CaixaBank

BUSINESS ACTIVITY AND RESULTS

JANUARY - DECEMBER

[2015]

Contents

Change in scope of consolidation and comparability of information: The 2015 income statement includes the earnings of Barclays Bank, SAU as from 1 January 2015. CaixaBank's consolidated balance sheet shows the assets and liabilities of Barclays Bank, SAU at fair value from 1 January 2015.

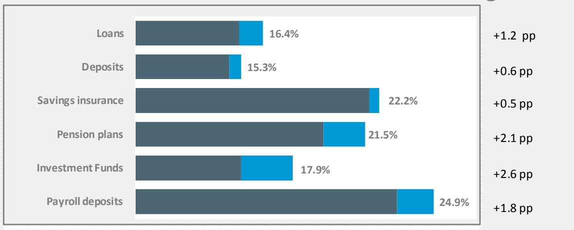
Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statement and consolidated balance sheet at the end of 2015 and 2014, and the corresponding breakdowns of consolidated income statement and balance sheet items provided in this report, are presented in accordance with International Financial Reporting Standards (IFRS-EU), taking into account Bank of Spain Circular 4/2004 and subsequent modifications. Figures stated in millions are expressed either as "€ million" or "€ M".

In accordance with IFRIC 21 on levies and IAS 8, the quarterly results for 2014 published in that year have since been restated, without any impact on the aggregate profit of 2014. Accordingly, the financial information for past quarters of 2014 impacted by this restating has been duly re-estimated.

LEADERSHIP IN RETAIL BANKING

	2015
Customer penetration (individuals)[1]	28.3%
Customer penetration (individuals) as main bank[1]	24.0%
Customers *(million)*	13.8
Total Assets *(€ million)*	344,255

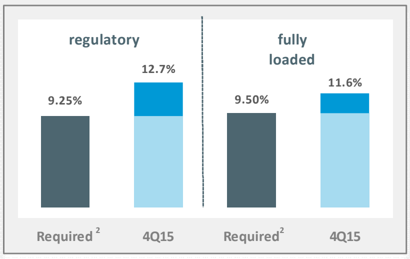
Market shares[1] Change 2015



FINANCIAL STRENGTH

Capital adequacy / Common Equity Tier 1

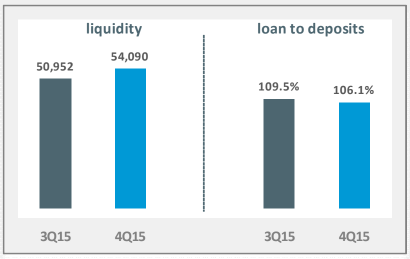
+3.5 pp / +2.1 pp *Buffer*



Liquidity / Loan to deposits

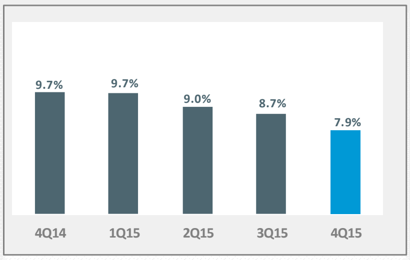
€ Million

+€ 3,138 M / -3.4 pp 3Q15-4Q15



Risk Management / NPL ratio

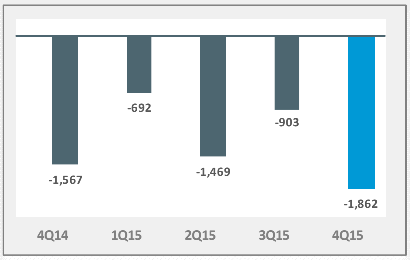
-1.8 pp 4Q14-4Q15



NPL and net foreclosed available for sale assets / Organic change[3]

€ Million

€-6,493 M 4Q14-4Q15



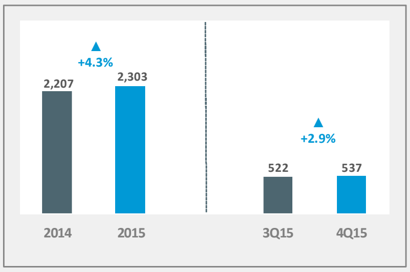
SUSTAINED INCOME GENERATION CAPACITY

Core operating income

(NII + fees and commissions - recurring expenses)

€ Million

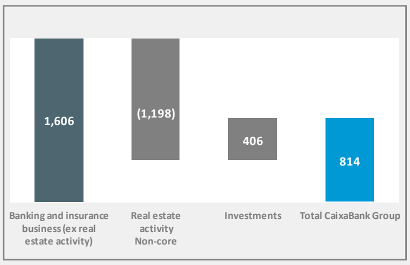
2014-2015 3Q15-4Q15



Net profit by segments

€ Million

2015



1. Latest information available. Data prepared in-house, based on Bank of Spain, Social Security, INVERCO and ICEA. Loan share for the domestic private sector and share of deposits (demand + term). Market penetration source: FRS Inmark.
2. The minimum capital requirements include Pillar 1 capital (4.5%), Pillar 2 and the capital conservation buffer (4.75% jointly). The buffer for other systemically important institutions will take effect from 1 January 2016 (0.25% to be phased-in over 4 years).
3. Variation calculated by stripping out the impact of Barclays Bank, SAU balance sheet items at 1 January 2015.

CaixaBank

Key figures

€ million	January - December 2015	January - December 2014	Change	4Q15	3Q15
INCOME STATEMENT HEADINGS					
Net interest income	4,353	4,155	4.8%	1,045	1,038
Fees and commissions	2,013	1,825	10.3%	489	497
Gross income	7,726	6,940	11.3%	1,410	1,752
Expenses excluding extraordinaries	(4,063)	(3,773)	7.7%	(997)	(1,013)
Pre-impairment income stripping out non-recurring costs	3,663	3,167	15.7%	413	739
Pre-impairment income	3,120	3,167	(1.5%)	413	737
Profit attributable to the Group	814	620	31.4%	(182)	288

€ million	December '15	September '15	December'14	Quarterly change	Annual change
BALANCE SHEET					
Total assets	344,255	343,454	338,623	0.2%	1.7%
Equity	25,204	25,575	25,232	(1.5%)	(0.1%)
Customer funds	296,599	289,460	271,758	2.5%	9.1%
Customer loans, gross	206,437	209,005	197,185	(1.2%)	4.7%
EFFICIENCY AND PROFITABILITY (last 12 months)					
Cost-to-income ratio (Total operating expenses/ gross income)	59.6%	58.6%	54.4%	1.0	5.2
Cost-to-income ratio stripping out non-recurring costs	52.6%	51.7%	54.4%	0.9	(1.8)
ROE (profit attributable to the Group/ average equity)	3.4%	4.1%	2.7%	(0.7)	0.7
ROTE (attributable profit / average tangible equity)	4.3%	5.2%	3.4%	(0.9)	0.9
ROA (net profit / average total assets)	0.2%	0.3%	0.2%	(0.1)	0.0
RORWA (net profit / risk-weighted assets)	0.7%	0.8%	0.5%	(0.1)	0.2
RISK MANAGEMENT					
Non-performing loans (NPL)	17,100	19,151	20,110	(2,051)	(3,010)
Non-performing loan ratio	7.9%	8.7%	9.7%	(0.8)	(1.8)
Non-performing loan ratio stripping out real estate developers	6.2%	6.5%	6.4%	(0.3)	(0.2)
Cost ok risk	0.7%	0.8%	1.0%	(0.1)	(0.3)
Provisions for non-performing loans	9,512	10,584	11,120	(1,072)	(1,608)
NPL coverage ratio	56%	55%	55%	1	1
NPL coverage ratio including collateral	128%	130%	132%	(2)	(4)
Net foreclosed available for sale real estate assets	7,259	7,070	6,719	189	540
Foreclosed available for sale real estate assets coverage ratio	58%	57%	55%	1	3
LIQUIDITY					
Liquidity	54,090	50,952	56,665	3,138	(2,575)
Loan to deposits	106.1%	109.5%	104.3%	(3.4)	1.8
Liquidity Coverage Ratio	172%	155%	175%	17	(3)
CAPITAL ADEQUACY					
Common Equity Tier 1 (CET1)	12.7%	12.8%	13.0%	(0.1)	(0.3)
Total Capital	15.7%	15.8%	16.1%	(0.1)	(0.4)
RWAs	145,499	146,291	139,729	(792)	5,770
Leverage ratio	5.7%	5.8%	5.7%	(0.1)	0.0
Fully loaded Common Equity Tier 1 (CET1)	11.6%	11.6%	12.1%	0.0	(0.5)
SHARE INFORMATION					
Share price (€/share)	3.214	3.445	4.361	(0.231)	(1.147)
Market capitalization	18,702	20,047	24,911	(1,345)	(6,209)
Book value per share - fully diluted (€/share)	4.33	4.40	4.42	(0.07)	(0.09)
Tangible book value per share - fully diluted (€/share)	3.47	3.54	3.54	(0.07)	(0.07)
Number of shares - fully diluted *(millions)*	5,819	5,819	5,712	0	107
Net income attributable per share (EPS) (€/share) *(12 months)*	0.14	0.17	0.11	(0.03)	0.03
Average number of shares - fully diluted *(millions)*	5,820	5,821	5,712	(1)	108
PER (Price/ Profit)	22.97	20.40	39.65	2.57	(16.68)
Tangible PBV (Market value/ book value of tangible assets)	0.93	0.97	1.23	(0.04)	(0.30)
BANKING BUSINESS AND RESOURCES (Units)					
Customers *(millions)*	13.8	13.8	13.4	0.0	0.4
CaixaBank Group Employees	32,242	32,372	31,210	(130)	1,032
Branches in Spain	5,211	5,253	5,251	(42)	(40)
ATMs	9,631	9,661	9,544	(30)	87

NOTE: The 2015 income statement includes the earnings of Barclays Bank, SAU as from 1 January 2015. CaixaBank's consolidated balance sheet shows the assets and liabilities of Barclays Bank, SAU at fair value from 1 January 2015

CaixaBank

Key Group information for 2015

COMMERCIAL POSITIONING

LEADERSHIP

- **Leading retail bank in Spain,** with a customer base of 13.8 million and 5,211 branches. **Market penetration[1] of 28.3% among individual customers** (for 24.0%, CaixaBank is their main bank).
- **Position of leadership further cemented** thanks to the commercial focus and the acquisition of Barclays Bank, SAU.
- **High market shares[2] among the main retail products and services:**
  - Leader in both loans and deposits, with market shares of 16.4% and 15.3%, respectively.
  - Growth in the market share for investment funds (17.9%, up 2.6pp in 2015) and pension plans (21.5%, up 2.1pp in 2015), maintaining the lead in assets under management.
  - Market share of payroll deposits at 24.9% (+1.8pp in 2015), with 782,000 deposits secured during the year (+30% on 2014). The market share of direct pension payment deposits stood at 20.2%.
- Named **Best Bank in Spain 2015** by Euromoney and the journal Global Finance.

