

INTEGRATED
CORPORATE
REPORT

2016





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Hello. This is your ATM

All services and products are available in your main language



Служба автоматизированного обслуживания клиентов
Служба обслуживания клиентов
Служба обслуживания клиентов
Служба обслуживания клиентов
Служба обслуживания клиентов

Customer Automation
Clienti automatizati
Klijentski centar
Klijentski centar
Klijentski centar

الخدمة الذاتية
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CaixaBank in 2016

Leader in retail banking

32,403

professionals committed to quality of service

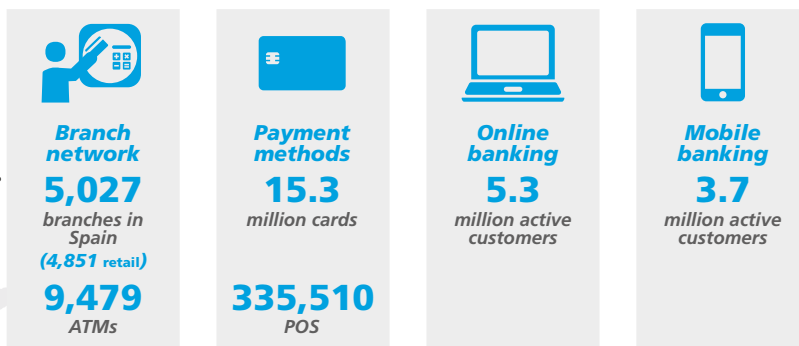
1 out of 4

banking customers use CaixaBank as their go-to institution

13.8

million customers

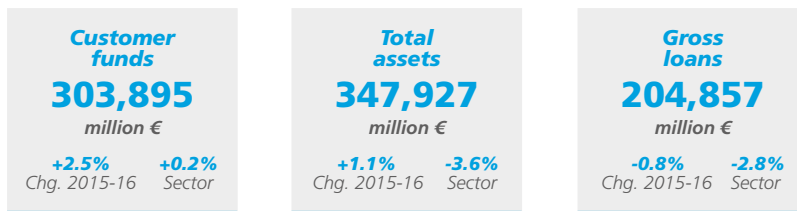
Leading multi-channel model with great commercial capacity



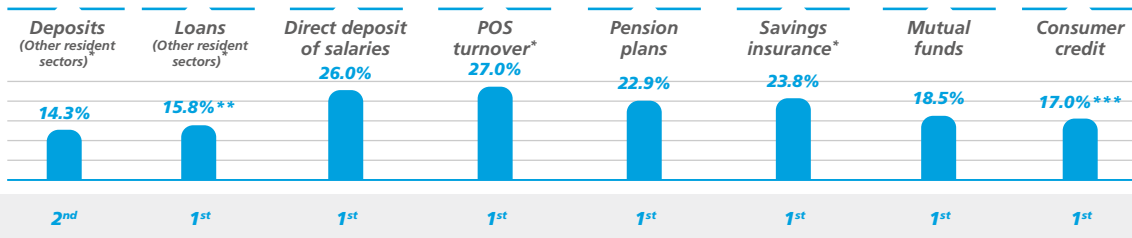
Leader in Spain, with the largest branch network

The largest number of active digital customers

Consolidated leadership position, with increasing market shares



Market shares



* Latest available data (September 2016).

** Includes data for MicroBank and CaixaBank Consumer Finance.

*** Includes data for CaixaBank Payments, MicroBank and CaixaBank Consumer Finance.

with a robust balance sheet

Sustained ability to generate earnings and streamline costs

Gross income

7,827
million €  Chg. 2015-16

Recurring operating expenses*

-1.7%
Chg. 2015-16

Pre-impairment income (income excluding extraordinary)*

+1.9%
Chg. 2015-16

Profit attributable to the Group

1,047
million €  **+28.6%**
Chg. 2015-16

Cost-to-income ratio (stripping out non-recurring costs)

51.0%  **-0.9 pp**
Chg. 2015-16

ROTE

5.6%  **+1.3 pp**
Chg. 2015-16

Ample liquidity and solid capital

High quality liquid assets

50,408
million €

Solvency

12.4%
Common Equity Tier 1
(CET1) fully loaded

Enhanced credit quality

High coverage ratios

47% **60%**
NPLs of foreclosed
property assets
available for sale**

Management of problem assets

Non-performing assets

-2,346
million €
Chg. 2015-16

Non-performing loans

-1,003
million €
Chg. 2015-16

A recognised share with attractive dividend yield

Share price

€ 3.14
at close
(30/12/2016)

Shareholder remuneration

0.15 | Two payments in cash
euros | and two through
per share | the Optional Scrip
Dividend

Dividend yield

4.8%
according to
share price
at the close

Presence on sustainability indices

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



FTSE4Good

* 2015 does not include costs stemming from the integration of Barclays Bank, SAU or the labour agreement. 2016 does not include costs stemming from the labour agreement.

** Ratio of loans cleaned up through foreclosure, plus accounting provisions subsequently registered, to the debt cancelled on foreclosure.

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LETTER FROM THE CHAIRMAN

In 2016 we passed the half-way stage in our four-year Strategic Plan – “Prepared to lead the sector in trust and profitability” – which we launched in 2015. Today we can say that the entity is making great strides in its main areas for action, and that we are very happy with our achievements to date.

Over the last two years, we have extended our commercial leadership, through a banking model based on proximity, quality of service, a wide range of products and services and robust technological foundations. We continue to work – as we always have – to forge stable and lasting relationships with those who place their trust in us. At the end of 2016, almost 30% of all Spaniards were customers of our entity, two percentage points higher than at the start of the Plan, and 26% consider us their main bank. With the completion of the BPI takeover bid, we have embarked upon a project that should enable us to extend our commercial leadership over the Iberian peninsula as a whole.

We are aware of the many challenges and opportunities in the digital world. We are continuing our commitment to innovation and new technology in our relations with our customers. Our ambition is to continue leading the sector's digital transformation. The combination of our extensive branch network with our leading digital and technological offering is a key strength, enabling us to offer the highest quality service to our customers.

This progress helped us generate very positive results in 2016, despite the difficult conditions in the sector, with interest rates remaining at historical lows and weak growth in bank balance sheets. In parallel, we have continued to improve our non-performing loans ratio, which is now well below the sector average for Spain. CaixaBank also has exceptionally high solvency, as demonstrated by its EBA and European Central Bank stress test results. We comfortably exceeded the minimum regulatory requirements for capital and liquidity.

CaixaBank's successful performance is founded on the way it carries out its banking business, founded on robust corporate values, including a clear commitment to society as a whole. We foster financial inclusion through the activity of MicroBank and our presence in 93% of Spanish towns with more than 5,000 inhabitants. We have also demonstrated our special sensitivity when managing the housing difficulties of many families, seeking solutions through debt management and social rental programmes. And, of course, we continue working closely with the Welfare Projects of the “la Caixa” Banking Foundation, our main shareholder. Through the dividends received from CaixaBank and other investees, our Welfare Projects have a budget of €510 million for 2017, which will be invested in improving opportunities for the most disadvantaged groups.

CaixaBank's successes cannot be explained without the contribution and fantastic performance of its people. We have a great workforce, which shares the entity's values. And we invest continually in their professional development. Their commitment makes us optimistic and trust that we can continue leading the banking of the future.

Finally, I would once again like to thank our customers and shareholders for the trust they place in us. We look forward to sharing a future of creating value with all of them.

“Our successful performance is founded on the way we carry out our banking business, founded on robust corporate values, including a clear commitment to society as a whole”

Jordi Gual Solé
Chairman

LETTER FROM THE CEO

In 2016, the Spanish economy consolidated its recovery and recorded substantial growth, for the third year running. However, the financial sector still faces a number of ongoing difficulties, such as continuing exceptionally low interest rates and more pronounced and prolonged than expected deleveraging by families and companies.

CaixaBank's excellent performance stands out against this backdrop: we have enhanced our commercial leadership; our results have continued their solid recovery; and we have continued to run down our non-performing assets.

In terms of commercial activity, the 12.2% increase in insurance and assets under management is noteworthy, as is the changing trend in our performing loans (+0.4%), in a sector that is continuing to contract. This has enabled us to continue winning market share for our main products and services: 130 basis points for savings insurance and assets under management, 39 points for non-life insurance, 19 points for lending and 107 points for direct deposit of salaries.

This progress demonstrates the capacity of our business model to meet the increasing needs of our customers across all segments. Supported by our technology, we have continued developing our capacity to interact with our customers. We now have more than 5.3 million digital customers, with most of these having intensive multi-channel relationships. In 2016, we launched a range of specialist services in the mobile channel, such as our pioneering ImaginBank.

Our results performed positively for the fourth consecutive year. The robustness of our revenues, with significant contributions from income and asset management, combined with containing costs and reducing provisions, took profit attributable to the Group to €1,047 million, 28.6% higher than in 2015.

Our intensive management activity has achieved a major reduction of 14% in non-performing loans and foreclosed assets. CaixaBank also continues to enjoy excellent liquidity, of more than €50,400 million, and solvency levels, with a fully loaded CET1 ratio of 12.4% at year-end 2016.

In 2016, we launched a takeover bid for the Portuguese bank BPI. This was successfully completed in February 2017. We have had a close relationship with BPI for more than 20 years, as major shareholders. We are firmly convinced that this is the start of a project that will be very profitable for both entities.

We are therefore going into the second half of our 2015-2018 Strategic Plan in a robust commercial and financial position, fully confident that we will meet all of our objectives. The main areas of action include continuing to improve our quality of service, fostering the development of our people and continuing to lead the digital transformation of the industry. The combination of these will help us achieve attractive returns for our shareholders, contributing, among other things, to the essential social work of our shareholder, the "la Caixa" Banking Foundation.



"In 2016, we accentuated our commercial leadership; our results continued their solid recovery; and we continued to run down our non-performing assets"

Gonzalo Gortázar Rotaecher
Chief Executive Officer

ABOUT US

CaixaBank is the leading retail bank in Spain, with the largest customer base, a robust balance sheet and a culture drawing on deeply engrained values. Its business model is based on specialisation, with a value proposition tailored to each segment; a comprehensive offering of products and services; the largest branch network in the country; a multi-channel approach and reach; and a team of highly-trained specialists. CaixaBank's priorities include: achieving exacting quality of service standards; a firm commitment to mobility and digitalisation; and a determination to be set apart by its proximity, robust financial position, capacity for innovation and social responsibility.

Our values: quality, trust and social commitment

The leading retail bank in Spain

Flagship institution

1 in every 4 Spaniards puts their trust in us

Market capitalisation of €18,768 million
€347,927 million in total assets

Sustained increase in main market shares

The *largest branch network in the country* (4,851 retail branches and 9,479 ATMs)

Leader in online and mobile banking, with the largest number of active digital customers in the country

Recognised as the bank of the year in Spain by *The Banker* and *the best retail digital bank in Western Europe* by *Global Finance*

Robust strategy

Customer *satisfaction* rating of *8.7 out of 10*

Attributable profit of €1,047 million (+28.6% vs. 2015) for the Group

Fully loaded CET1 of 12.4% (+84 basis points vs. 2015)

€81,890 million in assets under management (+9.9% vs. 2015)

€50,408 million of high-quality liquid assets

Commitment to mobility and digitalisation: 22,220 advisors with Smart PC and 14.4 million digital signatures

A highly trained team, with over *7,000 postgraduate qualifications in financial advice*

Responsible banking model

167,669 microcredits granted by its social bank, MicroBank

Direct and indirect *contribution of 0.72% of Spain's GDP*

Over 33,000 flats, *the largest pool of private social housing in the country*

15,000 participants in the *Corporate Volunteering Programme*

Included in the leading *sustainability indices* (DJSI, FTSE4Good, CDP A-list)

Signatories of major social responsibility initiatives, such as the *UN Global Compact*

Recognised as the Best Responsible Bank in Europe in 2016 by *Euromoney*

SHAREHOLDER STRUCTURE

With a 45.3% interest in CaixaBank's capital, CriteriaCaixa, a holding company solely owned by the "la Caixa" Banking Foundation, is the bank's core shareholder. CaixaBank's free float capital is held by over 682,000 shareholders, with more than half in the hands of institutional investors.

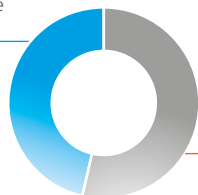
Its free float is held by more than 682,000 shareholders

Shareholder structure

As a percentage

CriteriaCaixa,
treasury stock
and Board

46.3



Free float
53.7

Retail
37.4

Institutional
investors
62.6

Towards greater diversification in the shareholder base

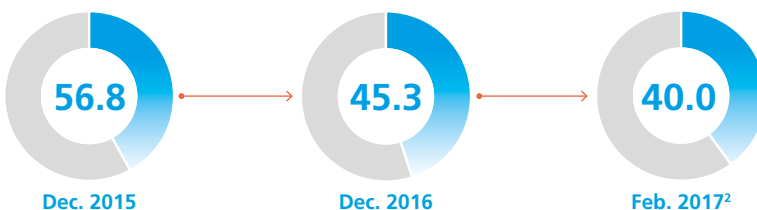
On 26 May 2016, CriteriaCaixa disclosed to the market its intention to comply with the European Central Bank's conditions for the prudential deconsolidation of CriteriaCaixa from the CaixaBank Group, before the end of the 2017 financial year. These conditions include CriteriaCaixa's voting and dividend rights in CaixaBank not exceeding 40% of the total¹.

CriteriaCaixa completed an asset swap with CaixaBank² in May, and in December placed a package of shares representing around 1.7% of the share capital of CaixaBank with institutional investors. This reduced its holding in CaixaBank from 56.8% at year-end 2015 to 45.3% at year-end 2016. In February 2017, CriteriaCaixa sold a further package of shares, representing 5.322% of its share capital, leaving its holding at 40%.

