54.090	(4,535)
Loan to deposits	106.7%	106.1%	0.6
Liquidity Coverage Ratio	143%	172%	(29)
CAPITAL ADEQUACY[1]			
Common Equity Tier 1 (CET1)	12.8%	12.9%	(0.1)
Total Capital	15.9%	15.9%	0.0
Risk-weighted assets (RWAs)	139,779	143,312	(3,533)
Leverage ratio	5.8%	5.7%	0.1
Fully loaded Common Equity Tier 1 (CET1)	11.6%	11.6%	0.0
SHARE INFORMATION			
Share price (€/share)	2.597	3.214	(0.617)
Market capitalization	15,337	18,702	(3,365)
Book value per share - fully diluted (€/share)	4.23	4.33	(0.10)
Tangible book value per share - fully diluted (€/share)	3.39	3.47	(0.08)
Number of shares - fully diluted (millions)	5,906	5,819	87
Net income attributable per share (EPS) (€/share) (12 months)	0.12	0.14	(0.02)
Average number of shares - fully diluted (millions)	5,906	5,820	86
PER (Price/ Profit)	21.53	22.97	(1.44)
Tangible PBV (Market value/ book value of tangible assets)	0.77	0.93	(0.16)
BANKING BUSINESS AND RESOURCES (Units)			
Customers (millions)	13.8	13.8	0.0
CaixaBank Group Employees	32,235	32,242	(7)
Branches in Spain	5,183	5,211	(28)
ATMs	9,601	9,631	(30)

(1) Figures at December 2015 updated to reflect final COREP adjustments.

Income statement of CaixaBank Group

Year-on-year trends

€ million	January - March 2016	2015	Change %
Financial income	1,699	2,360	(28.0)
Financial expenses	(679)	(1,222)	(44.4)
Net interest income	**1,020**	**1,138**	**(10.4)**
Dividends	5	2	191.4
Share of profit/(loss) of entities accounted for using the equity method	132	178	(25.6)
Net fees and commissions	465	513	(9.4)
Gains on financial assets and exchange rate differences	291	129	125.0
Other operating income and expenses	9	(7)	
Gross income	**1,922**	**1,953**	**(1.6)**
Recurring expenses	(1,003)	(1,035)	(3.1)
Extraordinary expenses		(239)	
Pre-impairment income	**919**	**679**	**35.4**
Pre-impairment income stripping out extraordinary costs	**919**	**918**	**0.1**
Impairment losses on financial assets and others	(410)	(748)	(45.2)
Gains/(losses) on disposal of assets and others	(133)	280	
Pre-tax income	**376**	**211**	**78.7**
Income tax	(101)	164	
Profit for the period	**275**	**375**	**(26.9)**
Minority interest and others	2	0	
Profit attributable to the Group	**273**	**375**	**(27.2)**