SPECIALISED PRODUCTS AND SERVICES

- **Specialisation by business segment** and a **wide range of globally acknowledged value propositions.**
- **Successful commercial strategies** targeting the different business segments: **AgroBank, CaixaNegocios and HolaBank**.
- **Best private banking in Spain** by Euromoney in its 2015 Private Banking Survey.
- First European bank to obtain **AENOR certification for the quality of its business banking services**.

INNOVATION AND MULTI-CHANNEL APPROACH

- **Launch of imaginBank,** a **new banking model** operated exclusively via mobile phone apps. It is **Spain's first mobile only bank**, offering a full range of commission-free services, tools for managing personal finances, and mobile and P2P payments.
- **International benchmark in the financial sector when it comes to innovation technology.** In 2015, Forrester Research named CaixaBank top bank in the world for mobile banking and the most innovative bank in the world for payment methods at the 30th edition of the International Retail Banker awards.
- Noteworthy market penetration[1] in online banking at 31.9%, with 4.8 million customers[3] and 2.8 million in mobile banking.
- **Leadership in electronic banking,** with 15.1 million cards (22.8% market share[2] in terms of turnover) and 9,631 ATMs.

QUALITY AND CORPORATE RESPONSIBILITY

- **EFQM European Seal of Excellence** for the management model.
- **Ranks among the best banks when it comes to corporate responsibility,** continuing to feature on the Dow Jones Sustainability Index (DJS), the FTSE4Good and the Advanced Sustainable Performance Index (ASPI).

BUSINESS ACTIVITY

- **Total assets amounting to €344,255 million.**
- **Customer funds totalled €296,599 million,** marking annual growth[4] of €24,841 million (+9.1%) and up 2.5% in the fourth quarter of 2015.
- **Gross customer lending stood at €206,437 million.** The annual change[4] stands at +4.7% (+7.7% for the performing portfolio ex-real estate developers). Lending was down 1.2% in the fourth quarter of 2015 (-0.3% for the performing loan portfolio ex-real estate developers).

1. Market penetration source: FRS Inmark. Online market penetration according to comScore MMX.
2. Latest information available. Data prepared in-house, based on Bank of Spain, Social Security, INVERCO and ICEA. Loan share for the domestic private sector and share of deposits (demand + term).
3. Clients who have carried out at least one transaction via the CaixaBank website in the last two months. Latest information available.
4. Includes balance sheet items of Barclays Bank, SAU at 1 January 2015. €15,609 million in customer funds and €17,782 million in customer loans and advances.

RESULTS

Profit attributable to the group for 2015 was €814 million, up 31.4% year on year

- The inclusion of results from Barclays Bank, SAU impacted different headings of the year-on-year income statement comparison.
- **Gross income rose by 11.3% to €7,726 million**:
  - **High generation of core income from the banking business:** +4.8% in net interest income and +10.3% in fees and commissions.
  - Profits by investees up 17.7% following extraordinary impairments attributed from Repsol in 2015.
  - Upward trend in gains on financial assets (+35.5%).
- **Recurring operating expenses were down 1.2%** on a like-for-like basis[1].
- **Improvement in the cost-to-income ratio, stripping out non-recurring costs**, to rest at 52.6% (-1.8pp in 2015).
- **Stripping out non-recurring costs, pre-impairment income saw growth of 15.7%.** If we factor in non-recurring costs, pre-impairment income decreased 1.5%.
- **Non-recurring costs** of €543 million were recognised as a product of the acquisition of Barclays Bank, SAU (€259 million) and the labour agreement signed in the second quarter of 2015 (€284 million).
- **Impairment losses on financial assets and others** were down 2.4%. Insolvency allowances were down (-23.6%) while other charges to provisions were up, including, applying a prudent criteria, coverage of contingencies relating to floor clauses.

  Cost of risk stood at 0.73% (-27bp in 2015).
- The accounts reflect the negative goodwill generated from the acquisition of Barclays Bank, SAU and asset write-downs. Non-recurring tax income was reported in 2014 following the approval of the tax reform.

Profit for 2015 from the banking and insurance business, excluding non-core real estate activity, amounted to €1,606 million

FINANCIAL STRENGTHS

LIQUIDITY

- **Bank liquidity was €54,090 million**, all immediately available (15.7% of total assets).
- **Robust retail lending structure**, with a loan-to-deposits (LTD) ratio of 106.1%.
- The **Liquidity Coverage Ratio** (LCR) was 172%, well above the required minimum.

CAPITAL MANAGEMENT

- **Fully-loaded Common Equity Tier 1 (CET1) ratio stood at 11.6%** (buffer[2] of 2.1pp).

  Annual change impacted by the **generation of +25 basis points in capital** and the acquisition of Barclays Bank, SAU (-78bp).
- **The regulatory CET1 ratio stood at 12.7%** (buffer[2] of 3.5pp), while the **regulatory leverage ratio was 5.7%.**
- Compliance, a year ahead of schedule, with the objective set out in the Strategic Plan to **reduce the weight of the capital charge of the investee portfolio to bring it below 10%**, following the stake swap agreement with Criteria Caixa[3].

RISK MANAGEMENT

Significant improvement in asset quality

- **Drop of €5,242 million in NPLs during the year**, stripping out the impact of the integration of Barclays Bank, SAU.
- **The NPL ratio dropped to 7.9%** (6.2% excluding the real estate developer segment).
- **Coverage ratio of 56%** (€9,512 million in provisions).

Lower growth in the foreclosed real estate portfolio

- **Net foreclosed real estate available for sale** amounted to €7,259 million, with coverage of 58%[4] (+2.6pp).
- **Net real estate assets held for rent** stood at €2,966 million.
- **€2,077 million in sales and rentals**[5] of foreclosed properties in 2015, with positive results on sales in the fourth quarter.

1. Pro-forma including the recurring expenses of Barclays Bank, SAU in 2014.
2. The minimum capital requirements include Pillar 1 capital (4.5%), Pillar 2 and the capital conservation buffer (4.75% jointly). The buffer for other systemically important institutions will take effect from 1 January 2016 (0.25% to be phased-in over 4 years).
3. It is envisaged that the stakes in Grupo Financiero Inbursa and The Bank of East Asia will be transferred to Criteria Caixa in the first quarter of 2016 in exchange for treasury shares and cash (see section on Significant Events in 2015).
4. Difference between the cancelled debt and the carrying amount of the net real estate asset including the initial write-downs and charges to provisions subsequent to the real estate foreclosure.
5. Sales and rentals.

Trends in results and business activity

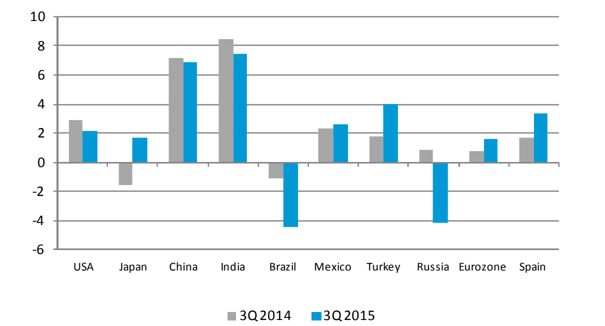
Macroeconomic trends

GLOBAL ECONOMIC CLIMATE AND MARKETS

- Growth in the United States prompts the Fed to hike rates
- Guard remains up given the delicate situation in certain key emerging countries

Economic activity is continuing to gain momentum both globally and particularly across the main developed nations, while emerging economies, a focus of attention for some months now, managed to close the year in positive territory. China reported year-on-year growth of 6.8% in the fourth quarter, somewhat better than expected and certainly helping, to some extent, to allay fears of a possible heavy landing. Other major emerging nations, including India and Mexico, also bucked expectations by turning in a positive performance. Even Turkey, a country plagued by macroeconomic imbalances, surprised analysts by posting 4.0% year-on-year growth in the third quarter. That said, other developing nations, including Brazil and Russia, have not been so fortunate. Both economies are heavily in recession and are facing pressure on the political (Brazil) and geopolitical (Russia) fronts. On balance, emerging risk therefore remains a very real concern, especially because the prevailing situation in certain countries is extremely fragile.

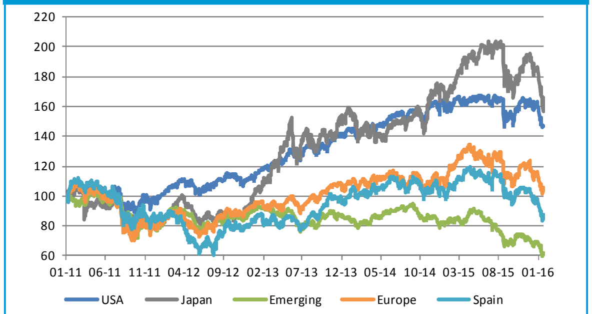
GDP growth
Year-on-year change (%)



Source: CaixaBank Research, based on Thomson Reuters Datastream data

Given the backdrop, monetary policy in the United States will be critical. As expected, in December the Fed raised the official interest rate for the first time in seven years (+25 basis points). The Fed's decision was prompted by the strength of the economy and the job market, coupled with improving levels of inflation. The stock markets reacted well to the start of the monetary normalisation process, judging by the figures. Emerging markets also responded positively to the news, even though the new rates could pose difficulties for those countries facing greater macroeconomic imbalances. Looking ahead to 2016, the speed at which interest rates are raised will ultimately depend on how economic activity and inflation pans out in the United States, and on how the global financial stability holds up. The Fed is expected to raise the interest rate gradually and to take great care in how it communicates its changes.