The gradual reduction in CriteriaCaixa's holding has resulted in an increased free float and a more diversified shareholder base for CaixaBank, and greater liquidity in the market for its shares.

Gradual reduction in CriteriaCaixa's holding

Percentage holding of CriteriaCaixa in CaixaBank



1. Significant event filing 239132 published in the CNMV on 26 May 2016.

2. This involved transferring treasury shares representing 9.89% of the share capital of CaixaBank and €678 million in cash, in exchange for these holdings in BEA and GFI.

Information, transformation and proximity to shareholders



781 shareholder enquiries dealt with
1,609 e-mails answered
Shareholder Office in Barcelona and on the road



1.87 million CaixaBank Shareholder **Newsletter**
317,000 copies of CaixaBank Shareholders magazine
6.6 million e-mails and SMS information alerts sent
Shareholder area on the corporate website
Social network presence on **Twitter**, **@AccionistasCABK**



2 meetings of the CaixaBank Shareholder Advisory Committee
59 corporate and cultural **events**
2,774 shareholders in attendance



16 training courses in financial markets and economics
1,275 shareholders in attendance

CORPORATE GOVERNANCE

CaixaBank strives to be a benchmark in corporate governance, as set out in its 2015-2018 Strategic Plan. It therefore considers transparency and the adoption of best practices to safeguard the interests, and maintain the trust, of all its stakeholders to be essential.

The objective of the governance system is to ensure the healthy and prudent management of the Group. CaixaBank's management and control is borne by the shareholders at the Annual General Meeting, the Board of Directors and its Committees.

CaixaBank management and control structure

General Shareholders' Meeting

Board of Directors



CaixaBank continued bolstering its corporate governance in 2016, by increasing the number of independent directors. Following modifications to the merger agreement between CaixaBank and Banca Cívica, the number of representatives of the Foundations on the bank's Board has fallen to one (the Caja Navarra Banking Foundation resigned on 27 October).

It is planned to appoint a lead director among the independent directors. This lead independent director will have wide-ranging powers, including relationships with shareholders with regard to corporate governance issues, pursuant to the commitments made by CriteriaCaixa to the European Central Bank for the deconsolidation of CaixaBank for prudential purposes.

Board of Directors

The Board of Directors is the highest decision making body, except for matters reserved for the General Shareholders' Meeting. It ensures that the Group: complies with prevailing legislation; complies with its obligations and agreements in good faith; respects customs and best practices in the sectors and territories where it is active; and observes the additional social responsibility principles it has voluntarily undertaken.



BEST GOVERNANCE PRACTICES

- Maximum ISS QualityScore: best-ranked amongst domestic peers

All shareholders have equal rights

- One share, one vote.
- Protection of minority shareholders
- Fostering of informed participation

A balanced Board

- Separation of duties between the Chairman and Chief Executive Officer
- Increase in the number of independent directors and female directors on the Board
- Total separation of the Board of the "la Caixa" Banking Foundation

BOARD OF DIRECTORS

Directors at 31 December 2016¹





1. Jordi Gual Solé
Chairman
Proprietary

2. Antonio Massanell Lavilla
Deputy Chairman
Executive

3. Gonzalo Gortázar Rotaeché
Chief Executive Officer
Executive

4. Alain Minc
Independent

5. María Amparo Moraleda Martínez
Independent

6. Alejandro García-Bragado Dalmau²
Secretary to the Board
Non-director

7. Antonio Sáinz de Vicuña y Barroso
Independent

8. Eva Aurín Pardo¹
Proprietary

9. María Teresa Bassons Boncompte
Proprietary

10. María Verónica Fisas Vergés
Independent

11. Salvador Gabarró Serra
Proprietary

12. Javier Ibarz Alegría
Proprietary

13. Juan Rosell Lastortras
Independent

14. José Serna Masía
Proprietary

15. John S. Reed
Independent

16. Koro Usarraga Unsain
Independent

17. Xavier Vives Torrents
Independent

Cajasol Foundation, represented by:

Guillermo Sierra Molina
(not in the photograph)
Proprietary

18. Óscar Calderón de Oya²
General Secretary and First Deputy Secretary to the Board
Non-director

19. Adolfo Feijóo Rey
Second Deputy Secretary to the Board
Non-director

1. Eva Aurín Pardo stepped down as a member of the Board of Directors on 15 December 2016.

2. Alejandro García-Bragado has been a member (proprietary) of the Board, and Óscar Calderón de Oya has been the General Secretary and Secretary to the Board, since 1 January 2017.

Best good governance practices

One of CaixaBank's strategic priorities is to set a benchmark through its corporate governance practices.

It is compliant with all applicable regulations in this regard, and voluntarily complies with most of the 64 recommendations in the CNMV's Good Governance Code for listed companies. Specifically, it is fully compliant with 55 recommendations, and partially compliant with:

- Recommendation 5, as the 2015 Annual General Meeting authorised the Board to issue shares with no pre-emptive rights, excluding the limit of not exceeding 20% of share capital. This authorisation has not been used.
- Recommendation 10, given that the rules for voting on a possible draft resolution at the Annual General Meeting submitted by shareholders are not the same as for proposals submitted by the Board.
- Recommendation 27, because proxies for voting at Board meetings, when applicable, are granted without specific instructions, as this is considered best practice.
- Recommendation 31, because CaixaBank does not differentiate between Board members when establishing requirements to include a new proposal on the agenda for its meetings.
- Recommendation 36, given that the self-assessment of the Board does not individually evaluate the performance of each director.

It should be noted that two of the recommendations are not applicable, given that only the bank itself has listed shares in the CaixaBank Group and there is no Lead Director. With regard to the final two recommendations, 13 and 62: CaixaBank is not compliant with recommendation 13 because it has more than the suggested number of directors, for historical reasons, because of its nature and due to regulatory requirements. And recommendation 62, because shares delivered to executive directors as part of an annual bonus are withheld for 12 months, with no further requirement following this period.



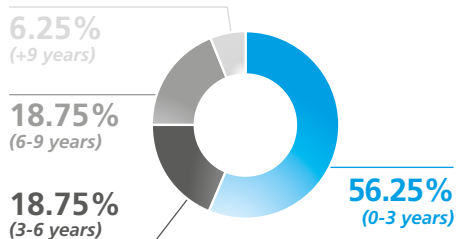
For more information, refer to [CaixaBank's Annual Corporate Governance Report](#), which is available on the Bank's website

Profile of Board members*

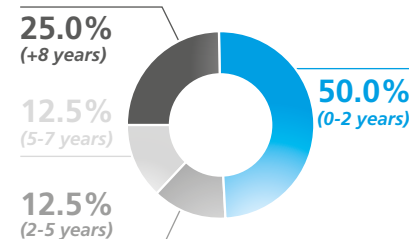
Diversity



Term of office



Independent directors (years served on the Board)



* Uninterrupted, and at the 2016 year end. There were two vacancies on the Board at 31 December.

MANAGEMENT COMMITTEE

At 31 December 2016

Chief Executive Officer



Gonzalo Gortázar Rotaeché

General Managers



Tomás Muniesa Arantegui
Chief Insurance and Asset Management Officer



Juan Antonio Alcaraz García
Chief Business Officer



Pablo Forero Calderón
Chief BPI project Officer



Xavier Coll Escursell
Chief Human Resources and Organisation Officer



Jordi Mondéjar López
Chief Risks Officer

Deputy General Managers



Joaquín Vilar Barrabeig
Head of Internal Audit

Executive Managers



Javier Pano Riera
Head of Finance



Jordi Fontanals Curiel
Head of Resources



María Victoria Matía Agell
Head of International Banking



María Luisa Martínez Gistau
Head of Communication, Institutional Relations, Brand and CSR



Matthias Bulach
Head of Financial Accounting, Control and Capital



Óscar Calderón de Oya

General Secretary

BUSINESS MODEL

CaixaBank is the leading bank in Spain thanks to a universal banking model based on quality, innovation, accessibility and personalised service, with a wide range of products and services that are adapted to customers' various needs and an extensive multi-channel distribution network. The Bank has also formed strategic alliances with large banking groups and has shareholdings in leading companies in the service sector.

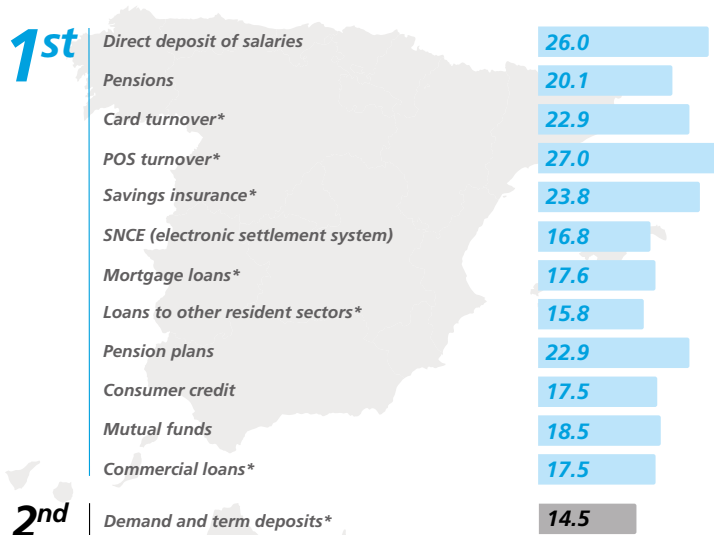
A LEADING GROUP

CaixaBank has around 13.8 million customers, around 30% of all adult bank customers in the country, with a quarter of these regarding it as their main bank. This trust has once again been reflected in significant market shares for its main banking products and services. Through VidaCaixa, it occupies first place in the market for savings insurance and pension plans.

One in every four Spanish banking customers has placed their trust in CaixaBank

Main products and services: position in ranking and market share

As a percentage. Figures as of year-end 2016



Market share of customers

29.5% Individuals
> 18 years

44.9% Companies
(Turnover of €1 million to €100 million)

* Latest available data (September 2016).

SPECIALISED MANAGEMENT

Universal banking model

Much more than just a bank: we offer excellent personal customer service underpinned by a value proposition tailored to the needs of each customer

An accessible bank, due to its size, reach and customer knowledge

Highly trained, specialist teams and excellent quality of service

Focus on digitalisation, with a commitment to mobility and exploiting big data

Comprehensive product catalogue of financial and non-financial solutions

For individuals

PRIVATE BANKING

645 professionals dedicated solely to this area, with a team that specialises in high-net-worth customers

38 exclusive centres nationwide

PREMIER BANKING

4,444 branch managers with business portfolios

1,620 specialist managers dedicated solely to this area

Assets managed

0.5 200

0.06 2

Ranges in € million

For companies and institutions

CORPORATE & INSTITUTIONAL BANKING

223 specialised professionals

2 Businesses specialising in customers and associated products

BUSINESS BANKING

1,290 specialised professionals

104 business Centres
90 Business centres
14 Real estate business centres

Invoicing

Individual and Business banking

The most extensive **network of branches and ATMs** in Spain

Fundamental pillar of the rest of the value proposition

Includes **individuals, micro-companies, the self-employed, businesses, professionals and agribusinesses**

Individual and Business Banking

This value proposal is based on a multi-channel offering of quality services, with simple and convenient solutions and an innovative and differentiated product range.

In 2016, our **Individual Banking** business focused on:

- Attracting direct deposit of salaries, with 857,324 new salaries deposited (+9.6% vs. 2015), due to a gradual improvement in the labour market and an active commercial policy.
- Increasing customer loyalty, through commercial efforts and the launch of new products. Highlights included the sale of 2.29 million insurance policies (general and life), the increase in new lending for consumption (+41% vs. 2015) and new mortgages for individuals (+35% vs. 2015).
- Certification of our service model, receiving the AENOR conform stamp for service excellence. This is the first certification of banking for individuals at the European level.

In 2016, the **CaixaBank Business** banking segment was consolidated. This has been operational since 2014, serving the self-employed, professionals, shops and small businesses with turnover of less than €2 million.

- We have enhanced management specialisation, with an additional 1,600 exclusively-dedicated advisors and the business managers of branches that have no business advisor. These advisors have mobile devices that enable them to take the branch to the customer's business. Our customers also have an exclusive, secure communication channel with their advisor, the Muro de Negocios (Business Wall).
- We remain firmly committed to digitalisation. We offer our customers the most advanced solutions, such as ComerciaBox (with the main metrics for transactions using the cards accepted by the business); Mi Comercio Online (with tools to help small businesses create and manage their own online channel); and Tablet POS (comprehensive business management software for the business and point-of-sale hardware).
- CaixaBank Business banking was awarded AENOR certification for its service model, following assessment of its commercial processes and management excellence.



105,706 *Investment
million €*

77,868 *Funds under
management
million €*

INSURANCE FUNDS AND PENSION PLANS

Complementary and growing businesses, making a significant contribution to CaixaBank's net profits

VidaCaixa (100% CaixaBank)

- No. 1 in life insurance
- No. 1 in pension plans

SegurCaixa Adeslas (49.9% VidaCaixa)

- No. 1 in health insurance*
- No. 2 in homeowners insurance*
- No. 4 in multi-risk insurance*

Contributing 30% of the net profit of the bancassurance segment**

* Latest available data (Icea, 3Q 2016)

** Excluding ad hoc aspects

Premier Banking

This is the leading value proposition for financial advice, based on our exclusive model of advice, qualified professionals and solutions for customers.

Work continued in the year to consolidate the CaixaBank Premier Banking brand and foster diversification of the portfolio, focusing on stimulating long-term saving.

Customer segmentation was modified in 2016 to include customers with a balance of over €60,000, unless the balance of their funds plus securities under management is between €60,000 and €100,000, they are aged 65 or over, and have less than €10,000 in non-investable products.

AENOR also renewed our certification for financial advice services in the year, reflecting the Premier Banking commitment to excellence and service quality. The bank also continues to build on the skills of its team through the post-graduate degree programme in Financial Advice at the Pompeu Fabra University (UPF) and the international certificate programme of the Chartered Institute for Securities & Investment (CISI). A further 157 advisors were certified in the year, bringing the number to 859 certified advisors (53% of the total).

The bank will continue to strengthen its advisory services in 2017 to increase the diversification of its savings, investment and retirement portfolios.

Private Banking

This value proposition focuses on the customers' goals, offering a team of professionals and the branch network to help customers make decisions about their assets, using our exclusive methodology.

We have one of the largest teams of private banking advisors in the country, with specialist teams and more than 500 qualified professionals with an average of 15 years' experience.

We were recognised as the "Best Private Bank in Spain" in 2015 and 2016 by *Euromoney* magazine, and the "Best Private Bank in the world for digital communication" in 2016 by *The Banker*. These awards recognise the leadership of our private banking model, and its capacity for innovation and financial planning.

A new centralised design for private banking branches was rolled out in 2016. We will be opening more private banking centres in 2017 using this design, to meet the needs of our customers.

In 2017 the bank will continue its commitment to ongoing training of its professionals and to investing in technology to meet our customers' needs. We also expect to receive AENOR certification for Financial Advice for this proposition.



Best private bank in Spain
2015 and 2016

Business Banking

The business banking network establishes long-term relationships with companies, supporting them in their growth and their day-to-day financial management. Its team are experts in managing all aspects of company needs, offering innovative solutions and specialist service.

Three large companies units were set up in the Basque Country, Barcelona and Madrid in 2016 to offer a tailored service to such customers.

As part of the digitalisation of banking, a personalised advice service was set up during the year, through videoconferencing with specialists in foreign trade, specialist finance and treasury. CaixaBank is the first bank to offer this service in Spain.

It offers liquidity and investment finance solutions for viable projects through its Investment Stimulus Plan (ISP), to support the business fabric.

CaixaBank is chosen by 44.9% of companies for their banking needs, thanks to its extensive network of experts, international coverage, digital banking and service model, which is certified by AENOR (Source: FRS Inmark, Financial Behaviour of Companies Study, 2015).

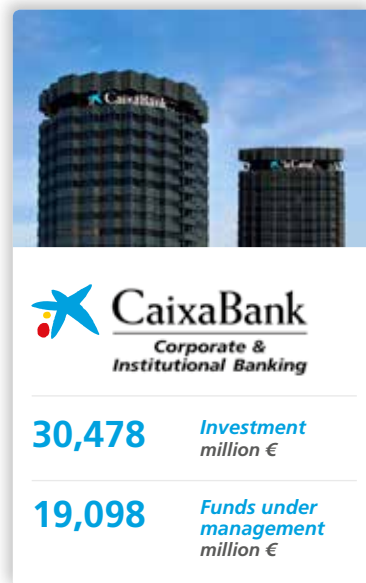
Corporate & Institutional Banking

This value proposal offers personalised service to more than 500 commercial groups of customers for the purpose of becoming a benchmark entity and anticipating their needs. Personalised value propositions have therefore been designed and customers operating abroad are able to take advantage of CaixaBank's international business.

The Corporate & Institutional Banking (CIB) division integrates Corporate banking, Institutional banking and other areas that provide service to customers, such as Treasury and Capital Markets. The division also supports the bank's other value propositions.

Despite the sharp increase in competition both in Spain and abroad, in its first year CIB achieved its investment and ordinary income targets.

In 2017 the bank will continue to work towards obtaining a greater share of and weight in the market through risk-adjusted growth that is gradual, sustainable and profitable.





A DIVERSIFIED BUSINESS

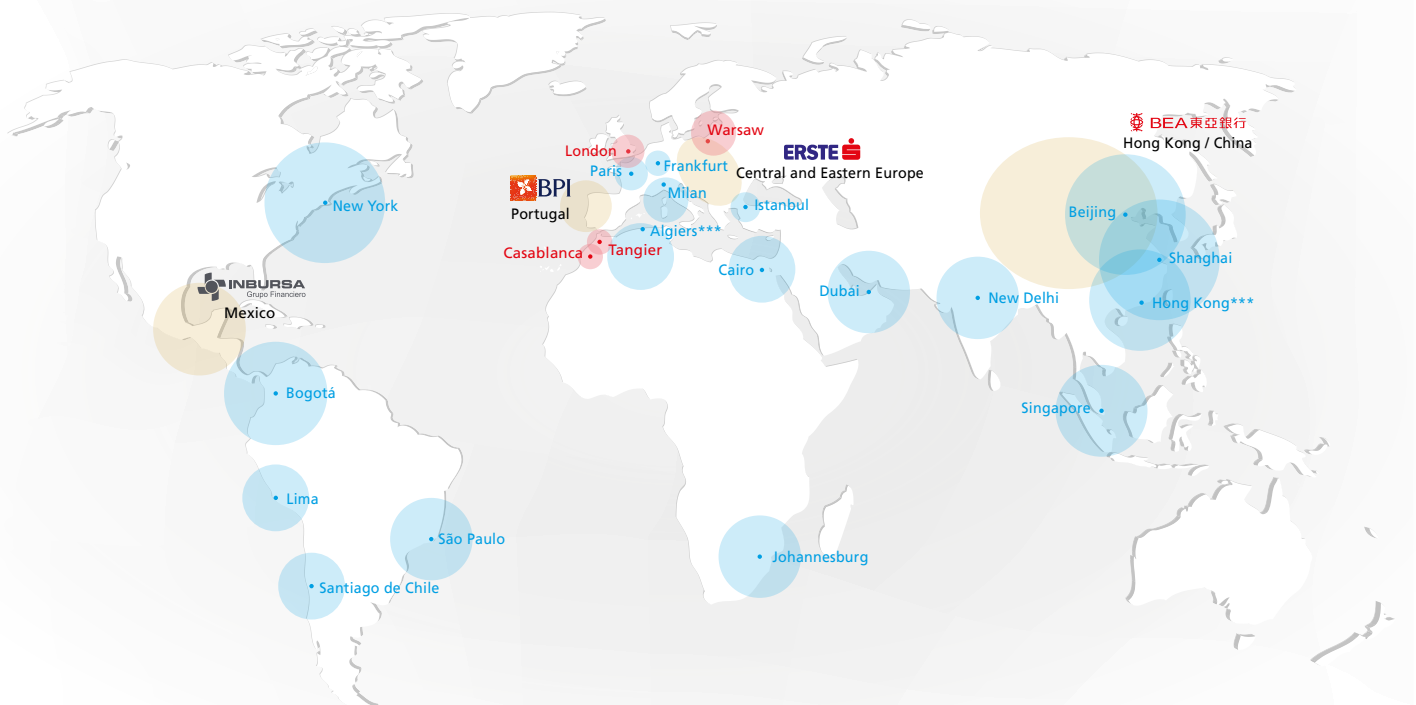
CaixaBank's international presence

- International branches**
 Offer financing and financial services to Spanish companies with interests and activities in these countries, as well as to local businesses.
- Representative offices**
 Advisory services for European multinationals with subsidiaries in Spain, and for Spanish companies doing business abroad. Coming soon: Algiers, São Paulo and Johannesburg.

- Strategic alliances**
 Strategic alliances with four major banking groups* offering preferential access to new business opportunities in emerging regions, and that help CaixaBank customers carry out their business abroad.

CaixaBank rounds out its own service with a network of over 2,900 correspondent banks.

 BPI **	45.50%
 ERSTE	9.92%





* Includes GFI and BEA. In May 2016, CaixaBank transferred its stakes in GFI and BEA to CriteriaCaixa, implementing the asset swap agreed in December 2015. CaixaBank retains its commercial cooperation and strategic relationship with GFI and BEA.

** CaixaBank has had a holding of 84.51% in BPI since 8 January 2017, following successful completion of the takeover bid.

*** Coming soon.

Revenue diversification
 CaixaBank holds equity interests in two leading companies in their respective sectors, offering growth and value generation as well as a strong international presence.

 REPSOL	10.05%
 Telefonica	5.15%

KEY STRATEGIES

CaixaBank continues to base its actions on its 2015-18 Strategic Plan, "Prepared to lead the sector in trust and profitability", as it seeks to consolidate its leadership in Spain and be recognised for its quality of service, social responsibility, financial robustness and capacity to innovate.

TWO YEARS OF THE STRATEGIC PLAN

The bank has made significant progress during the first two years of the Plan.

- Its quality and reputation indicators have performed very positively, and it has extended its leadership in banking, insurance and asset management.
- Since 2014, CaixaBank has focused on diversifying its revenue streams, whilst containing costs and reducing non-performing assets. It has maintained high solvency ratios and complied ahead of schedule with its objective to reduce the capital consumed by its holdings.
- CaixaBank has consolidated its leadership in the number of digital customers in Spain, and has made great progress in implementing *big data* and developing new functionality and innovations.
- It has continued to invest heavily in training its workforce, fostering a meritocratic culture and diversity, to ensure it has the best prepared and most dynamic team.

An enhanced Plan

As planned from the outset, the Plan was reviewed at the end of 2016, having reached its halfway point. As a result, the bank is continuing to pursue its five key strategies, but has adjusted some of its objectives and lines of action, to reflect expected developments in their performance and the backdrop. This adjustment relates mainly to profitability against a backdrop of lower interest rates than initially anticipated and more prolonged deleveraging.

Against this backdrop:

- CaixaBank remains committed to diversifying its revenue streams towards more profitable segments, based on its commercial strength and leadership in services that foster customer loyalty.
- It will continue to keep a tight grip on costs and to reduce non-performing assets, in a favourable environment of recovery in the economy and the real estate market.

At the halfway point, significant progress has been made towards achieving the objectives of the Strategic Plan

Main challenges and opportunities in current economic and banking conditions

**2015-2018 STRATEGIC PLAN:
"PREPARED TO LEAD THE SECTOR IN TRUST AND PROFITABILITY"**

Changing customer demands

- To exceed customer expectations
- Low confidence in the banking system
- Greater need for advisory services
- Exposure to conduct risks



KEY STRATEGY

1

*Customer focus:
to be the best bank
for quality and reputation*

Focus on profitability

- Recovery in the economy and the real estate market
- Low interest rates
- Weak business volumes
- Competitive pressure



KEY STRATEGY

2

*Attain recurring
returns above
the cost of capital*

Regulatory pressure

- Development of banking union
- New regulatory requirements
- Penalisation of complexity
- The need to reduce non-performing assets



KEY STRATEGY

3

*Active capital
management*

The digital revolution

- New technology and innovations
- The increasing value of information
- Confidentiality and security
- Digital competitors



KEY STRATEGY

4

*Lead the digitisation
of the banking world*

Need for training and to attract talent

- Training in advice
- To attract and develop talent
- Meritocratic culture
- Diversity



KEY STRATEGY

5

*Have the best prepared and
most dynamic team possible*



KEY STRATEGY 1

Customer focus: to be the best bank for quality and reputation

STRATEGIC OBJECTIVES

- To foster the customer experience and satisfaction levels.
- To consolidate CaixaBank's reputation as the standard-bearer for responsible and socially-committed banking.
- To set a benchmark for corporate governance.

2016 MILESTONES

Internal and external quality indicators show very positive progress in the first two years of the Plan. Some of the strategic objectives set for 2018 have already been achieved, and have been increased following a review of the Plan. In 2016, the entity renewed its EFQM seal, with an increased score of around 650 points. It also received the first AENOR certification in Europe for excellence in Individual and Business banking, and for Foreign Trade and International Banking.

CaixaBank is developing **global customer-experience maps** and new quality metrics based on surveys of key moments to enhance its understanding of the needs and expectations of its customers, and so improve their experience and build loyalty, and continue improving customer satisfaction and recommendations.

CaixaBank is continuing to apply the most demanding social, environmental and governance standards to enhance its reputation and **responsible management of its financial business**. It has retained its presence in the Dow Jones Sustainability Index World and Europe, FTSE4Good and CDP indexes, among others, which recognise excellence in corporate responsibility in the banking sector. The bank has continued to foster financial inclusion, through the most extensive branch network in Spain and by granting microcredits through MicroBank, faithful to its social banking model of openness and commitment to all of its stakeholders.

Finally, we should highlight the continuing efforts of CaixaBank in the sphere of **corporate governance**. These have been recognised by external organisations such as ISS, which awarded CaixaBank the highest score in this area.

Renewal of the EFQM Seal of Excellence for business management, with an improved score of around 650 points

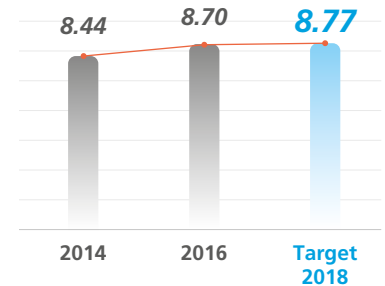


PRIORITIES FOR 2017-2018

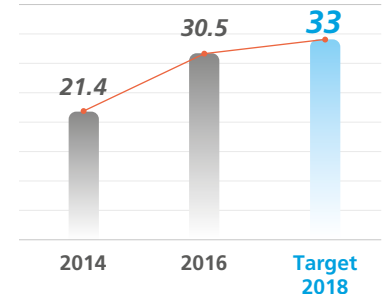
- To complete rollout of the customer-experience methodology, the identification of key moments and certification of all businesses.
- To implement new internal quality and reputation management metrics.
- To ensure compliance with the most demanding international corporate social responsibility and corporate governance standards.
- To raise awareness in the organisation of conduct risks and enhance the internal control and compliance culture.

Key monitoring metrics

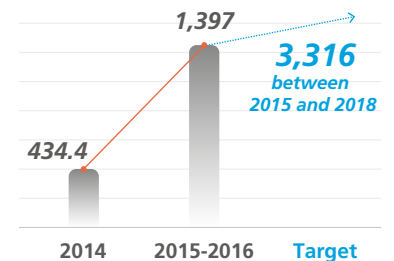
Internal Customer Satisfaction index
Scale of 0 to 10



Internal Net Promoter Score (NPS)*
As a percentage



Volume of microcredits granted
In million €



* Difference between the percentage of customers who would recommend the entity compared to detractors.