Performance of leading international stock exchanges
(Base 01/01/11=100)



Source: CaixaBank Research, based on Thomson Reuters Datastream data

Moving to economic activity within the eurozone, the region remains on the path to steady recovery. While hardly eye-catching (1.6% year on year in the third quarter), growth has nevertheless been respectable, in the sense that actual growth has been matching potential growth. That said, the prevailing situation is largely down to temporary support factors, such as the currently low prices of raw materials, the depreciation of the euro and the quantitative easing undertaken by the ECB. Economic expansion within Europe has also meant that structural reforms have been most effective at helping to consolidate the recovery in those countries that have been the most proactive. For the time being at least, economic recovery within the eurozone remains on track thanks to the healthy state of internal demand. The decision reached by the ECB in December to extend the Quantitative Easing (QE) process was mainly down to an increase in external risks, and not because of a worsening of internal economic indicators, which remain positive. This much is confirmed by the ECB's own projections. In a growth scenario, the central bank expects economic growth to climb from 1.5% in 2015 to 1.9% in 2017.

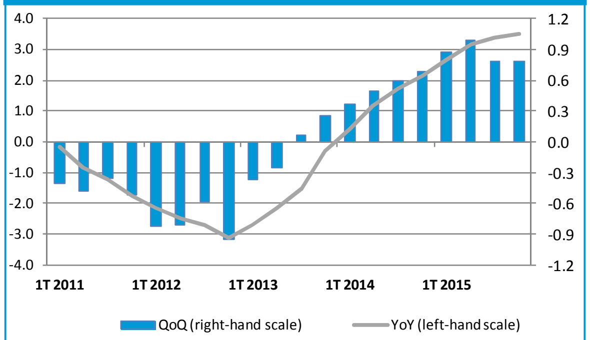
THE SPANISH ECONOMY

- Solid progress on the back of temporary support factors and structural improvements
- Improved borrowing conditions are helping to drive the recovery

The most recent figures reveal that economic activity in Spain is continuing to expand. According to our estimates, GDP gained 0.8% quarter on quarter in the last three months of 2015, allowing the country to close the year with annual growth of 3.2%; the highest of all the main eurozone economies. Following a year of impressive GDP gains, we expect the pace to drop slightly in 2016 to 2.7% as the factors underpinning growth in 2015 (such as tax reductions and falling oil prices) are gradually left behind. That said, we should also see a parallel improvement in a number of other elements that will help sustain more balanced growth in the long term. Specifically, we expect financing conditions to improve further, while we feel the property sector is soon set play a greater role and the structural reforms will continue to pay off, particularly within the job market, where job creation could break the 400,000 mark.

GDP growth

YoY change (%) QoQ change (%)



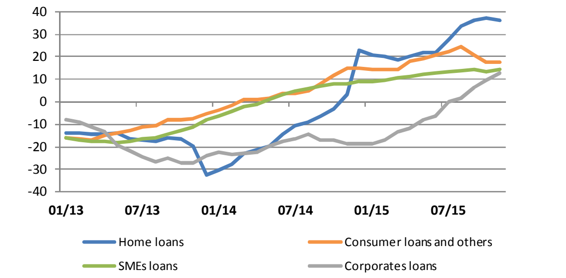
Projected figures for 4Q15: CaixaBank Research

Source: CaixaBank Research, based on INE data.

The growth in new loans helped drive the recovery of the Spanish economy in 2015. For instance, new loans for households and SMEs grew slightly to move past 15%, a pace we believe will carry through into 2016 as significant progress has already been made with the household and company debt deleveraging process. Similarly, banks are now in a better position to extend credit thanks to the rigorous process of cleaning and restructuring their balance sheets. For new loans of less than one million euros -those typically sought by SMEs- the interest rate spread between Spain and the main European countries has been narrowing. Based on November figures, the average rate was 3.1% in Spain, compared to 2.7% in Germany and 2.1% in France. Although the Spanish rate remains higher than in other countries, the spread with the German rate has shed 0.9 percentage points since October 2014.

New lending

YoY change (cumulative 12-month data, in %)



Source: CaixaBank Research, based on INE data.

The property sector is also playing a part in the recovery. Lower financing costs are behind the improvement in sales of residential property, which saw growth of 11.7% (November, cumulative 12 month data). In the short term, housing sales will also be driven by renewed demand now that the property market has stabilised. This healthy demand would appear to indicate that property prices will continue to rise in the coming year, although this performance will vary between regions due to the existing differences in new housing available for sale.

All things said, the Spanish economy is benefiting from temporary support factors and from the reforms undertaken in recent years, all of which should provide more solid and balanced growth in the long run. Risks remain of course, particularly external risks stemming from a possible slowdown in emerging countries. Within Spain itself, the recent general elections have caused considerable parliamentary fragmentation and have therefore sparked uncertainty as to the political panorama and, particularly, the government's ability to continue implementing reforms.

Results

Income statement

€ million	January - December 2015	2014	Change %
Financial income	8,372	8,791	(4.8)
Financial expenses	(4,019)	(4,636)	(13.3)
Net interest income	**4,353**	**4,155**	**4.8**
Dividends	203	185	9.4
Share of profit (loss) of entities accounted for using the equity method	375	306	22.7
Net fees and commissions	2,013	1,825	10.3
Gains on financial assets and exchange rate differences	867	640	35.5
Other operating income and expenses	(85)	(171)	(50.4)
Gross income	**7,726**	**6,940**	**11.3**
Recurring expenses	(4,063)	(3,773)	7.7
Extraordinary expenses	(543)		
Pre-impairment income	**3,120**	**3,167**	**(1.5)**
Pre-impairment income stripping out non-recurring costs	***3,663***	***3,167***	***15.7***
Impairment losses on financial assets and others	(2,516)	(2,579)	(2.4)
Gains/(losses) on disposal of assets and others	34	(386)	
Pre-tax income	**638**	**202**	**215.6**
Income tax	181	418	
Profit for the period	**819**	**620**	**31.7**
Minority interest and others	5	0	
Profit attributable to the Group	**814**	**620**	**31.4**

YEAR-ON-YEAR TRENDS

- The inclusion of results from Barclays Bank, SAU impacted different headings of the year-on-year income statement comparison.
- **Net interest income of €4,353 million, up 4.8%,** largely driven by:
  - **Lower financing costs on retail savings,** especially maturity deposits, which has brought down costs by 67 basis points (0.85% in the fourth quarter of 2015, versus 1.52% for the same period of 2014).
  - **The change in income** was down to lower returns on the loan portfolio in response to the drop in market interest rates, the removal of floor clauses from mortgage loan contracts arranged with individual customers, the integration of Barclays Bank, SAU, and muted institutional activity (fixed income).
- **Growth in fee and commission income (€2,013 million, up 10.3%)**, due mainly to the increase in assets under management in off balance sheet products.
- **Income from the investee portfolio** stood at €578 million (+17.7%). In 2015, the weaker result attributed to Repsol was recognised while the non-recurring loss attributable to the Erste Group Bank was reported in 2014.
- **Gains on financial assets and exchange rate differences** totalled €867 million (+35.5%).
- **Sound income generation capacity, with gross income up 11.3% to €7,726 million.**
- **Recurring like-for-like[1] operating expenses** fell 1.2% on the back of the drive to pare back and contain costs.
- **Total expenses** in 2015 include €259 million in costs associated with the integration process of Barclays Bank, SAU and €284 million related to the labour agreement reached in the second quarter.
- **Core operating income[2] grew by 4.3%** to €2,303 million.
- **Stripping out non-recurring costs, pre-impairment income gained 15.7%.** If we factor in non-recurring costs, pre-impairment income stood at €3,120 million (-1.5%).

1. Pro-forma factoring in the recurring expenses of Barclays Bank, SAU in 2014.
2. Net margin interest + Fees and commissions – Recurring expenses

- **Impairment losses on financial assets and others (-2.4%)** were impacted by the **reduction in insolvency allowances (-23.6%)** and the increase in other allowances.

  Other charges to provisions includes in 2015, an estimation of coverage needs, applying a prudent criteria, for future contingencies deriving from a class action currently under way in relation to the existence of floor clauses in certain mortgage loan contracts, most of which have come from integrated entities. In addition this heading includes write offs of other assets.

- **Cost of risk down 27 basis points to 0.73%.**
- **Gains/(losses) on disposal of assets and others** reflects, among others:
  - In 2015, the negative goodwill on consolidation of Barclays Bank, SAU (€602 million) and asset impairment due to obsolescence associated with the integration process (€64 million).
  - Gains and losses on the sale of equity investments and foreclosed assets and other write-downs, largely real estate assets.
- With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees, with a significant impact following the recognition of the negative goodwill on consolidation of Barclays Bank, SAU. Non-recurring tax income was reported in 2014 following the approval of the tax reform (€310 million).
- **Attributable profit posted by CaixaBank in 2015 therefore amounted to €814 million,** marking a 31.4% year-on-year gain.

QUARTERLY PERFORMANCE

- **Gross income stood at €1,410 million**, largely as a result of:
  - **Improved net interest income largely from retail activity** as returns on the lending portfolio stabilised and the cost of maturity deposits continued to drop (-6bp).

    Muted institutional activity, with a reduced impact on income.