A BENCHMARK BANK

CaixaBank is committed to offering a high quality service, based on proximity and responsible action, contributing to sustainable economic and social development in the areas where it is active. With this objective in mind, it is working to be the leading bank for service, customer trust and responsible and social banking.

CONVENIENT BANKING

CaixaBank has the largest commercial network in the country, with the most branches (5,027) and the most extensive network of ATMs (9,479). This scale and reach enables it to offer convenient and high-quality service, with branches that act as advice centres and digital channels that facilitate flexibility and adaptation to emerging customer needs.

Proximity

CaixaBank believes proximity is one of the foundations of better and more effective service:

- It has a presence in every Spanish town with more than 10,000 inhabitants, and 93% of those with more than 5,000, demonstrating its unparalleled commitment to its customers.
- It has a “light” branch model, with an average of 5.7 employees (versus 6.6 on average in the sector in Spain, and 15.2 in Europe). It also has more than 70 A and Store branches, with a new service model that is more open, technological and personal.
- The extensive reach of the network facilitates commercial effectiveness, in a country where 43.3% of customers rate proximity as the main factor in choosing a bank¹.

Digitalisation

CaixaBank has the most digital customers in the country, complementing its model of personalised advice with a firm commitment to digitalisation:

- It is the leader in adopting mobile solutions, with a large number of mobile terminals for its commercial team, enabling them to serve customers outside the branch.
- The adoption of technological solutions – such as *data pool* – enables the Bank to offer tailored service through better knowledge of the customer.

Accessibility

CaixaBank facilitates access to its products and services for as many people as possible:

- It has a broad range of products and services, differentiated for each type of market segment.
- Through MicroBank, the social bank specialising in micro-finance.
- Through the elimination of physical and sensory barriers.

1. Source: FRS Inmark 2015. The second most important factor is quality of service, for 23.1% of customers.

CaixaBank has the largest branch network in the country, and it is the only bank with a branch in 171 towns

Large commercial network

5,027 Branches in Spain
(4,851 retail branches)

100% Presence in cities with more than 25,000 residents

22,220 Employees with mobile devices

Accessible

85% of branches

83% of ATMs

AA rating for internet accessibility under the Web Accessibility Initiative.

EXCELLENT SERVICE

Service quality is one of the highest priorities for CaixaBank, and one of the drivers of its competitiveness. Its customer-centric approach seeks to meet needs and exceed expectations.

The bank's service-quality standards are very demanding. It seeks to achieve these through trust, proximity, thoroughness, honesty and efficiency, and striving for continuous improvement. Specialisation, personalised service and innovation are also key features.

CaixaBank's customer-centric approach enables it to offer the best service and the highest quality



A certified model of management and service

- **EFQM European Seal of Excellence for its management model**

CaixaBank renewed its EFQM (European Foundation for Quality Management) seal – assessing continuous improvement in business management – in 2016. The bank scored 650 points in an external evaluation, putting its management among the best in the country.

- **AENOR certification for specialist businesses**

CaixaBank is the first bank in Europe to receive AENOR Conform Excellence certification for financial customer service and attention, for its retail, international and foreign trade banking, recognising its excellent customer service and management. Its Premier Banking and Business Banking certifications have also been renewed.

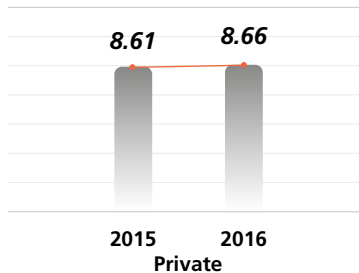
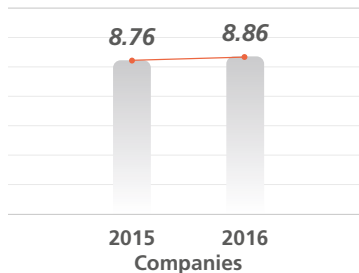
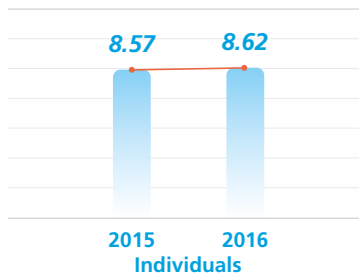


KEY STRATEGY 1 | *Customer-centric focus*

Quality, a comprehensive challenge

Customer Satisfaction Index (CSI) by business

Scale of 1 to 10



Internal quality

Measured from twin perspectives: customer service (perception, service level agreements, complaints, incidents, etc.) and internal management of each corporate area

Objective: continuous improvement based on information from the surveys carried out

Customer experience

Customer-centric focus: listening to what customer's need and adapting to their needs

Better understanding of customers: transforming negative experiences and reinforcing positive ones to surprise and create unique and memorable moments for customers

Diagnostics, measurement and follow-up

Internal Quality Index (IQI)

Customer Satisfaction Index (CSI)

Specific action plans to achieve excellence

We listen to customers and employees

CaixaBank promotes an active dialogue and direct contact with customers and the professionals who are in direct contact with them. Among other initiatives, the bank regularly gauges customer satisfaction and recommendations for the service received.

Two strategic indices are prepared for each CaixaBank business using the information obtained in customer surveys (focus groups, interviews and questionnaires):

- The Customer Satisfaction Index (CSI), an internal indicator of perceived service quality.
- The Net Promoter Score (NPS), which measures the percentage of customer recommendations for CaixaBank.

Action plans are then drawn up to foster service excellence at all levels and in all businesses.

We are constantly improving customers' experiences with CaixaBank

CaixaBank works ceaselessly to improve its customer interactions and contacts, in order to be the leader for customer recommendations.

In 2016 it carried out specific studies to:

- Listen to and understand the customer in each of their interactions with the bank, capturing their emotions.
- Identify key moments in customers' relationships with CaixaBank, whatever the channel (in person or digital).
- Transform these key moments into a differentiating experience that cements the emotional bond with the entity, adapting to their personalised needs.

The key moments for various groups have also been enhanced. For example, the customer's experience of changing Premier Banking account managers has been improved.

CUSTOMER SERVICE AND COMPLAINT MANAGEMENT

Customer service is one of the key elements in building customer satisfaction and loyalty. This was enhanced during the year by:

- Reviewing the channels through which customers interact with the bank, from an omnichannel perspective. This review sought to enhance understanding of customer needs, and detect and prevent situations that could impact their satisfaction in their day-to-day interactions with CaixaBank.
- A new management model was introduced for complaints, bolstering our commitment to our customers, and complying with regulatory requirements.

This new model guarantees application of customer-protection regulations to the most exacting supervisory standards for the resolution of complaints relating to financial products and services. In parallel, the customer service team offers a comprehensive and shared viewpoint for cases affecting the entity's quality or reputation. This shared viewpoint enhances the transparency of complaint management.

The new complaint management model will be consolidated in 2017, implementing initiatives that have been identified to "avoid, resolve and improve". These improvements seek to foster excellent, comprehensive, omnichannel service with a 360° view of the customer. The model seeks to anticipate customer expectations, influence their perceptions of the bank and avoid situations that might lead to dissatisfaction and complaints.

Customer satisfaction rating of 8.7 out of 10 for CaixaBank

68% reduction in the number of customer complaints to official complaints channels

KEY STRATEGY 1 | *Customer-centric focus*

A TRUSTWORTHY BANK

CaixaBank works to promote its model of social and responsible banking, based on a firm commitment to all of its stakeholders and the adoption of best practices in this regard. It also contributes to resolving the most urgent economic, social and environmental challenges.

Ethical and responsible behaviour

CaixaBank has put in place a Code of Business Conduct and Ethics, which was updated in 2016. This Code, together with the anti-corruption policy, and the bank's other internal behaviour regulations, is mandatory for everyone in CaixaBank.

A whistle-blowing channel has been set up to facilitate compliance with these rules. The usual customer service channels are available to customers and other stakeholders.

The bank continuously develops new initiatives and regulations to enhance its operating model and management. In 2016, these included:

- Approval of the product development policy, which sets out the principles for the design and marketing of new products and services, responding to the needs of our customers and enhancing their protection.
- The introduction of the Product Committee, which is responsible for approving new products and services designed and marketed by the entity, after analysing the characteristics and risks of each product, and their compliance with customer protection and transparency rules.
- The incorporation of a new project starting in 2017 into the Strategic Plan, to transform the control and compliance culture by integrating it into everyday activity, with the most stringent protection for customers and for CaixaBank.

Commitment to sustainability initiatives

CaixaBank is involved in numerous domestic and international sustainability initiatives, such as the Ecuador Principles and the Spanish Group for Green Growth. It has also held the presidency of the Spanish Network of the United Nations Global Compact since 2012.

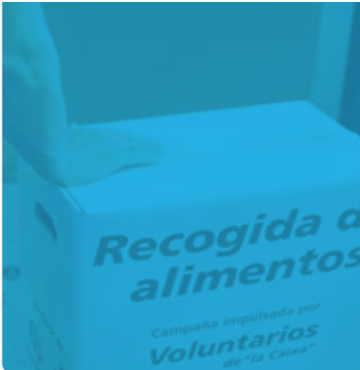
In 2016, CaixaBank Asset Management, the bank's mutual fund manager, became a signatory to the United Nations Principles for Responsible Investment, of which VidaCaixa, its pension plan and insurance manager, was already a signatory.

2016 marked the tenth anniversary of the founding of The CaixaBank Chair of Corporate Social Responsibility, in collaboration with the IESE business school. This Chair reflects the commitment of both entities to fostering, promoting and spreading new knowledge about CSR.

NEW CORPORATE SOCIAL RESPONSIBILITY MASTER PLAN

The bank's corporate social responsibility (CSR) policy was approved in 2015. It has also put in place a CSR Master Plan for 2017-2020, to establish itself as a benchmark for its social commitment and its responsible and sustainable management.

CaixaBank is part of the main international sustainability indices (such as the DJSI and the FTSE4Good)


"la Caixa" Banking Foundation
Working with the Welfare Projects of the "la Caixa" Banking Foundation


The "la Caixa" Banking Foundation is the largest foundation in Spain and the third largest in the world, in terms of assets, with a budget for its Welfare Projects of €510 million in 2017. CaixaBank collaborates actively in fostering and implementing its programmes through a strategic alliance.

- **€44.3 million in local social projects** channelled through CaixaBank branches.
- **More than 28,000 jobs facilitated for vulnerable people** through the Incorpora programme, working with more than 9,500 companies throughout Spain.
- **15,000 participants** (including around 5,000 active CaixaBank Group employees) *in the Corporate Volunteering Programme*, with more than 1.2 million beneficiaries since launch.
- **More than 2.6 million children vaccinated** through the "la Caixa" Banking Foundation's contribution to the GAVI, The Vaccine Alliance.

CaixaBank is contributing to achieving the United Nations Sustainable Development Goals through this Alliance, its own activities and other collaborations

Promoting long-term saving and financial education


- CaixaBank manages **23.8%** of Spaniards' *savings insurance* and **22.9%** of their *pension plans*.
- 236 **CaixaBankFuturo events** on retirement planning, attracting some 14,000 people.
- 68 **financial education workshops** for vulnerable groups, attracting more than 1,100 people.
- 16 **training courses in economics and markets** for 1,275 retail shareholders.

Contributing to the most urgent social needs


- **MicroBank**, CaixaBank's social bank, is *Europe's largest micro-finance institution*.
- CaixaBank has provided assistance to more than **550,600 families** with mortgages and economic difficulties since 2009. It runs a Mortgage Customer Advisory Service, with a free telephone helpline.
- The "la Caixa" Group has the largest volume of social housing in Spain, *with more than 33,000 flats with rents below market levels*.
- **More than 9,000 employees have taken part in the bank's Social Weeks** (80% of the branch network), with local volunteering activities.

Participation in the fight against climate change


- **€3.44 million in EcoFinanciación funding**, with 600 operations.
- **3,081 MW** in installed capacity in the 21 **renewable energy** projects financed during the year.
- Plan to be **carbon neutral in 2018**.
- **Signatory to RE100**, a global initiative involving companies committed to consuming 100% of their energy from renewable sources.
- World leader, with the **highest rating** (A) for the third consecutive year, in the **CDP index**, which rates the actions of companies in response to climate change.



KEY STRATEGY 2

Attain recurring returns above the cost of capital

STRATEGIC OBJECTIVES

- To achieve a return of between 9% and 11% in ROTE (return on tangible equity) terms in 2018, enhancing the entity's commercial leadership in the Spanish market.

2016 MILESTONES

Against a backdrop of extreme pressure on profitability, CaixaBank has managed to maintain the strength of its **generation of banking revenues**, through customer loyalty and diversification of its income base.

Since the launch of the Plan, the entity's **market share** for directly deposited salaries and financial advice services (mutual funds, pension plans and savings insurance) have increased significantly, through the development of **segmented value propositions** for different customer types (CaixaBank Negocios, AgroBank, HolaBank and Premier Banking), and a strategic commitment to fostering financial planning for customers (CaixaBankFuturo). The gradual implementation of the new model of A/Store branches has also contributed to specialist advice taking on greater weight in customer relations.

In terms of **diversification**, in 2016 the entity continued fostering lending for consumption and companies, priority segments for boosting growth in net interest income. Businesses with lower exposure to low interest rates (such as insurance, payment media and asset management) continue to make very strong contributions to Group results.

Efforts continued to **contain the cost base**, one of the priorities for coming years. In this regard, 2016 saw the launch of a transversal project to optimise organisational structures and processes. The significant reduction in loan-loss provisions resulting from the improvement in credit quality is also contributing to a gradual improvement in profitability.

Overall, the unfavourable backdrop, particularly low interest rates and the weakness of lending volumes, hampered achievement of the initial strategic objectives for profitability. This resulted in a revision of the Plan, adjusting the objectives downwards.

Increased market share for directly deposited salaries and financial advice products



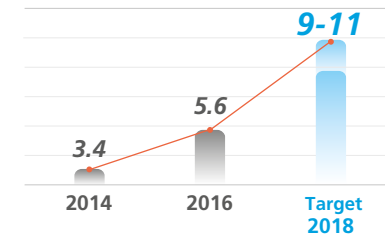
PRIORITIES FOR 2017-2018

- To increase the number of customers and customer loyalty through value propositions based on segmentation and financial advice.
- To boost lending for consumption and companies.
- To contain recurring operating expenses at 2014* levels in 2018.
- To create value in the BPI operation.

Key monitoring metrics

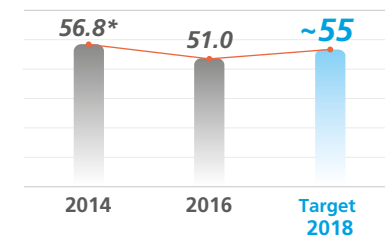
ROTE

As a percentage



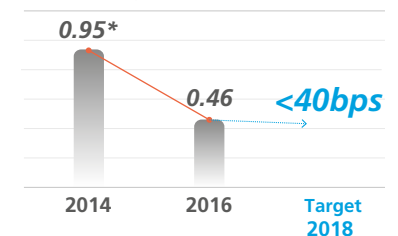
Recurring cost-to-income ratio

As a percentage



Cost of risk

As a percentage



* Includes the pro-forma impact of Barclays Bank, SAU.

FINANCIAL REPORTING AND RESULTS

2016 saw an improvement in efficiency and profitability, based on commercial strength, cost containment and lower cost of risk.

RESULTS

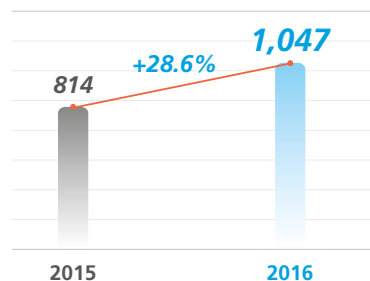
Profit attributable to the Group in 2016 totalled €1,047 million (+28.6% vs. 2015), boosted by the capacity to generate revenues at a time of very low interest rates, rationalisation of costs and lower loan-loss and one-off provisions.

Sustained revenue generation capacity

- Net interest income stood at €4,157 million (–4.5% vs. 2015). This was impacted in particular by lower finance costs for retail savings and institutional finance. It was also due to the contraction of revenues following the reduction in returns on the loan portfolio, as a result of lower market rates and smaller volumes in the fixed income portfolio.
- Revenues from the investee portfolio performed strongly, contributing €828 million (+43.1% vs. 2015).
- Fee and commission income made a strong contribution of €2,090 million (–1.2% vs. 2015) against a backdrop of market volatility at the start of the year, which impacted year-on-year performance.
- The net gain/(loss) on financial assets and liabilities and others amounted to €848 million. These mainly include the materialisation of gains on fixed income assets classified as available-for-sale financial assets.
- There was sustained growth in revenues under insurance contracts, to €311 million (+44.8% vs. 2015) following increased commercial efforts for life-risk insurance.
- Gross income stood at €7,827 million, unchanged on 2015.

Profit attributable to the Group

In million €



7,827

Gross income
million €

4,157

Net interest income
million €

2,090

Fees and commissions
million €

Efficiency management as a key strategic approach

- Recurring costs fell by 1.7% following the capture of synergies and cost reductions.
- 2016 also saw €121 million in non-recurring costs associated with the collective labour agreement signed in the third quarter to optimise the workforce. A total of €543 million associated with the integration of Barclays Bank, SAU and the labour agreement was recognised in 2015.
- Pre-impairment income increased by 15.3% to €3,711 million (+1.9%, excluding non-recurring costs).
- The recurring cost-to-income ratio improved to 51.0% (–0.9 percentage points).

Improved credit quality and other impacts

- Reduction of impairment losses on financial and other assets (–57.5% vs. 2015), reflecting the improvement in asset quality indicators and the release of provisions recognised following the development of internal models for credit risk, in line with Circular 4/2016.
- “Gains/(losses) on disposal of assets and others” includes, mainly, proceeds from the sale of assets and write-downs related to the real estate portfolio. Real estate provisions were increased in 2016, following the application of internal models. In 2015, this included the results of non-recurring operations, mainly the negative goodwill generated from the integration of Barclays Bank, SAU, amounting to €602 million.

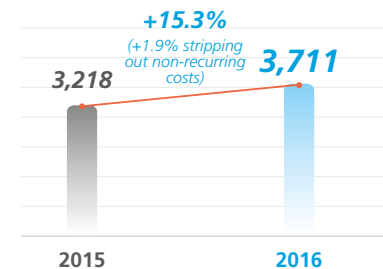
Floor clauses

- In 2016, the “Other charges to provisions” heading included a provision of €110 million following re-estimation of the present value of disbursements expected to arise from floor clauses. Considering the provisions made in 2015, CaixaBank has provisioned €625 million for liabilities that might arise from these clauses.
- CaixaBank proactively ceased applying floor clauses across practically all of its consumer mortgage portfolio in 2015. Most of these contracts stemmed from entities integrated into CaixaBank over recent years.
- The entity shall apply the measures set out in Royal Decree Act 1/2017, of 20 January, regarding urgent measures to protect consumers affected by floor clauses and shall analyse each claim on a case by case basis.

1. Cost of risk of 0.15%, including release of the aforementioned provisions.

Pre-impairment income

In million €



51.0% *Cost-to-income ratio, stripping out non-recurring costs*
–0.9 percentage points

0.46% *Cost of risk¹*
–27 basis points

KEY STRATEGY 2 | **Profitability**

Income statement*

In million €

	January - December		Change
	2016	2015	%
Interest income	6,753	8,372	(19.3)
Interest expenses	(2,596)	(4,019)	(35.4)
Net interest income	4,157	4,353	(4.5)
Dividend income	199	203	(2.0)
Share of profit/(loss) of entities accounted for using the equity method	629	375	67.5
Net fee and commission income	2,090	2,115	(1.2)
Gains/(losses) on financial assets and liabilities and others	848	863	(1.7)
Income and expenses under insurance and reinsurance contracts	311	214	44.8
Other operating income and expenses	(407)	(299)	36.1
Gross income	7,827	7,824	0.0
Recurring administration and amortisation expenses	(3,995)	(4,063)	(1.7)
Extraordinary expenses	(121)	(543)	(77.7)
Pre-impairment income	3,711	3,218	15.3
Pre-impairment income excluding extraordinary expenses	3,832	3,761	1.9
Impairment losses on financial assets and other provisions	(1,069)	(2,516)	(57.5)
Gains/(losses) on disposal of assets and others	(1,104)	(64)	
Profit/(loss) before tax	1,538	638	141.0
Income tax	(482)	181	
Profit/(loss) after tax	1,056	819	28.9
Profit/(loss) attributable to minority interest and others	9	5	101.6
Profit/(loss) attributable to the Group	1,047	814	28.6

* The filing format was established pursuant to CNMV Circular 5/2015. This required restatement of the figures for 2015. Furthermore, as a result of the entry into force of Bank of Spain Circular 5/2014 in 2016, gains and losses on currency trading have been reclassified. These are no longer recognised as "Gains/(losses) on financial assets and liabilities and others" and are now recognised as "Net fee and commission income", whilst gains and losses on the sale of strategic holdings are no longer recognised in "Gains/(losses) on disposal of assets and other" and are now recognised under "Gains/(losses) on financial assets and liabilities and others".

ACTIVITY

Commercial strength with impressive market shares in the main retail products and services.

- Total assets amounted to €347,927 million (+1.1% vs. 2015).

Customer funds

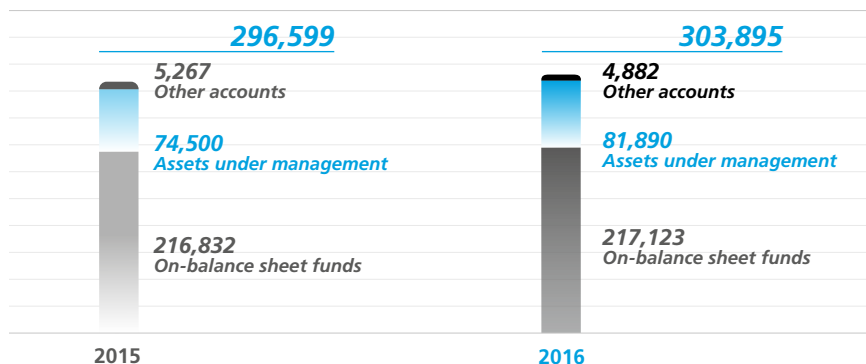
- Customer funds amounted to €303,895 million, an increase of 2.5% on 2015, following intensive commercial efforts.
- The performance of on-balance sheet funds (+0.1% vs. 2015) was fostered by the management of margins on operations; channelling - by savings customers - towards off-balance products; and increased liabilities under insurance contracts (+17.1% vs. 2015), as a result of the success of the CaixaBankFuturo marketing programme.
- Assets under management (mutual funds and pension plans) amounted to €81,889 million (+9.9% vs. 2015), based on the success of the campaigns carried out, the wide range of products offered and the performance of the markets. Net fund subscriptions in 2016 amounted to €4,245 million, 31% of the sector total.

CaixaBank is the leader for assets under management and the number of mutual fund participants and pension plan assets under management.

122,000 *Savings insurance, mutual funds and pension plans managed*
million €
(+13% vs. 2015)

Customer funds

In million €



KEY STRATEGY 2 | Profitability

Conservative risk coverage policies

The coverage ratio stood at 47%, with provisions of €6,880 million.

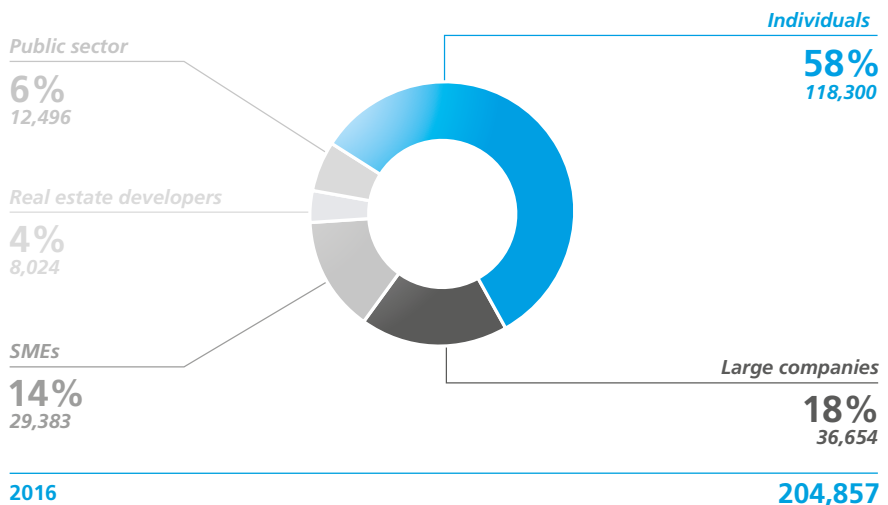
Loans and advances to customers

- Gross customer loans and advances stood at €204,857 million. This was impacted (–0.8% in 2016) by household deleveraging, lower exposure in the real estate sector and increased funding of companies, following the success of commercial strategies that enable us to identify profitable business opportunities and respond to the funding needs of customers in these segments.
- There was a 41% increase in the production of new consumer lending following our marketing activities in the year.
- Diversification is one of the key strengths of CaixaBank's portfolio, 72% of which is dedicated to retail financing (individuals and SMEs).

The performing-loans portfolio grew by 0.4% in 2016

Diversification of the loan portfolio

Percentage of gross loans and absolute value of financing
In million €



Excellent liquidity levels

- High-quality liquid assets stood at €50,408 million at 31 December 2016.
- The Loan to Deposits ratio stood at 110.9%, reflecting solid retail financing.

160% *Liquidity Coverage Ratio*
double the minimum 80% requirement from 2017

Ratings

Agency	Long term	Short term	Outlook
Standard&Poor's	BBB	A-2	Positive
Fitch	BBB	F2	Positive
Moody's	Baa2	P-2	Stable
DBRS	A (low)	R-1(low)	Stable

Note: information to 9 February 2017.





KEY STRATEGY 3

Active capital management

STRATEGIC OBJECTIVES

- To manage capital actively, anticipating new regulatory requirements.
- To maintain a policy of high and stable dividends (cash pay-out of around 50% of profits).
- To reduce non-performing assets (non-performing loans and foreclosed assets).

2016 MILESTONES

CaixaBank maintained its **high levels of solvency**. Its fully loaded Common Equity Tier 1 (CET1) ratio stood at 12.4% at 31 December 2016, well in excess of minimum prudential requirements. This robust financial position was once again confirmed in the stress testing carried out by the European Banking Authority and the European Central Bank (ECB) in 2016.

Active management of its holdings has enabled it to comply ahead of schedule with its strategic objective of reducing the capital consumed by its investees to below 10% (standing at under 7% at year-end 2016), through the sale of holdings in Grupo Financiero Inbursa and The Bank of East Asia to CriteriaCaixa.

CaixaBank has continued to pursue its strategic objective of **disposing of non-performing assets**. The balance of non-performing loans has fallen by 47% since the peaks of June 2013¹, with a non-performing loan ratio of 6.9% at year-end 2016.

Intensive commercial efforts (real estate sales and leasing) enabled CaixaBank to start reducing its available-for-sale foreclosed assets in 2016, with a reduction of €1,000 million in the year. The margins achieved on the sale of these assets continue to improve, underpinned by improvements in the real-estate market. The disposal of non-performing assets, particularly foreclosed real estate assets, will continue to be a focal point for strategic action over coming years.