    Customer spread up 3 basis points to reach 2.06% on account of deposit prices, which shed 3 basis points, and stable returns on the loan portfolio.
  - **Income from the investee portfolio** was impacted, among other factors, by the weaker results attributed to Repsol and the recognition of the Telefónica dividend in the fourth quarter.
  - **Fee and commission income** from off balance sheet products and sales of insurance products remains high. Lower income from one-off investment banking.
  - **Other operating income and expenses** for the fourth quarter included the contributions paid to the Deposit Guarantee Fund and to the National Resolution Fund (€278 million).
- **Drop in recurring expenses (-1.5%)** in the fourth quarter.
- **Pre-impairment income was €413 million.**
- The change in **Impairment losses on financial assets and others** was impacted by the **steady reduction in the cost of risk (insolvency allowances down 24.7%)** and an increase in other allowances.

CaixaBank

Quarterly income statement

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Financial income	2,223	2,360	2,213	1,834	1,965
Financial expenses	(1,142)	(1,222)	(1,081)	(796)	(920)
Net interest income	**1,081**	**1,138**	**1,132**	**1,038**	**1,045**
Dividends	81	2	108	2	91
Share of profit (loss) of entities accounted for using the equity method	43	178	204	120	(127)
Net fees and commissions	451	513	514	497	489
Gains on financial assets and exchange rate differences	64	129	567	52	119
Other operating income and expenses	(265)	(7)	86	43	(207)
Gross income	**1,455**	**1,953**	**2,611**	**1,752**	**1,410**
Recurring expenses	(947)	(1,035)	(1,018)	(1,013)	(997)
Extraordinary expenses		(239)	(302)	(2)	
Pre-impairment income	**508**	**679**	**1,291**	**737**	**413**
Impairment losses on financial assets and others	(780)	(748)	(691)	(323)	(754)
Gains/(losses) on disposal of assets and others	(230)	280	(254)	(66)	74
Pre-tax income	**(502)**	**211**	**346**	**348**	**(267)**
Income tax	488	164	(12)	(58)	87
Profit for the period	**(14)**	**375**	**334**	**290**	**(180)**
Minority interest and others	(1)	0	1	2	2
Profit attributable to the Group	**(13)**	**375**	**333**	**288**	**(182)**

Quarterly returns on ATAs

Data expressed as % of ATAs (annualized)	4Q14	1Q15	2Q15	3Q15	4Q15
Financial income	2.66	2.73	2.59	2.17	2.28
Financial expenses	(1.37)	(1.41)	(1.26)	(0.94)	(1.07)
Net interest income	**1.29**	**1.32**	**1.33**	**1.23**	**1.21**
Dividends	0.10	0.00	0.13	0.00	0.11
Share of profit (loss) of entities accounted for using the equity method	0.05	0.20	0.24	0.14	(0.15)
Net fees and commissions	0.54	0.58	0.60	0.59	0.57
Gains on financial assets and exchange rate differences	0.08	0.14	0.64	0.08	0.15
Other operating income and expenses	(0.31)	(0.01)	0.10	0.05	(0.24)
Gross income	**1.75**	**2.23**	**3.04**	**2.09**	**1.65**
Recurring expenses	(1.13)	(1.19)	(1.19)	(1.21)	(1.17)
Extraordinary expenses	0.00	(0.27)	(0.35)	0.00	0.00
Pre-impairment income	**0.62**	**0.77**	**1.50**	**0.88**	**0.48**
Impairment losses on financial assets and others	(0.94)	(0.85)	(0.81)	(0.38)	(0.88)
Gains/(losses) on disposal of assets and others	(0.27)	0.32	(0.29)	(0.09)	0.09
Pre-tax income	**(0.59)**	**0.24**	**0.40**	**0.41**	**(0.31)**
Income tax	0.59	0.19	(0.01)	(0.06)	0.10
Profit for the period	**0.00**	**0.43**	**0.39**	**0.35**	**(0.21)**
Minority interest and others	0.00	0.00	0.00	0.01	0.00
Profit attributable to the Group	**0.00**	**0.43**	**0.39**	**0.34**	**(0.21)**
€ Million					
Average total net assets	331,080	350,847	343,352	335,591	341,701

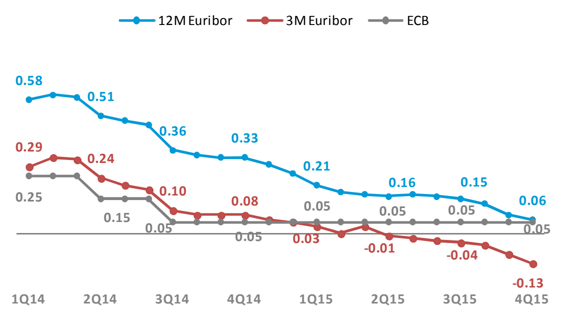
NOTE: The quarterly results for 2014 published prior to application of IFRIC 21 have been restated.

Gross income

NET INTEREST INCOME

- Improvement in net interest income to reach €4,353 million (+4.8% in 2015) against a backdrop of extremely low interest rates
- Ongoing reduction in the cost of maturity deposits (0.85% in 4Q15 versus 1.52% in 4Q14) and a 0.27% rate on new term deposits
- Stable income from the loan portfolio in the quarter

Interest rates (%)



The **annual change in net interest income** reflects:

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

Net interest income for the fourth quarter (€1,045 million) was up 0.7% quarter on quarter due to the drop in the cost of deposits and the stability of returns on the loan portfolio.

- **Returns on the loan portfolio remained at 2.47%.** The drop in the rate curve had a negative impact on loan repricings (-3bp for mortgage loans), which was offset against the change in commercial flows, the impacts of one-off transactions, and better recovery of interest on non-performing loans.

  The **rate on new loans** excluding the public sector (2.83%) fell by 22 basis points in the quarter in response to the drop in market rates.

- **Customer deposit costs continued to fall thanks to a successful commercial drive**.

  The cost of maturity deposits shed 6 basis points to reach 0.85%. This drop can be put down to the rate on new deposits, which was 58 basis points lower than the rate on the existing portfolio rate and stood at 0.27% (+4bp quarter on quarter).

- The **customer spread** stood at 2.06%, up 3 basis points quarter on quarter due to the drop in the cost of deposits.
- **The balance sheet spread** fell by 2 basis points in the quarter to rest at 1.21%.
  - The ratio of financing income as a percentage of total average assets was 2.28%, up 11 basis points on the previous quarter due to the impact of insurance business reported under other assets with return.
  - The ratio of financing costs to total average assets was 1.07%, up 13 basis points in the quarter again due to the insurance activity reported under other funds with costs.

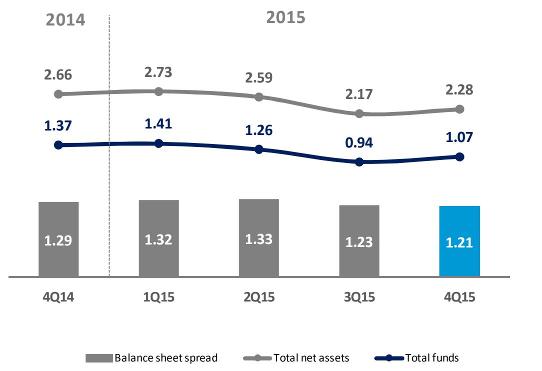
Quarterly cost and income

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

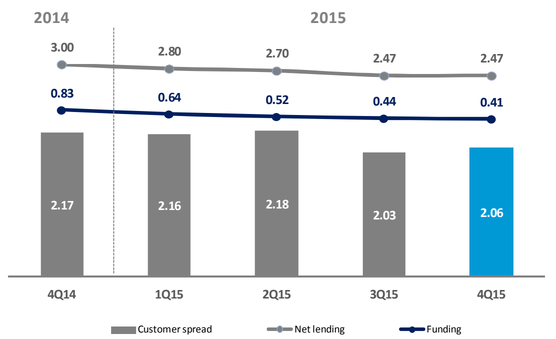
€ million		1Q14			2Q14			3Q14			4Q14		
		Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial Institutions		8,615	6	0.27	6,835	6	0.37	6,273	3	0.22	6,083	2	0.15
Loans	(a)	184,185	1,382	3.04	180,672	1,389	3.08	179,298	1,356	3.00	178,543	1,349	3.00
Fixed income securities portfolio		41,579	357	3.48	44,155	373	3.39	42,706	365	3.39	39,129	332	3.36
Other assets with returns[1]		35,631	404	4.60	36,477	428	4.70	40,814	491	4.78	42,564	539	5.02
Other assets		61,192	2		61,855	3		61,310	3		64,761	1	
Total average assets	**(b)**	**331,202**	**2,151**	**2.63**	**329,994**	**2,199**	**2.67**	**330,401**	**2,218**	**2.66**	**331,080**	**2,223**	**2.66**
Financial Institutions		35,338	(75)	0.87	28,704	(72)	1.01	29,673	(65)	0.87	26,662	(60)	0.89
Retail customer funds	(c)	164,176	(488)	1.21	168,659	(451)	1.07	169,452	(388)	0.91	166,887	(349)	0.83
Demand deposits		*76,854*	*(50)*	*0.26*	*82,300*	*(55)*	*0.27*	*87,640*	*(53)*	*0.24*	*88,501*	*(49)*	*0.22*
Maturity deposits		*87,322*	*(438)*	*2.04*	*86,359*	*(396)*	*1.84*	*81,811*	*(335)*	*1.63*	*78,386*	*(300)*	*1.52*
Time deposits		*81,881*	*(399)*	*1.98*	*81,091*	*(357)*	*1.76*	*77,104*	*(301)*	*1.55*	*73,698*	*(267)*	*1.44*
Retail repurchase agreements and marketable debt securities		*5,441*	*(39)*	*2.96*	*5,268*	*(39)*	*3.01*	*4,708*	*(34)*	*2.90*	*4,688*	*(33)*	*2.83*
Wholesale marketable debt securities & other		43,761	(235)	2.18	42,551	(234)	2.21	39,222	(238)	2.40	38,696	(218)	2.24
Subordinated liabilities		4,893	(37)	3.11	4,893	(39)	3.23	4,887	(39)	3.13	4,603	(35)	2.99
Other funds with cost [1]		36,302	(321)	3.59	39,156	(380)	3.89	42,690	(428)	3.98	46,893	(480)	4.06
Other funds		46,732	(2)		46,031	(1)		44,477	(1)		47,339		
Total average funds	**(d)**	**331,202**	**(1,158)**	**1.42**	**329,994**	**(1,177)**	**1.43**	**330,401**	**(1,159)**	**1.39**	**331,080**	**(1,142)**	**1.37**
Net interest income			**993**			**1,022**			**1,059**			**1,081**	
Customer spread (%)	**(a-c)**		**1.83**			**2.01**			**2.09**			**2.17**	
Balance sheet spread (%)	**(b-d)**		**1.21**			**1.24**			**1.27**			**1.29**	

1. Other assets with returns and other funds with cost consist mainly of the Group's life savings insurance business. The change in 2015 was down to market conditions following the move from guaranteed savings products to other financial products of the Group. As a result of these surrenders, the income and cost of these two headings both increased, although the net contribution of the insurance business remains stable.

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

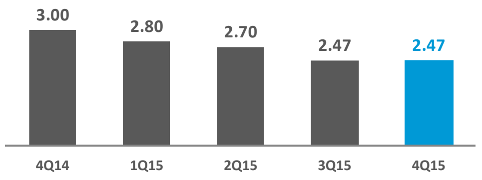


Changes in the customer spread (%)

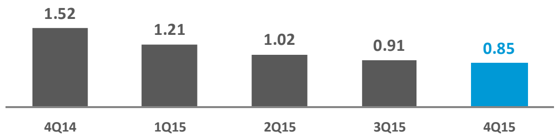


Note: Cost of demand deposits, term deposits, loans and repurchase agreements in connection with retail banking activity. Does not include the cost of institutional issues or subordinated liabilities.

Loan rates as a % (back book)



Maturity deposit rates as a % (back book)



FEES AND COMMISSIONS

- **Fee and commission income grew to €2,013 million (+10.3%).**
- **Banking services, securities and other fees stood at €1,288 million.** These include income from securities transactions and fees on other transactions, as well as fees relating to risk activities, deposit management and payment methods. The **annual change** was a result of:
  - Higher income following the incorporation of Barclays Bank, SAU and income obtained from one-off investment banking transactions.
  - Lower risk transaction volume and commissions and impact of the restrictions on interchange fees for card transactions.
- **Fees from insurance activity** (largely from the sale of general insurance policies) and from **pension plans grew by 17.8% to reach €302 million,** thanks to the increase in assets under management.
- **Investment fund fees accounted for €423 million (+73.7%)**, given the growth seen in assets under management with a wide range of different products.
- The **quarterly change,** in an environment of market volatility, is a product of high fee and commission income from off balance sheet products and sales of insurance products. Income from banking commissions affected, among others, by a decrease in one-off investment banking transactions.

Fees and commissions

€ million	January - December 2015	2014	Change absolute	%
Banking services, securities and other fees	1,288	1,325	(37)	(2.8)
Sales of insurance products and management of pension plans	302	256	46	17.8
Mutual funds, managed accounts and SICAVs	423	244	179	73.7
Net fees and commissions	**2,013**	**1,825**	**188**	**10.3**

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Banking services, securities and other fees	312	349	328	315	296
Sales of insurance products and management of pension plans	67	68	75	72	87
Mutual funds, managed accounts and SICAVs	72	96	111	110	106
Net fees and commissions	**451**	**513**	**514**	**497**	**489**

INCOME FROM EQUITY INVESTMENTS

Income from equity investments totalled €578 million (€491 million in 2014).

The **change** here was impacted by the seasonality of investee results and of dividend payouts. One-off impacts: the extraordinary impairments attributed from Repsol were applied in 2015, while the extraordinary loss attributed to Erste Group Bank was reported in 2014.

Recognition of the Telefónica dividend in the second and fourth quarter of the year.

Income from equity investments

€ million	January - December 2015	2014	Change absolute	%
Dividends	203	185	18	9.4
Share of profit (loss) of entities accounted for using the equity method	375	306	69	22.7
Income from equity investments	**578**	**491**	**87**	**17.7**

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Dividends	81	2	108	2	91
Share of profit (loss) of entities accounted for using the equity method	43	178	204	120	(127)
Income from equity investments	**124**	**180**	**312**	**122**	**(36)**

GAINS ON FINANCIAL ASSETS AND EXCHANGE RATE DIFFERENCES

- **Gains on financial assets and exchange differences stood at €867 million** (€640 million in 2014).
- Market opportunities meant that unrealised capital gains could materialise, mostly in the second quarter of 2015. These gains arose mainly from available-for-sale financial assets.

OTHER OPERATING INCOME AND EXPENSES

- **High income from the life-risk insurance business (+44.2% year on year)**, with an increase in transactions following the success of the commercial campaigns rolled out.
- The **ordinary contribution to the Spanish Deposit Guarantee Fund (DGF)** was reported in the fourth quarter (in 2015, Royal Decree Law 1012/2015 of 6 November[1] changed the calculation base), as was the **contribution paid to the National Resolution Fund (NRF)[2].**
- **Other operating income and expenses** includes, among other items, income and expenses from non-real estate subsidiaries. It also encompasses income from rentals and expenses incurred in managing foreclosed properties, including Spanish property tax.

Quarterly performance was affected by the recognition of property tax, which, under IFRIC 21, is accrued in full at the beginning of the year, along with one-off income reported in the second quarter of 2015.

Other operating income and expenses

€ million	January - December 2015	January - December 2014	Change absolute	Change %
Income and expenses from insurance activity	214	149	65	44.2
Contribution to the DGF and NRF	(278)	(293)	15	(5.1)
Other	(21)	(27)	6	(18.6)
Other operating income and expenses	**(85)**	**(171)**	**86**	**(50.4)**

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Income and expenses from insurance activity	48	45	56	52	61
Contribution to the DGF and NRF	(293)	0	0	0	(278)
Other	(20)	(52)	30	(9)	10
Other operating income and expenses	**(265)**	**(7)**	**86**	**43**	**(207)**

1. Royal Decree Law of 6 November sets the calculation base as the amount of the deposits effectively secured (€100,000). The contribution was then amended from 2 per thousand to 1.6 per thousand.
2. Creation of the National Resolution Fund (NRF) through Law 11/2015, resulting from the transposition of Directive 2014/59/EU of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms. The NRF was set up to finance the resolution measures rolled out by the Spanish Fund for Orderly Bank Restructuring (FROB).

Pre-impairment income and expenses

- Pre-impairment income of 15.7%, stripping out non-recurring costs
- The cost-to-income ratio improved to 52.6% (-1.8pp over the last twelve months)

The drivers behind the performance of pre-impairment income were:

- **Strong income generation capacity.** Gross income totalled €7,726 million (+11.3%), with net interest income up 4.8% and fees and commissions up 10.3%.
- **Recurring expenses on a like-for-like basis[1] were down 1.2%** following the drive to contain and streamline costs. Factoring in the integration of Barclays Bank, SAU, recurring operating expenses were up 7.7%.
- **Recognition of synergies acquired from Barclays Bank, SAU** (€115 million in 2015, up 39% on the figure initially envisaged).
- A total of €259 million in **non-recurring costs** were recognised in 2015 in connection with the integration of Barclays Bank, SAU, while €284 million were recognised in the second quarter of 2015 following the labour agreement[2].

Managing efficiency was a strategic focal point in 2015 and will continue to be so in the coming years. In 2016, a total of €189 million is expected to have been obtained from synergies with Barclays Bank, SAU.

Pre-impairment income

€ million	January - December		Change	
	2015	2014	absolute	%
Gross income	7,726	6,940	786	11.3
Recurring expenses	(4,063)	(3,773)	(290)	7.7
Extraordinary expenses	(543)		(543)	
Pre-impairment income	3,120	3,167	(47)	(1.5)
Pre-impairment income stripping out non-recurring costs	*3,663*	*3,167*	*496*	*15.7*

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Gross income	1,455	1,953	2,611	1,752	1,410
Recurring expenses	(947)	(1,035)	(1,018)	(1,013)	(997)
Extraordinary expenses		(239)	(302)	(2)	
Pre-impairment income	508	679	1,291	737	413
Cost-to-income ratio stripping out non-recurring costs (%) (last 12 months)	*54.4*	*54.7*	*50.8*	*51.7*	*52.6*
Cost-to-income ratio (%) (last 12 months)	*54.4*	*58.0*	*57.8*	*58.6*	*59.6*

1. Pro-forma including the recurring expenses of Barclays Bank, SAU in 2014.
2. Labour agreement to terminate 700 contracts of employment in regions with an oversupply of personnel, subject to voluntary uptake.

Operating expenses

€ million	January - December 2015	2014	Change absolute	%
Personnel expenses	(2,705)	(2,578)	(127)	4.9
General expenses	(996)	(846)	(150)	17.7
General and administrative expenses	**(3,701)**	**(3,424)**	**(277)**	**8.1**
Depreciation and amortization	**(362)**	**(349)**	**(13)**	**3.9**
Total recurring expenses	**(4,063)**	**(3,773)**	**(290)**	**7.7**
Total extraordinary expenses	**(543)**		**(543)**	
Total operating expenses	**(4,606)**	**(3,773)**	**(833)**	**22.0**

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Personnel expenses	(645)	(688)	(676)	(676)	(665)
General expenses	(224)	(253)	(247)	(248)	(248)
General and administrative expenses	**(869)**	**(941)**	**(923)**	**(924)**	**(913)**
Depreciation and amortization	**(78)**	**(94)**	**(95)**	**(89)**	**(84)**
Total recurring expenses	**(947)**	**(1,035)**	**(1,018)**	**(1,013)**	**(997)**
Total extraordinary expenses		**(239)**	**(302)**	**(2)**	
Total operating expenses	**(947)**	**(1,274)**	**(1,320)**	**(1,015)**	**(997)**

Resources

	Dec. 31, 2015	Sep. 30, 2015	Quarterly change	Dec. 31, 2014	Annual change
Branches in Spain[1]	**5,211**	**5,253**	**(42)**	**5,251**	**(40)**
Employees	**32,242**	**32,372**	**(130)**	**31,210**	**1,032**

1. Reduction of 306 branches in 2015, factoring out the impact of the incorporation of Barclays Banks, SAU, branches.

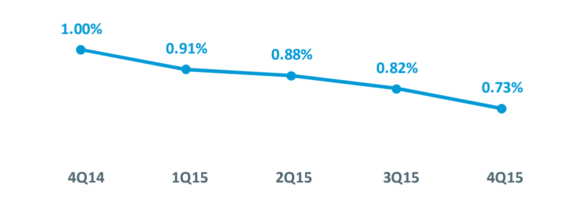
Impairment losses on financial assets and others

- Ongoing reduction in the cost of risk to 0.73% (-27bp in 2015)
- Gradual improvement in credit quality

- **Impairment losses on financial assets and others** were down 2.4% in 2015 to €2,516.
- Of particular note was the **reduction in insolvency allowances** (**-23.6% year on year**) thanks to the steady improvement in credit quality.
- **Other charges to provisions** primarily reflects the current estimation of coverage needs for future contingencies and other asset impairment allowances.