The fully loaded Common Equity Tier 1 (CET1) ratio stood at 12.4% at the end of the year

1. Includes the pro-forma impact of Barclays Bank, SAU.



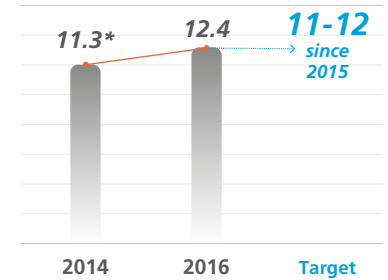
PRIORITIES FOR 2017-2018

- To anticipate and adapt to new regulatory requirements.
- To reduce non-performing loans and increase sales of foreclosed assets.
- To foster the highest quality in regulatory, risk and management information.

Key monitoring metrics

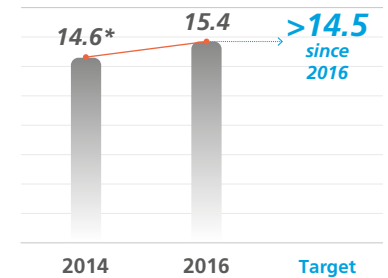
CET1 ratio fully loaded

As a percentage



Total capital ratio fully loaded

As a percentage



* Includes the pro-forma impact of Barclays Bank, SAU.

Excellent results in the EBA stress tests

12.4% *CET 1 fully loaded*

13.2% *CET 1*

SOLVENCY

One of the Group's top priorities is to ensure that its capital is fully optimised

- In 2016, the European Banking Authority (EBA) performed stress tests on leading European banks to assess their capacity to withstand adverse macroeconomic conditions. This exercise was applied to the CriteriaCaixa Group at 31 December 2015. CaixaBank performed an internal estimate applying this methodology, which gave it a Common Equity Tier 1 (CET1) ratio of 9.8% in December 2015 in the regulatory view (8.5% fully loaded). The asset swap formalised in the first half of 2016 between CaixaBank and CriteriaCaixa enhanced this regulatory ratio to 10.1% (9.1% fully loaded).
- CaixaBank's fully loaded CET1 ratio stood at 12.4% on 31 December 2016. Total capital fully loaded stood at 15.4%, and the leverage ratio at 5.4%. Under the progressive application criteria applicable this year, CaixaBank achieved a regulatory CET1 ratio of 13.2%, a total capital ratio of 16.2% and a leverage ratio of 5.7%.
- Risk weighted assets totalled €134,864 million.
- Decisions by the European Central Bank (ECB) and the national supervisor require CaixaBank to have a regulatory CET1 ratio of 9.3125% (including progressive application of the capital-conservation and systemic buffers), rising to 9.5% fully loaded at 31 December 2016. Given the current CET1 ratio, the requirements applicable to CaixaBank would not give rise to any of the automatic limitations set down in solvency regulations regarding distributions of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments. CaixaBank also complies comfortably with the requirements applicable from 1 January 2017.

ASSET QUALITY

Significant improvement in asset quality

- Non-performing loans (NPLs) fell by €2,346 million in the year.
- This brought the NPL ratio at 31 December 2016 to 6.9% (-1 percentage point vs. 2015). Stripping out the real estate development sector, the NPL ratio stood at 5.9%.
- The main risk segment – lending to individuals for house purchases – features a very diversified portfolio, with strong collateral and a low NPL ratio (4.0%).

On-going reduction in lending exposure to developers

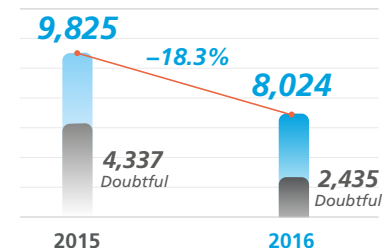
- 2016 saw a continuation of the downward trend in exposure to the real estate development sector, which fell by 18.3%. The weight of financing for the development sector fell by 84 basis points to 3.9% of the total loan portfolio.
- Finished homes account for 64.7% of the portfolio.
- Coverage for problem assets in this segment stands at 44%.

Decrease in the portfolio of foreclosed assets with intensive commercial efforts

- The underlying principle guiding CaixaBank's management of problem assets is to help borrowers meet their obligations. When the borrower no longer appears to be reasonably able to fulfil these obligations, foreclosure proceedings are initiated.
- Decrease in the carrying amount of available-for-sale foreclosed assets to €6,256 million (–€1,003 million vs. 2015). Coverage increased to 60%.
- In addition, real estate assets held for lease stood at €3,078 million, net of provisions. The occupation rate for this portfolio is 91%.
- Total properties rented or sold amounted to €1,809 million in 2016, with positive returns from sales in the year (5% of the sale price). The composition of the portfolio of available-for-sale foreclosed real estate assets, 56% of which is finished homes, is a unique factor aiding in the sale of these properties on the market.

Lending to developers

In million €

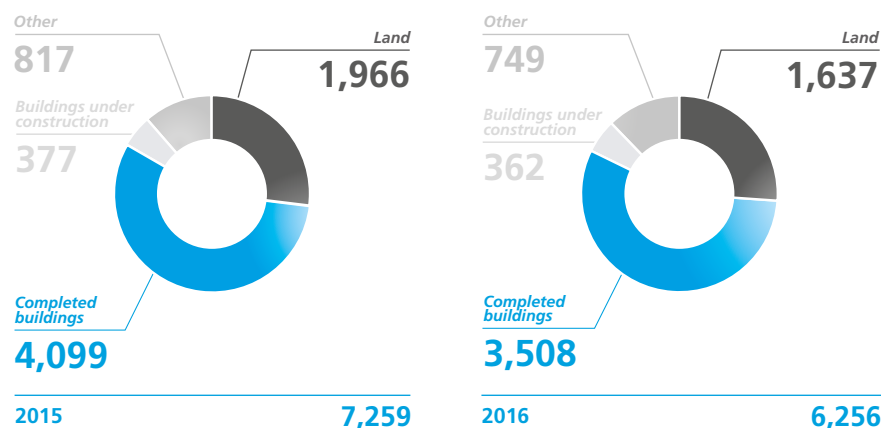


Properties sold or rented in 2016

1,809	Total million €
1,337	Sales million €
472	Rentals million €

Distribution of net available-for-sale foreclosed assets

In million €





KEY STRATEGY 4

Leading the digitisation of the banking world

STRATEGIC OBJECTIVES

- To consolidate leadership in multi-channel and mobile banking.
- To develop the digital relationship, experience and contracting of customers.
- To roll out strategies in response to new technologies, new entrants and regulatory changes.

2016 MILESTONES

Penetration of digital customers and digital contracting continued to advance in 2016. CaixaBank – the leader in digital penetration – accounts for 32.4% of all digital customers in Spain, according to comScore. CaixaBank's leadership in innovation has received international recognition. This included recognition as the "Best European mobile bank in 2016" by *Forrester Research*; the "Best global technological project 2016", for imaginBank, by *The Banker*; and a "Global Innovator 2016" by *Efma* and *Accenture*.

From this position of leadership, CaixaBank is continuing to focus on improving the **customer experience in digital channels**, a relationship that should be available "anywhere and anytime", based on personalised service. Since the Plan began to be rolled out, CaixaBank has launched new functionality and innovations, such as the "Mis finanzas" smart manager, the imaginBank mobile bank, the CaixaBankPay mobile payment tool and new on-line advice channels and services.

Following the launch of its "**big data**" project in 2015, CaixaBank has been developing tailored products and services based on its enhanced knowledge of its customers. Big data enables greater personalisation and improvements in areas such as risk models, the customer experience and the commercial offering.

Another area for action in this key strategy is the **improvement of commercial effectiveness**. At year-end 2016, all employees in commercial roles had a smart PC, enabling them to contract products and services outside the branch, using a digital signature.

Around 83% of operations (such as balance enquiries, transfers, and so on) now use Línea Abierta (three percentage points higher than in 2014). This enables the commercial network to spend more time providing customers with advice and value-added services.

CaixaBank, leads digital penetration, with 32.4% of digital customers in Spain



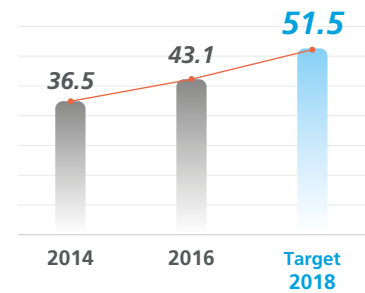
PRIORITIES FOR 2017-2018

- To optimise the digital customer experience in contracting processes.
- To complete the big data infrastructure and roll out applications.
- To digitalise processes that impact on efficiency and improve the customer experience.
- To foster information security strategies.

Key monitoring metrics

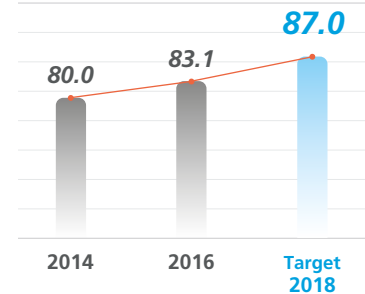
Operating internet customers (web or mobile)*

As a percentage of all customers



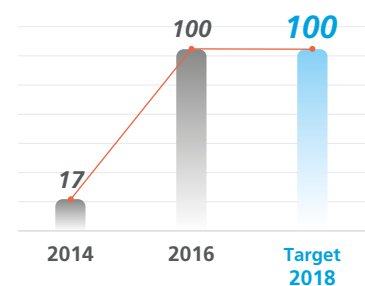
Absorption of transactions by Línea Abierta

As a percentage



Commercial employees with smart PCs

As a percentage



* Percentage of customers (individuals between 20 and 74 years old) that used the service over the last two months.

OUR INNOVATION MODEL



Objectives

To identify and anticipate new technologies and social changes for transformation of the entity in the new environment



Our model

Based on three pillars to identify drivers of business transformation



New players

Exploration and collaboration with new players in the financial market to identify opportunities for improvements

New technologies

Collaboration with experts to test technological innovations and assess their suitability for integration into CaixaBank

Collective intelligence and co-creation

Open and participative model for customers and employees, who are involved in designing new solutions



Objectives

Trend analysis, focusing on:

- **Digitalising the experience** of the products and services in our portfolio.
- **Incorporating new products and services** derived from technological development and penetration of new interaction channels, such as mobile devices.

Analysis of technological trends, focusing on:

- **Blockchains:** which could simplify and increase the efficiency of industry processes that require intermediaries who provide trust and certify information.
- **Cognitive computing:** enabling systems to simulate the process of human thought, learning from each interaction.

Fostering collective intelligence and co-creation through the involvement of **customers, employees** and **others**.



Activity

- **Analysis of the trends** and business models of new **fintech** companies.
- **Regular contact with companies**, particularly in the tech sector, to assess collaboration opportunities.
- **Monitoring of the activity of other companies in the** financial sector, both domestic and international.

Collaboration with leading partners to test new technologies:

- **IBM-CaixaBank Innovation Centre:** for advanced management of technological infrastructure for, among others, foreign trade projects linked to cognitive computing.
- **Partners in the big data** sphere, to exploit internal information using advanced modelling techniques for commercial purposes, such as risk assessment and fraud prevention.
- **Agreements to foster progress in natural language processing**, semantic search engines, audio processing, etc.
- Identification of use cases **for application of blockchains**.

Innova

A co-creation platform with employees for testing products and services and collecting new ideas.

5,217
suggestions

imaginChallenge

A 24-hour hackathon for mobile app developers, makers, designers and creators

Design Thinking

Development of new financial services for the Millennial generation (mobile apps and maker prototypes).

Inspiranos

A Línea Abierta platform enabling customers to send us proposals for improvements.

6,245
active ideas



Results

Business transformation

Transformation and evolution projects for the entity to anticipate and meet the needs of customers, maintaining our competitive advantage and levels of service

The first mobile only bank for the young sector



CaixaBank Pay

New mobile payment application

Videoconferencing

Specialist advice service



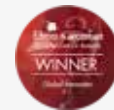
Recognition



Best global tech project 2016
The Banker



Best Mobile Bank in Europe 2016
Forrester Research



Global Innovator 2016
Efma and Accenture



Best bank for innovation 2016
Retail Banker

KEY STRATEGY 4 | *Leading the digitalisation of the banking world*

FOCUS ON INNOVATIVE, MULTI-CHANNEL BANKING



Our commitment to innovation is reflected by our heavy investment in technology

In million €

176.5
in total in 2016



84.1

in R&D and innovation activities



Digital channels complement physical channels

**+ quality
+ convenience
+ efficiency**

- Freeing up network resources to improve the customer experience through advice and other value added services
- Enabling us to offer tailored services, anywhere and at any time

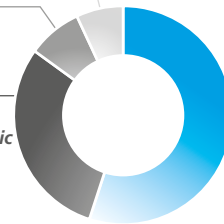
Transactions by channel

Branches

7%

ATMs
8%

POS
and automatic
30%



Internet
and mobile
55%

Almost 1 in 4 operations are carried out using a mobile phone



Increased leadership in the adoption of mobile solutions

- 22,220 Smart PCs deployed
- 14.4 million digital signatures

LEADER IN DIGITAL CHANNELS

Internet



Leaders in service quality, for the 7th year running (AQmetrix)

Global leader

Active customers
5.3 million

Market penetration
32.4% (Nº 1 nationally and internationally)

Transactions made
2,654 million

New solutions

- New services with a digital philosophy, such as Mi Hucha (My biggy bank), where customers can set personal saving goals
- Personalised catalogues

Mobile



Leaders in service quality (AQmetrix) and functionality (Forrester)

Global leader

Active customers
3.7 million

Operations
1,774 million

CaixaMóvil Store
3.1 million downloads

Advanced services

- 61 free apps
- CaixaBankPay, a mobile payment solution using NFC technology, with more than 126,500 regular users

ImaginBank



The most highly rated mobile bank for finance in Spain (Apple Store/ Google Play)

First mobile-only bank

Winner of the "Mobile" category according to *The Banker*

"Most Innovative Digital Business Model Mobile", *Gartner*

App
183,850 downloads

Advanced solutions

- Automatic categorisation of spending
- Direct debit of bills with photograph
- Contactless payment (HCE, sticker and watch)
- Systematic saving with Mis Retos (My goals)

ATMs



Over 250 options available from our terminals

The largest network

ATMs
9,479

Market share*
18.5%

Operations
630 million

New services

- Renovation of the network to improve the overall functionality of our assets
- Withdrawals using PIN, with no need for a card
- More personalisation of menus

Payment methods



Market leader with 15.2 million cards in circulation

Cards

Market share*
22.9% by turnover

Invoicing
€33,730 million

POS
335,510 installed

Contactless technology

- 64% of cards (+45% vs. 2015) and 88% of POS
- 23% of total card turnover
- Record turnover on Black Friday (+18% on cards and +14% on POS vs. 2015)

* Figures for September 2016 (Bank of Spain).