This heading includes in 2015, an estimation of coverage needs, applying a prudent criteria, for future contingencies deriving from a class action currently under way in relation to the existence of floor clauses in certain mortgage loan contracts, most of which have come from integrated entities.

Cost of risk[1]



Impairment losses on financial assets and others

€ million	January - December 2015	2014	Change absolute	%
Allowance for insolvency risk	(1,593)	(2,084)	491	(23.6)
Insolvency allowances	**(1,593)**	**(2,084)**	**491**	**(23.6)**
Other charges to provisions	(923)	(495)	(428)	87.3
Impairment losses on financial assets and others	**(2,516)**	**(2,579)**	**63**	**(2.4)**

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Allowance for insolvency risk	(422)	(550)	(537)	(288)	(218)
Insolvency allowances	**(422)**	**(550)**	**(537)**	**(288)**	**(218)**
Other charges to provisions	(358)	(198)	(154)	(35)	(536)
Impairment losses on financial assets and others	**(780)**	**(748)**	**(691)**	**(323)**	**(754)**

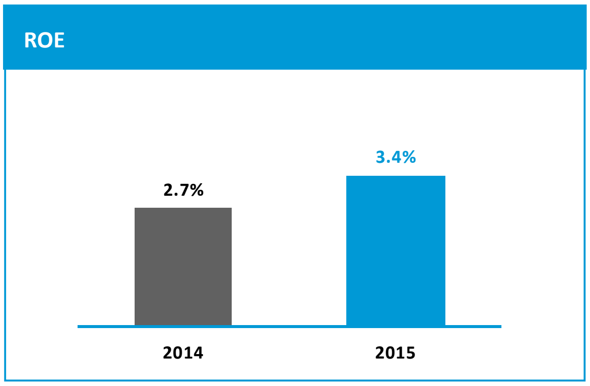
1. Ratio of total accumulated insolvency allowances for the last 12 months to total gross customer loans and contingent liabilities at the end of the period.

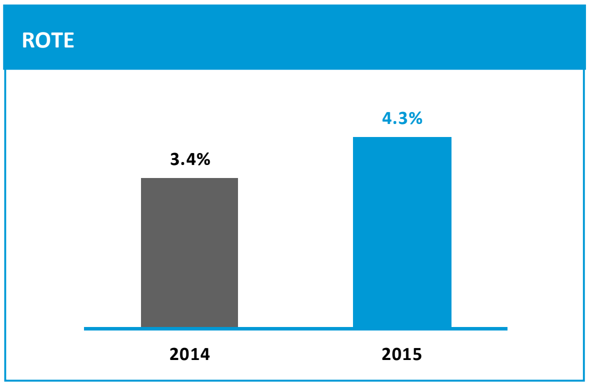
Gains/(losses) on disposal of assets and others. Profit attributable to the Group

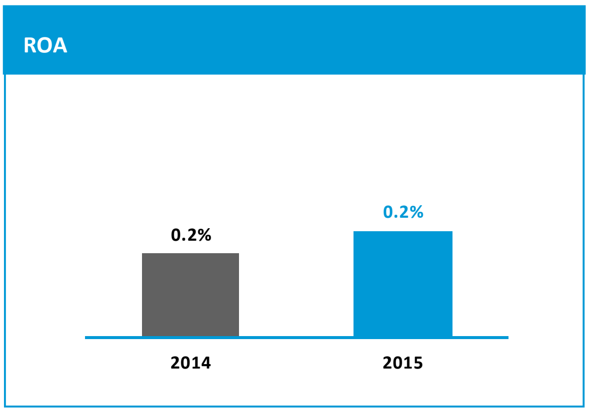
- **Gains/(losses) on disposal of assets and others** primarily comprises the proceeds of non-recurring transactions completed during the year, and results on sales and write-downs in relation to the real estate portfolio and other assets.
- **Year-on-year performance** was affected by the following non-recurring events in 2015:
  - Recognition in the first quarter of 2015 of the negative goodwill arising from the integration of Barclays Bank, SAU (€602 million) and of asset impairment losses due to obsolescence also associated with the integration process (€64 million).
  - Recognition of the proceeds on the sale of the stake held in Boursorama and Self Trade Bank in the second quarter of 2015[1] (€38 million gross).
  - Write-down of real estate and other assets.
- With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees and profit on corporate transactions, with a significant impact following the recognition of the negative goodwill on consolidation of Barclays Bank, SAU.

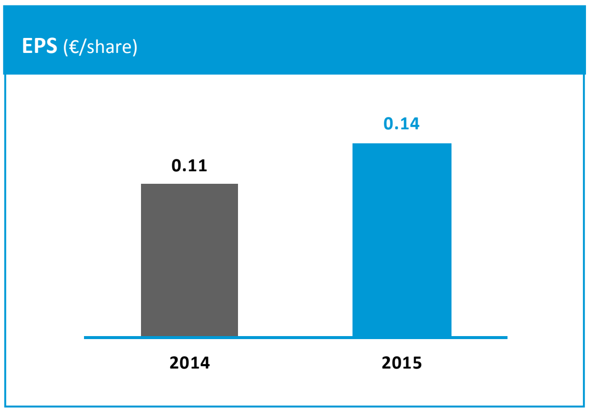
  In 2014, following the approval of the tax reform and the change in taxation of capital gains obtained from the sale of equity investments, bookings of certain deferred tax assets and liabilities totalling €+310 million and reported in previous years were cancelled. These items essentially arose from corporate transactions relating to the process of restructuring the ”la Caixa” Group.
- **Net profit attributable to the Group totalled €814 million (+31.4%).** The key drivers for the year were:
  - **Strong income generation capacity:** €7,726 million in gross income (+11.3%).
  - **Containment and streamlining of costs.**
  - **Lower insolvency allowances** following the steady improvements in credit quality.

Profitability indicators









1. See section on Significant events in 2015.

Business activity

Balance sheet

Total assets stood at €344,255 million at 31 December 2015. Performance here was driven by:

- The integration of Barclays Bank, SAU, mainly impacting customer loans and deposits and also deposits at central banks following the increased financing secured from the European Central Bank.
- Changes in commercial retail activity.
- Management of balance sheet assets and liabilities associated with treasury and ALM activities and maturities of the investment portfolio at maturity.

Balance sheet

€ million	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015	Annual change absolute	Annual change %
Cash and Central Banks	4,157	4,061	4,616	6,653	5,772	1,615	38.8
Trading portfolio	12,257	14,154	13,829	15,121	13,532	1,275	10.4
Available-for-sale financial assets	71,101	71,761	60,492	61,428	62,997	(8,104)	(11.4)
Loans	195,731	210,983	213,770	208,706	211,317	15,586	8.0
Deposits at credit institutions	*4,377*	*5,464*	*6,727*	*5,365*	*7,493*	*3,116*	*71.2*
Customer loans	*188,762*	*203,161*	*205,363*	*201,582*	*202,896*	*14,134*	*7.5*
Debt securities	*2,592*	*2,358*	*1,680*	*1,759*	*928*	*(1,664)*	*(64.2)*
Investment portfolio at maturity	9,608	7,383	5,171	5,179	3,820	(5,788)	(60.2)
Non-current assets held for sale	7,248	7,835	7,899	7,747	7,961	713	9.8
Investment portfolio	9,266	9,939	9,795	9,752	9,674	408	4.4
Property and equipment	6,404	6,245	6,308	6,362	6,293	(111)	(1.7)
Intangible assets	3,635	3,683	3,671	3,669	3,672	37	1.0
Other assets	19,216	19,513	18,416	18,837	19,217	1	0.0
Total assets	**338,623**	**355,557**	**343,967**	**343,454**	**344,255**	**5,632**	**1.7**
Liabilities	**313,391**	**329,108**	**318,213**	**317,879**	**319,051**	**5,660**	**1.8**
Trading portfolio	11,975	14,551	11,864	11,642	12,200	225	1.9
Financial liabilities at amortized cost	247,539	257,731	256,308	254,240	253,499	5,960	2.4
Deposits by credit institutions and Central Banks	*25,919*	*31,175*	*31,539*	*33,741*	*34,262*	*8,343*	*32.2*
Customer deposits	*180,200*	*187,850*	*185,809*	*182,705*	*184,032*	*3,832*	*2.1*
Marketable debt securities	*32,920*	*30,196*	*29,900*	*29,463*	*28,070*	*(4,850)*	*(14.7)*
Subordinated debt securities	*4,396*	*4,406*	*4,410*	*4,422*	*4,345*	*(51)*	*(1.2)*
Other financial liabilities	*4,104*	*4,104*	*4,650*	*3,909*	*2,790*	*(1,314)*	*(32.0)*
Insurance liabilities	40,434	43,232	37,221	39,569	40,575	141	0.3
Provisions	4,371	4,644	4,654	4,400	4,598	227	5.2
Other liabilities	9,072	8,950	8,166	8,028	8,179	(893)	(9.8)
Equity	**25,232**	**26,449**	**25,754**	**25,575**	**25,204**	**(28)**	**(0.1)**
Shareholders' equity	23,373	23,752	23,977	24,158	23,689	316	1.4
Profit attributable to the Group	**620**	**375**	**708**	**996**	**814**	**194**	**31.4**
Minority interests and valuation adjustments	1,859	2,697	1,777	1,417	1,515	(344)	(18.5)
Total liabilities and equity	**338,623**	**355,557**	**343,967**	**343,454**	**344,255**	**5,632**	**1.7**

Loans and advances to customers

- Deleveraging process slowing down
- Leader with a 16.4% market share[1] in loans

Customer loans and advances, gross, stood at €206,437 million (+4.7% in 2015) following the integration of Barclays Bank, SAU. The organic change[2] of -4.0% is largely a product of the reduced exposure to the real-estate development sector (-33.6%).

Moderate reduction in the **performing loan portfolio ex-real estate developers** (-1.2% annual organic change[2] and -0.3% in the fourth quarter).

For quarterly changes by segment, highlights include:

- **Mortgage loans** accounted for 43% of the portfolio. These loans continue to be impacted by the widespread deleveraging of households, with new loans trailing loan repayments.

  CaixaBank holds a mortgage loan market share[1] of 17.5%.

- **Moderate decline in loans to individuals - other** (-0.8% in the quarter), with performance here affected by the consumer financing campaigns.

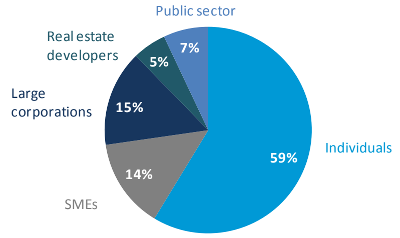
- **Loans to businesses - corporates and SMEs** grew by 1.3% in the fourth quarter. The changes seen here were partly down to seasonal year-end factors affecting commercial loans.

CaixaBank's market shares[1] for working capital financing products climbed to 19.8% for factoring and reverse factoring and to 15.9% for commercial loans, illustrating its **commitment to providing credit for the productive system**.

The **CaixaNegocios** and **AgroBank** commercial strategies have both been successful in enabling the bank to detect promising business opportunities and respond to the financing needs of clients operating within these segments.

- Drop of 10.9% in financing granted to real estate developers in the quarter, with active **management of problematic assets.** Their weighting as part of the total portfolio fell by 2 percentage points during the year to rest at 5%.

Diversification of the lending portfolio (% of gross lending)



Diversified portfolio with retail lending (individuals and SMEs) accounting for 73%

Loans and advances to customers

€ million	Dec. 31, 2015	Sep. 30, 2015	Quarterly Change %	Dec. 31, 2014	Annual change % Total	Annual change % Organic[2]
Loans to individuals	**120,994**	**122,361**	**(1.1)**	**111,350**	**8.7**	**(3.9)**
Home purchases	89,378	90,505	(1.2)	80,421	11.1	(4.4)
Other	31,616	31,856	(0.8)	30,929	2.2	(2.3)
Loans to business	**71,638**	**72,049**	**(0.6)**	**72,276**	**(0.9)**	**(5.1)**
Corporates and SMEs	59,856	59,071	1.3	56,793	5.4	1.0
Real estate developers	9,825	11,021	(10.9)	14,069	(30.2)	(33.6)
Criteria Caixa	1,957	1,957	0.0	1,414	38.4	38.4
Public sector	**13,805**	**14,595**	**(5.4)**	**13,559**	**1.8**	**1.3**
Loans and advances, gross	**206,437**	**209,005**	**(1.2)**	**197,185**	**4.7**	**(4.0)**
Of which:						
Performing loans, ex-real estate developers	*184,342*	*184,877*	*(0.3)*	*171,111*	*7.7*	*(1.2)*
Provisions	(9,163)	(10,109)	(9.4)	(10,587)	(13.5)	(24.9)
Loans and advances, net*	**197,274**	**198,896**	**(0.8)**	**186,598**	**5.7**	**(2.7)**
Memorandum items:						
Contingent Liabilities	***10,650***	***10,484***	***1.6***	***10,242***	**4.0**	**(0.9)**

(*) Does not include other financial assets (central counterparties, assets under the asset protection scheme, and reverse repos) reported on the public balance sheet under loans and advances to customers: €5,622 million at 31 December 2015, €2,686 million at 30 September 2015 and €2,164 million at 31 December 2014.

1. Latest information available. Data prepared in-house, based on Bank of Spain (Infbal) and AEF (Spanish Factoring Association) information.
2. Variations calculated by stripping out the impact of Barclays Bank, SAU balance sheet items at 1 January 2015 (€17,782 million).

CaixaBank

Customer funds

- Diversified range of products tailored to customer needs
- Upwards of €108,000 million under management through savings insurance, investment funds and pension plans

Customer funds stood at €296,599 million (+9.1% in 2015) after integrating the balances held by Barclays Bank, SAU, with organic growth[1] of 3.2%.

- **Total customer funds amounted to €181,118 million. Key factors for quarter-on-quarter comparison purposes:**
  - **Demand deposits gained 4.9% to reach €116,841 million.** Performance here was driven by the commercial activity of the branch network, sound management of maturities and seasonal year-end factors.
  - **Term deposits totalled €60,936 million**. The change seen here is down to increased customer interest in off-balance sheet products.
- **Liabilities under insurance contracts increased[2] (+3.6% in the quarter and +6.7% for the year)** following the success of the sales campaigns.
- **Assets under management** amounted to **€74,500 million**. Growth here was impacted by the €1,260 million of funds captured in the fourth quarter.
  - **Net subscriptions of €7,012 million in investment funds** in 2015, accounting for 28% of the total for the sector (€694 million in the fourth quarter).

    CaixaBank cemented its market leadership in 2015 in relation to both number of fund investors and assets under management, with a share[3] of 17.9%.
  - In **pension plans, CaixaBank also tops the table in assets under management**, with a market share of 21.5%.

Customer funds

€ millions	Dec. 31, 2015	Sep. 30, 2015	Quarterly change %	Dec. 31, 2014	Annual change % Total	Annual change % Organic[1]
Financial liabilities	**182,405**	**178,086**	**2.4**	**175,034**	**4.2**	**(0.7)**
Customer funds	**181,118**	**176,422**	**2.7**	**172,551**	**5.0**	**0.1**
Demand deposits	116,841	111,367	4.9	93,583	24.9	16.4
Term deposits*	60,936	61,712	(1.3)	75,615	(19.4)	(21.0)
Subordinated liabilities (retail)	3,341	3,343	(0.1)	3,353	(0.4)	(0.4)
Reverse repurchase agreements and other accounts	**1,287**	**1,664**	**(22.7)**	**2,483**	**(48.2)**	**(53.1)**
Liabilities under insurance contracts	**34,427**	**33,245**	**3.6**	**32,275**	**6.7**	**6.7**
On-balance sheet funds**	**216,832**	**211,331**	**2.6**	**207,309**	**4.6**	**0.4**
Assets under management	**74,500**	**71,870**	**3.7**	**57,423**	**29.7**	**19.0**
Mutual funds, managed accounts and SICAVs	51,321	49,803	3.0	37,482	36.9	20.2
Pension plans	23,179	22,067	5.0	19,941	16.2	16.2
Other accounts***	**5,267**	**6,259**	**(15.8)**	**7,026**	**(25.0)**	**(40.6)**
Off-balance sheet funds	**79,767**	**78,129**	**2.1**	**64,449**	**23.8**	**11.6**
Total customer funds	**296,599**	**289,460**	**2.5**	**271,758**	**9.1**	**3.2**

(*) Includes retail debt securities amounting to €417 million at 31 December 2015. Maturity in the first quarter of 2015 of a senior bond issue in the amount of €2,616 million, distributed through the retail network.

(**) Does not include public sector counterparties or repurchase agreements with central counterparties (€58 million at 31 December 2015, €1,919 million at 30 September 2015 and €3,698 million at 31 December 2014).

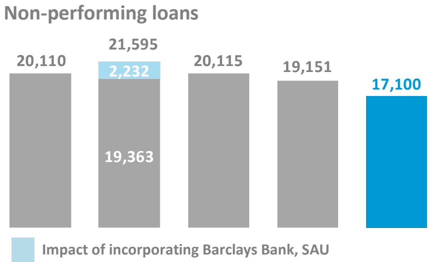
(***) Includes, among other items, funds associated with the agreements to distribute pension plans and insurance products acquired from Barclays Bank, SAU, which were incorporated in the first quarter of 2015, plus a subordinated debt placement issued by "la Caixa" (currently held by Criteria Caixa). The annual change also includes the redemption of a subordinated debt issue placed by "la Caixa" (currently held by Criteria Caixa).

1. Variations calculated by stripping out the impact of Barclays Bank, SAU balance sheet items at 1 January 2015 (€15,609 million).
2. Excluding the impact of the change in value of the associated financial assets.
3. Latest information available. Data prepared in-house, based on INVERCO and ICEA information.

Risk management

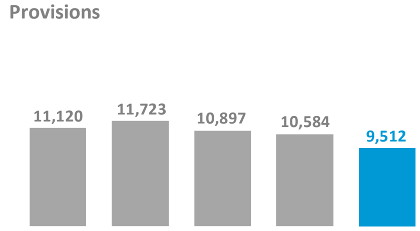
Credit risk quality

Non-performing loans[1] *(€ million)*



	4Q14	1Q15	2Q15	3Q15	4Q15
NPL ratio	9.7%	9.7%	9.0%	8.7%	7.9%
NPL ratio excluding real estate developers	6.4%	7.0%	6.7%	6.5%	6.2%

Provisions[1] *(€ million)*



	4Q14	1Q15	2Q15	3Q15	4Q15
Coverage ratio	55%	54%	54%	55%	56%
Coverage ratio excluding real estate developers	54%	53%	53%	55%	56%

NPL PERFORMANCE

- Non-performing loans were down €5,242 million for the year[2] (down €2,051 million in the fourth quarter)
- The NPL ratio shed 1.8 percentage points to reach 7.9%

- **Change in the fourth quarter** of 2015 included:
  - **Reduction in non-performing loans (down €2,051 million).**
  - **NPL ratio down 85 basis points to 7.9%.**
  - **NPLs down across all risk segments.**
- The **annual drop** in the NPL ratio (-181 basis points) was affected by the following:
  - **Sharp organic decline[2] in NPLs across all risk segments** (-232bp).
  - Impact of the deleveraging process (+30bp).
  - Integration of Barclays Bank, SAU (+21bp).
- **Stripping out the real estate developer segment, the NPL ratio was 6.2%** (-27bp in 2015 and -38bp in the quarter).