KEY STRATEGY 5

To have the best prepared and most dynamic team possible

STRATEGIC OBJECTIVES

- To continue fostering training in critical professional skills.
- To promote the decentralised management model.
- To adapt the compensation and promotion structure.
- To strengthen the culture of performance-based advancement and diversity.

2016 MILESTONES

CaixaBank continued to invest in **training and developing** its employees. More than 7,000 professionals from the commercial network have been certified in financial advice by the Pompeu Fabra University (UPF) and the Chartered Institute for Securities & Investment (CISI) since 2015. Another highlight is the intensive investment in training in the Business Banking segment, where more than 1,000 professionals are currently working towards certification.

In September 2015, CaixaBank set up its Risks School, in collaboration with the Pompeu Fabra University (UPF) and the Instituto de Estudios Bursátiles (IEB), where more than 700 advisors have qualified in Banking Risk Analysis, whilst 1,400 managers and deputy managers are taking a postgraduate qualification in Risk Analysis, specialising in retail.

To continue bolstering our **meritocratic culture**, we have reviewed the processes with the greatest impact in this area, such as performance assessment and professional recognition. We have adapted our remuneration and promotion systems to the needs of each business segment, increasing the relationship between performance and pay.

Our initiatives to **foster diversity** in all its forms (gender, age, origins, etc.) – one of the priorities in our Strategic Plan – has facilitated a gradual increase in the number of women in management posts, with an increase of two percentage points compared to 2014, to 37%.

The Bank is continuing to foster its **management development programmes** to enhance its “transformational leadership” model and foster innovation and empowerment.

More than 7,000 professionals from the commercial network with external qualifications in financial advice since 2015



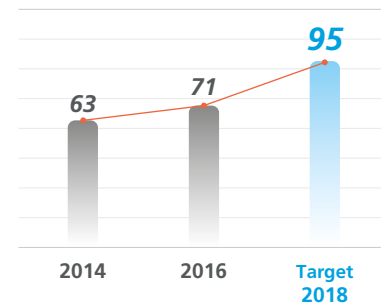
PRIORITIES FOR 2017-2018

- To continue the specific training roadmaps for key segments.
- To enhance the status of the branch manager.
- To further develop the talent assessment culture (assessment by competencies, 180° feedback and performance assessment).
- To enhance management talent programmes, focusing on employees with high potential.
- To continue adapting the remuneration and promotion models to the needs of each business segment.

Key monitoring metrics

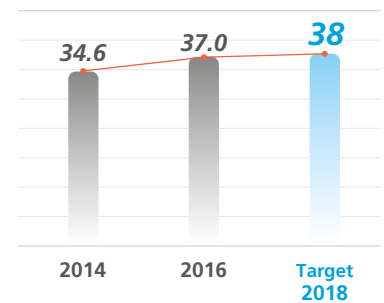
Professionals certified in key competencies/segments

As a percentage



Women in management positions*

As a percentage



* The scope was extended in 2016 to include management positions in the Deputy General Large Commercial Branch area. The 2014 figures have been recalculated accordingly.

A GREAT TEAM

CaixaBank predicates its people management policy on respect for diversity, equal opportunities and non-discrimination on any grounds, including gender, age or disability. As a result, it is firmly committed to ensuring transparency in its hiring and internal promotion decisions, across the board.

The bank has defined the following HR management policies and principles:

- Diversity, equal opportunities and work-life balance.
- Promoting career development.
- Performance-based criteria in internal selection processes.
- Performance-based variable pay directly linked to individual and team targets.
- Occupational health and safety.
- Optimising internal communications.

The bank considers it essential to ensure the satisfaction of its employees and a positive working environment, with motivated and committed teams. Every two years, it carries out a Satisfaction Survey to capture the opinions of all CaixaBank employees, enabling improvement actions to be identified and prioritised.

2016 IMPROVEMENT PLAN

The bank launched an improvement plan in 2016 based on analysis of the conclusions of the 2015 Satisfaction Survey, to which more than 19,000 people responded. The plan is built around the opinions of employees, reflecting CaixaBank trust in, and commitment to, its team.

32,403
The CaixaBank Group in 2016

29,990
People working in the bank



32,242
2015

52.6%
women

69
nationalities

15.6
average length of service

31,210
2014

94.7%
university graduates

95.7%
employees on fixed,
permanent contracts

92.3%
talent retention rate

100%
employees trained

49.1
training hours per employee
per annum

90.3%
on-line training compared
to total training



An ideal team

CaixaBank seeks to ensure that it has the ideal structure and workforce to offer the best possible service. In order to achieve a territorial rebalancing and optimise its workforce across different provinces, the bank offered employees in these provinces and others affected by the process various options for voluntary separation, as set out in the 29 July labour agreement.

However, CaixaBank remains committed to creating employment, offering opportunities to young professionals to join the bank as their first job, and to professionals with experience and leaders in the market, hiring 1,500 new people in the year.

Diversity, equal opportunities and work-life balance

CaixaBank's commitment to equality and work-life balance is demonstrated by its adherence to various initiatives and certification schemes, and by the sustained growth in female representation in the Group's management ranks and governance bodies, which is above the average for IBEX 35 companies.

- Family-responsible company certification, which was renewed for the second time in 2016, achieving a rating of B+ as a Proactive company.
- The UN's Women's Empowerment Principles, through which CaixaBank publicly assumed a commitment to ensure that its policies promote gender equality.
- Signature of the voluntary agreement with the Ministry of Health, Social Services and Equality to secure a greater percentage of women in executive positions.
- The Diversity Charter, supporting equality of opportunities and anti-discrimination measures.
- The Generation and Talent Observatory, to foster the management of inter-generational diversity in organisations.

Training and development

One of the bank's priorities is to bolster its meritocratic culture and ensure that it has the best qualified professionals, fostering their critical professional competencies.

To this end, it invests heavily in training – totalling around 1.5 million hours in 2016 – and professional and management development programmes. 98.2% of management posts were covered internally in 2016.

Awarded the "25th Anniversary Award" from FEDEPE (the Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs) for fostering the role of women in the world of work.



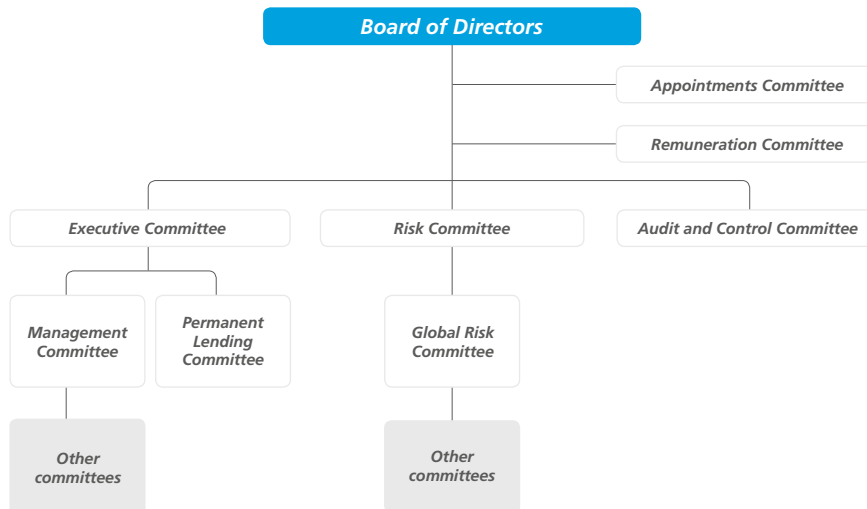
ACTIVE RISK MANAGEMENT

CaixaBank optimises the relationship between the risks and returns on its business activity to enhance its leadership of retail banking and bolster its position as one of the most robust European banks. It achieves this through its corporate governance system, and effective risk management and control in line with its business model, the expectations of its stakeholders and best international practices.

The **Governance and Organisation structure** – and the specialisation of our professionals – ensures CaixaBank’s governance bodies and management committees exercise appropriate risk control.

CaixaBank’s Risk Culture is based, among other things, on general risk management principles, employee training and evaluation of variable remuneration for employee performance.

MAIN RISK MANAGEMENT BODIES



MANAGEMENT TOOLS AND SYSTEMS

Risk appetite framework:

a comprehensive, forward-looking tool through which the Board of Directors determines the acceptable risk types and thresholds for achieving its strategic objectives.

Corporate Risk Map:

This includes the Corporate Risks Catalogue and facilitates internal and external reporting, and monitoring of the Group’s risks.

Risk assessment and planning:

institutional processes for assessing changes in the Group’s risk profile (recent, future and hypothetical in stress scenarios) and capacity to ensure adequate governance, management and control.

Internal control framework:

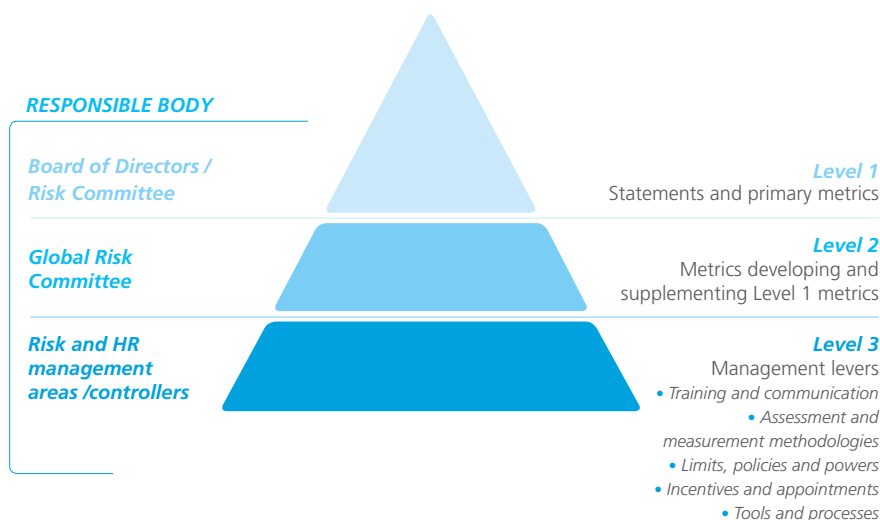
a structure based on the three lines of defence model, providing a reasonable degree of assurance that the Group will achieve its objectives.

RISK APPETITE FRAMEWORK

Priority aspects set out by the Board of Directors that express the Group's aspirations with regard to its most relevant risks, included in the Corporate Risk Map:

- **Protection against losses:** maintaining a medium-low risk profile and comfortable capital levels.
- **Liquidity and funding:** always being in a position to meet obligations and funding needs in a timely manner, even under adverse market conditions, with a stable and diversified funding base to protect and safeguard the interests of depositors.
- **Business composition:** maintaining leadership in the retail banking market and generating income and capital in a balanced and diversified manner.
- **Franchise:** commitment to the highest ethical and governance standards in business conduct, encouraging sustainability and social responsibility, and ensuring operating excellence.

Risk Appetite Framework structure



INTERNAL CONTROL FRAMEWORK

This is structured around the Three Lines of Defence model, in line with regulatory guidance and best practices in the sector:

The first line comprises the business units and support areas, which are responsible for identifying, measuring, controlling, mitigating and reporting the key risks affecting the Group as it carries out its business.

The second line acts independently and is designed to ensure the existence of risk management and control policies and procedures, monitor the application of these, evaluate the control environment and report on all of the Group's material risks. It comprises the Deputy General Control & Compliance area, the Control units in the General Risks Division and Financial Accounting, Control and Capital, which were enhanced in 2016.

The third line is Internal Audit, which independently and objectively assesses the efficiency and effectiveness of risk management and control.

Corporate risk catalogue



Risks	Risk management	Situation and main activities in 2016
Eligible own funds / Solvency		
<p><i>Risk resulting from constraints on the Group's ability to adapt its level of capital to regulatory requirements or changes in its risk profile.</i></p>	<ul style="list-style-type: none"> • Management activity focuses on maintaining a low-medium risk profile and comfortable capital adequacy to cover any unexpected losses. • Objectives: <ul style="list-style-type: none"> – 11% minimum capital, comfortably exceeding Basel III requirements. – Weight of investees < 10%. 	<ul style="list-style-type: none"> • Regulatory CET1 capital of 13.2%. The minimum requirements are comfortably exceeded. • The sale of the investees Bank of East Asia and Grupo Financiero Inbursa to CriteriaCaixa reduced the weight of capital consumption by investees to less than 10%.
Funding and liquidity		
<p><i>Risk of insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.</i></p>	<ul style="list-style-type: none"> • Liquidity risk management is based on: a centralised liquidity management system with segregation of functions; holding an efficient level of liquid funds; active liquidity management; and stable and sustainable funding sources. 	<ul style="list-style-type: none"> • A robust liquid asset position for the existing financing structure: <ul style="list-style-type: none"> – Immediately available bank liquidity of €50,408 million. – LCR ratio of 160%.
Credit		
<p><i>Risk of a decrease in the value of the Group's assets due to uncertainty about a counterparty's ability to meet its obligations.</i></p>	<ul style="list-style-type: none"> • This is the most significant risk for the Group's balance sheet and arises from its banking and insurance business, treasury operations and investee portfolio. • Its management is characterised by a prudent approvals policy and appropriate coverage. • The management lifecycle takes an end-to-end approach to transactions. 	<ul style="list-style-type: none"> • Robust improvement in balance sheet credit-quality metrics. • Problem assets continued on a downward trend (NPL 6.9%) with higher gains from the sale of foreclosed assets. • Adaptation to the new Bank of Spain's Circular 4/2016, which introduces changes to the accounting classification of loans and the methodology for determining provisions.

■ In the business model

■ Affecting financial activity

■ Operational and reputational


Risks	Risk management	Situation and main activities in 2016
Market		
<p><i>Loss of value in the assets or increase in value of the liabilities in the Group's held-for-trading portfolio, as a result of fluctuations in rates, credit spreads, external factors or prices in the market where these assets and liabilities are traded.</i></p>	<ul style="list-style-type: none"> • Management of these involves daily risk estimates, testing of the quality of these measurements (back testing), calculation of hypothetical results in the event of sharp changes in market prices (stress testing) and monitoring and control of limits. • The Group has put in place daily VaR limits for its trading activities of €20 million. 	<ul style="list-style-type: none"> • Low and stable risk, well below the limits set.
Interest rate risk in the banking book		
<p><i>Negative effect on the economic value of the balance sheet or results, caused by the renewal of assets and liabilities at rates that are different to those previously established, due to changes in the structure of the interest rate curve.</i></p>	<ul style="list-style-type: none"> • This risk is managed by optimising the net interest margin and keeping the economic value of the balance sheet within the limits established in the risk appetite. • CaixaBank actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet by its deposits and lending transactions with customers. 	<ul style="list-style-type: none"> • The sensitivity of the net interest margin over one year to a 100 bps increase or decrease in interest rates compared to the baseline scenario is +6.46% and -2.35% respectively. • The sensitivity of market value of equity to a 100 bps increase or decrease in interest rates is approximately +3.76% and -1.25%, respectively, compared to the baseline scenario.
Actuarial		
<p><i>Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans, due to differences between the estimates of claims and actual performance.</i></p>	<ul style="list-style-type: none"> • Policies are based on Directorate-General of Insurance and Pension Funds (DGIPF) guidelines and monitoring of product performance. • The Group establishes limits for the net risk retained by each business line, risk and/or event, based on the risk profile and reinsurance costs. 	<ul style="list-style-type: none"> • Compliance with the new requirements introduced by the European Solvency II Regulations, which have been in force since 1 January 2016. • Involvement in sector working groups.

Corporate risk catalogue

Risks	Risk management	Situation and main activities in 2016
Legal and regulatory		
<p><i>Losses due to errors in the interpretation or application of existing legislation and regulations or adverse judicial rulings. This also includes the risk of an adverse impact on economic value due to legislative or regulatory changes.</i></p>	<ul style="list-style-type: none"> • Management activity seeks to: anticipate regulatory changes by identifying the main risks and impacts; implement new regulatory requirements; and defend the bank in all legal and administrative actions. 	<ul style="list-style-type: none"> • Involvement in consultations with domestic, European and international regulators. • Coordination of analysis of regulatory impact and implementation of new regulations by establishing criteria and procedures. • Publication of the Group's Tax Strategy and approval and publication of its Tax Risk Management and Control Policy.
Conduct and Compliance		
<p><i>Application of criteria for action contrary to the interests of customers and stakeholders. In addition, weaknesses that generate actions or omissions not in keeping with the legal and regulatory framework, or with internal codes and standards, and which could result in administrative sanctions or reputational damage.</i></p>	<ul style="list-style-type: none"> • Management model based on the three lines of defence. • An Internal Control Committee was set up in 2016, bringing together the main functions of the second line of defence, Business Control and Internal Audit. 	<ul style="list-style-type: none"> • Launch of a strategic transformation project for the control & compliance culture, as part of CaixaBank's Strategic Plan. • Significant progress in implementation of the Transformation Plan for Prevention of Money Laundering and International Financial Sanctions, and the Crime Prevention Model. • Definition and enhancement of the Compliance model, including the creation of Reporting and Communication, and Information Analysis areas. • Redefinition of the governance model, with direct reporting by Control and Compliance to the CEO.
Technological		
<p><i>Inadequacies or failures of hardware or software in the technical infrastructure that could compromise the availability, integrity, accessibility and security of infrastructure or data.</i></p>	<ul style="list-style-type: none"> • This risk is managed through Key Risk Indicators (KRIs), which are constantly measured using specific tools and reported to the operational risk management. • The KRIs are grouped into the five categories defined by the regulator: availability and continuity risk; security risk; change risk; data integrity risk; and outsourcing risk. 	<ul style="list-style-type: none"> • Creation of a specific indicator to measure the Risk Appetite Framework for this risk, based on existing indicators. • Consolidation of existing controls and indicators, applying international best practices. • Renewal of ISO 27001 certification for security protection in online services. • ISO 27031 certification for the design of technological contingency regulations.

■ In the business model

■ Affecting financial activity

■ Operational and reputational

Risks	Risk management	Situation and main activities in 2016
Operating processes and external events		
<p><i>Loss or damage caused by operational errors in processes related to CaixaBank's activity due to external events beyond its control or third parties, whether accidental or fraudulent.</i></p>	<ul style="list-style-type: none"> • This risk is managed by the Operational Risk Committee, with representatives of the three lines of defence. • It is managed using a number of tools, including: loss databases (DBs), risk indicators (KRI), extreme scenarios, risk self-assessments and generation of weak points, as applicable. • The involvement of the first line of defence is essential, and mainly involves enriching the DBs and performance of self-assessments. 	<ul style="list-style-type: none"> • Performance of annual self-assessments and extreme scenarios. • Establishment of areas of collaboration with the Business Control unit, as a new player in the operational-risk management framework. • Construction of a new, second-level, synthetic Risk Appetite Framework (RAF) indicator for conduct risk. • Participation in stress tests organised by European authorities (EBA) and studies of the application of new methods of calculating capital requirements (SMA).
Reliability of financial reporting		
<p><i>Deficiencies in the accuracy, integrity and criteria of the process used when preparing the data necessary to evaluate the financial and equity situation of the CaixaBank Group.</i></p>	<p>This is managed in a number of ways:</p> <ul style="list-style-type: none"> • Accounting control of each monthly close. • Internal control over financial reporting (ICFR), designed as set down by the CNMV as part of the second line of defence in a three lines of defence model. • Validation of the financial planning and capital process by the second line of defence. • Quarterly monitoring of second level RAF metrics with alert thresholds. • Quarterly monitoring of related risk indicators (KRI). 	<ul style="list-style-type: none"> • Revision, updating and incorporation of key controls for relevant processes, paying particular attention to creating new controls for subsidiaries. • Application of the internal hierarchical certification model for key controls, without significant incidents. • Creation of the Information Management and Data Quality Committee. • Increasing the scope of audit and accounting control.
Reputational		
<p><i>Risk associated with reduced competitiveness due to the loss of trust in CaixaBank by some of its stakeholders, based on their assessment of actions or omissions, real or purported, by the entity, its senior management or governing bodies.</i></p>	<ul style="list-style-type: none"> • CaixaBank's reputation scorecard (CMR) enables it to continuously monitor its key reputation indicators. This is also used to prepare the annual Global Reputation Index, a comparable metric with a multi-stakeholder approach that enables CaixaBank to set objectives for more efficient reputation management. • The reputational risk map identifies the risks with the highest potential impact on its image and the degree to which preventative measures are being applied. Indicators have been put in place for the most significant risks, to allow for periodic monitoring of the effectiveness of the preventive measures implemented. 	<ul style="list-style-type: none"> • Incorporation of new indicators into the risk scorecard to reinforce the multi-stakeholder vision. • Development of an internal IT tool for calculating, analysing and monitoring risk scorecard results. • Approval of the policy on defence, which sets out the criteria for CaixaBank's action in relation to the identification and management of reputational risk. • Review of the existing protocol on relations with Politically Exposed Persons.



GIVING BACK TO SOCIETY

CaixaBank, the leading retail bank in Spain, is one of the key agents in the country's economy. The bank works to champion economic activity and business productivity, contributing to the generation of employment and financial inclusion. To this end, its financial strength is key to enabling it to safeguard jobs, acquire products and services from suppliers, compensate shareholders and thus help fund the community work pursued by the "la Caixa" Banking Foundation and its Welfare Projects.

IMPACT OF OUR ACTIVITY

CaixaBank contributes directly to the country's economy through its financial activities and indirectly through the effects of its spending with suppliers, the salaries of its employees, dividends paid to its shareholders and the production activity of the businesses and self-employed professionals it finances.

The bank also believes it is duty-bound to contribute to public finances, based on a fiscal policy underpinned by principles of responsibility, prudence and transparency.

Job creation

The bank is an important source of job creation:

- Directly, with its more than 32,403 employees.
- Indirectly, generating 35,663 jobs through the multiplying effect of its purchases from suppliers.
- Induced, as a result of its employees and suppliers purchasing products and services and from financing its customers.

The bank is also involved in promoting the "la Caixa" Foundation's Incorpora programme through its branch network, promoting employment for individuals at risk of exclusion. More than 9,500 companies are involved in this programme, which generated more than 28,000 job opportunities during the year.



BOOSTING ECONOMIC AND BUSINESS ACTIVITY

CaixaBank continues its commitment to serve the productive sector and families, and works to foster innovation and entrepreneurship.

Self-employed professionals and businesses

Almost half of all Spanish companies and a third of the self employed are CaixaBank customers, thanks to our wide range of products and services specially tailored to their needs.

In 2016, we increased our market share (+14 basis points in lending to companies, to 14.1%, and +159 basis points for commercial loans, to 17.5%). The number of new transactions agreed also increased, as did gross loans and advances to companies, which hit €64,813 million (+8.3% vs. 2015).

CaixaBank has continued enhancing its specialist value propositions.

- **It has signed collaboration agreements that enable it to offer innovative solutions** to its business and company clients. In 2016, these included:
 - The agreement with the el BulliFoundation to develop innovation and management projects in the hospitality sector for the self-employed, shops and micro-companies.
 - CaixaBank is the first Spanish financial entity to be able to offer access to the Opportunity Network, an international platform dedicated to finding trustworthy partners and quality business opportunities.
 - New AgroBank University-Company Chair with the University of Lleida, dealing with agri-food innovation and quality. CaixaBank has more than 342,000 agribusiness customers (24.1% of the self-employed in the sector in the country).
- **Organisation of a new round of the Business Character Awards**, created in collaboration with the CEOE to recognise innovative Spanish companies that are committed to internationalisation.
- **Organisation of specialist events** with leading speakers, offering a comprehensive service. More than 9,000 people attended these events in 2016.
- **Launch of specialist virtual services** enabling visits and contracting of products by videoconference.

CaixaBank customers

33.1% *of Spanish self-employed professionals*

44.9% *of Spain's companies (Turnover of €1 million to €100 million)*

Financing for the self-employed

83,771 *New loans arranged (+4.4% vs. 2015)*

Financing for companies

231,596 *New loans arranged (+9.7% vs. 2015)*

MicroBank

MicroBank, the largest social bank specialising in microfinance in Europe, serves segments of the population whose financial needs are not catered for sufficiently.

- It has been in operation through CaixaBank’s branch network since 2007, boosting economic activity, job creation, self-employment, personal and family development, and financial inclusion.
- It offers a wide range of microcredits tailored to the needs of entrepreneurs, micro-companies, people and families. It also offers basic banking services and manages the activity of the Monte de Piedad, which provides secured loans through four specialist offices.

In 2016, MicroBank continued fostering activity aimed at the most precarious groups in society, offering resources to help generate opportunities and enhance their quality of life. This activity included:

- Social microcredits: offering funding to new entrepreneurs and facilitating access to technical support and advice through more than 500 collaborating entities.
- “Confianza” microcredits: funding coverage of basic needs and self-employment projects for people in situations of extreme social exclusion, who also receive support through mutual-aid groups.
- Erasmus+ Master’s loans: enabling university students with no income or collateral to fund master’s degree programmes in other European countries, with repayments starting a year after the course finishes.
- Financial Education programme: for people seeking training to help them improve their management of the family budget, enhance their understanding of banking products and services and avoid over-indebtedness.

EmprededorXXI Prizes

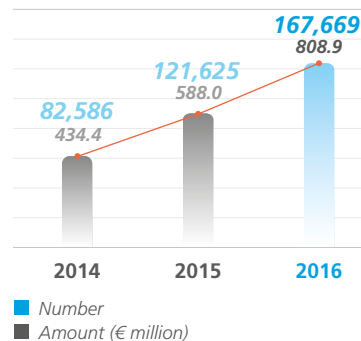
The EmprededorXXI Prizes identify, recognise and assist newly-created and innovative businesses with high potential for growth in Spain. The prizes are awarded through Caixa Capital Risc, in conjunction with ENISA, Spain’s national innovation body.

Since their creation in 2007, €4.28 million has been invested in prizes and support activities, building a community of 289 winners through Spain’s nationwide Entrepreneur’s Day.

18,608 *Microcredits granted to entrepreneurs and businesses in the year*

24,935 *Jobs created through microcredits to entrepreneurs and businesses*

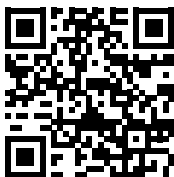
Microcredits awarded



87% of the companies awarded EmprededorXXI prizes remain active, and most have a strong international presence

This version of the report is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.

The non-financial information included in this report was verified by Deloitte, in accordance with the terms expressed in its independent assurance report. The economic and financial information was obtained from the CaixaBank Group's audited 2016 financial statements. Both documents are available on the company's website.



Access the online version at
www.CaixaBank.com/integratedreport2016