COVERAGE

- **Robust coverage ratio of 56%** following the decision to pursue conservative risk coverage policies.
- **Total loan-loss provisions reached €9,512 million.**
- The change in NPL provisions stemmed mainly from the cancellation of debt incurred through the acquisition and foreclosure of real estate assets and the reduction in provisions associated with written-off assets.

REFINANCING

- At 31 December 2015, refinanced transactions totalled €20,131 million. Of this amount, €7,659 million (38% of the portfolio) is classified as non-performing and €1,543 million (8% of the portfolio) as substandard.
- Provisions associated with these transactions total €3,501 million (€3,144 million for NPLs and €357 million for substandard loans).

1. Calculations include loans and advances to customers as well as contingent liabilities.
2. Variation calculated by stripping out the non-performing loans of Barclays Bank, SAU at 1 January 2015.

NPL ratio by segment

	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015
Loans to individuals	**5.3%**	**5.2%**	**5.0%**	**5.0%**	**4.6%**
Home purchases	4.1%	4.1%	4.0%	4.0%	3.7%
Other	8.3%	8.5%	7.9%	8.0%	7.2%
Loans to business	**18.9%**	**19.5%**	**18.3%**	**17.3%**	**15.3%**
Corporates and SMEs	10.6%	12.7%	12.3%	11.7%	11.1%
Real estate developers	54.6%	52.8%	50.9%	50.1%	44.1%
Public sector	**0.9%**	**0.9%**	**0.5%**	**0.5%**	**0.5%**
NPL Ratio (loans and contingent liabilities)	**9.7%**	**9.7%**	**9.0%**	**8.7%**	**7.9%**
NPL ratio ex-developers	***6.4%***	***7.0%***	***6.7%***	***6.5%***	***6.2%***

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

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Opening balance	**21,440**	**20,110**	**21,595**	**20,115**	**19,151**
Exposures recognized as non-performing (NPL-inflows)	1,966	2,522	2,500	1,734	1,913
Derecognitions from non-performing exposures	(3,296)	(3,269)	(3,980)	(2,698)	(3,964)
Of which written off	*(425)*	*(854)*	*(591)*	*(397)*	*(640)*
Net NPL inflows of Barclays Bank, SAU at 1 January 2015		*2,232*			
Closing balance	**20,110**	**21,595**	**20,115**	**19,151**	**17,100**

NPL provisions

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Opening balance	**12,353**	**11,120**	**11,723**	**10,897**	**10,584**
Insolvency allowances	422	550	537	288	218
Amounts used	(1,369)	(1,343)	(1,125)	(425)	(1,047)
Transfers and other changes	(286)	(263)	(238)	(176)	(243)
Barclays Bank, SAU, provisions at 1 January 2015		1,659			
Closing balance	**11,120**	**11,723**	**10,897**	**10,584**	**9,512**

Loans to real estate developers

- **10.9% reduction in exposure to the real estate development sector** in the fourth quarter of 2015 (-33.6% in 2015, excluding the impact of the incorporation of Barclays Bank, SAU).
- The weight of financing for the real estate development sector fell by 237 basis points in 2015 to 4.8% of the total loan portfolio.
- **Strong collateral** with 66.5% of the portfolio secured by completed buildings.
- **NPL coverage of 54.8%**
- Specific coverage for problematic assets (non-performing and substandard) stands at 48.8%.

Loans to real estate developers

€ million	Dec. 31, 2015	Weight %	Sep. 30, 2015	Weight %	Quarterly change	Dec. 31, 2014	Weight %	Annual change
Without mortgage collateral	1,083	11.0	1,058	9.6	25	1,699	12.1	(616)
With mortgage collateral	8,742	89.0	9,963	90.4	(1,221)	12,370	87.9	(3,628)
Completed buildings	**6,534**	**66.5**	**7,546**	**68.5**	**(1,012)**	**9,041**	**64.3**	**(2,507)**
Homes	*4,322*	*44.0*	*5,097*	*46.2*	*(775)*	*6,315*	*44.9*	*(1,993)*
Other	*2,212*	*22.5*	*2,449*	*22.2*	*(237)*	*2,726*	*19.4*	*(514)*
Buildings under construction	**643**	**6.5**	**714**	**6.5**	**(71)**	**1,068**	**7.6**	**(425)**
Homes	*541*	*5.5*	*603*	*5.5*	*(62)*	*923*	*6.6*	*(382)*
Other	*102*	*1.0*	*111*	*1.0*	*(9)*	*145*	*1.0*	*(43)*
Land	**1,565**	**15.9**	**1,703**	**15.5**	**(138)**	**2,261**	**16.1**	**(696)**
Developed land	*465*	*4.7*	*524*	*4.8*	*(59)*	*725*	*5.2*	*(260)*
Other	*1,100*	*11.2*	*1,179*	*10.7*	*(79)*	*1,536*	*10.9*	*(436)*
Total	**9,825**	**100**	**11,021**	**100**	**(1,196)**	**14,069**	**100**	**(4,244)**

NPLs and coverage for real estate development risk

€ million	Dec. 31, 2015 Non-performing	Dec. 31, 2015 Substandard	Dec. 31, 2015 Provisions M€	Dec. 31, 2015 Coverage %	Dec. 31, 2014 Non-performing	Dec. 31, 2014 Substandard	Dec. 31, 2014 Provisions M€	Dec. 31, 2014 Coverage %
Without mortgage collateral	500	40	483	89.4	1,111	36	1,018	88.8
With mortgage collateral	3,837	488	1,892	43.7	6,568	570	3,369	47.2
Completed buildings	**2,643**	**326**	**1,076**	**36.2**	**4,297**	**401**	**1,871**	**39.8**
Homes	*1,467*	*213*	*602*	*35.8*	*2,907*	*231*	*1,314*	*41.9*
Other	*1,176*	*113*	*474*	*36.8*	*1,390*	*170*	*557*	*35.7*
Buildings under construction	**205**	**33**	**123**	**51.7**	**603**	**58**	**384**	**58.1**
Homes	*174*	*32*	*107*	*51.9*	*531*	*56*	*347*	*59.1*
Other	*31*	*1*	*16*	*50.0*	*72*	*2*	*37*	*50.0*
Land	**989**	**129**	**693**	**62.0**	**1,668**	**111**	**1,114**	**62.6**
Developed land	*294*	*39*	*199*	*59.8*	*507*	*36*	*334*	*61.5*
Other	*695*	*90*	*494*	*62.9*	*1,161*	*75*	*780*	*63.1*
Total	**4,337**	**528**	**2,375**	**48.8**	**7,679**	**606**	**4,387**	**53.0**

Breakdown by type of collateral

Dec. 31, 2015

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

Dec. 31, 2014

€ million	Gross amount	Excess over value of collateral[1]	Specific provisions	% provision of risk
Non-performing	7,679		4,176	54.4
Mortgage	6,568	2,971	*3,173*	*48.3*
Personal	1,111		*1,003*	*90.3*
Substandard	606		211	34.8
Total	**8,285**		**4,387**	**53.0**

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

Financing for home purchases

- **Main risk segment with a well-diversified portfolio and solid collateral.**
- Accounts for 43% of total gross loans.
- **Low NPL ratio of 3.7%**.

Financing for home purchases

€ million	Gross amount				
	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015
Without mortgage collateral	775	811	796	784	770
Of which: non-performing	*7*	*19*	*7*	*8*	*7*
With mortgage collateral	79,646	91,684	90,669	89,721	88,608
Of which: non-performing	*3,292*	*3,784*	*3,659*	*3,580*	*3,275*
Total	**80,421**	**92,495**	**91,465**	**90,505**	**89,378**

Loan-to-value breakdown[1]

€ million	Dec. 31, 2015					
	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80<LTV≤100%	LTV>100%	TOTAL
Gross amount	20,277	32,911	29,497	5,221	702	**88,608**
Of which: non-performing	*241*	*785*	*1,540*	*532*	*177*	***3,275***

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

Foreclosed real estate assets

- Forceful commercial drive (€2,077 million in properties sold and rented)
- 2.6 percentage point increase in coverage during 2015 to reach 57.6%[1]

- The **portfolio of net foreclosed real estate assets available for sale stood at €7,259 million.** Growth of €540 million for the year (organic change of €+316 million[2]).
- **Increase in the coverage ratio**, including initial write-downs and charges to provisions recognised after the foreclosure, **to reach 57.6% (+2.6pp year on year).**
- **Real estate assets in the process of foreclosure** (€692 million net at 31 December 2015[3]) are not considered foreclosed assets available for sale since the Bank does not have possession of the asset.
- At 31 December 2015, the Group's **real estate assets held for rent** stood at €2,966 million, net of provisions. The portfolio has an occupancy rate of 93%.
- **Total properties rented or sold in 2015 amounted to €2,077 million.**
- The composition of foreclosed real estate assets available for sale, **56% of which relates to completed buildings,** is a unique factor aiding in the sale of these properties on the market.
- The underlying principle guiding CaixaBank's management of problematic assets is to help borrowers meet their obligations. When a borrower no longer appears to be reasonably able to fulfil these obligations, the mortgaged asset is acquired.

The acquisition price is calculated by relying on an appraisal conducted by a valuation company registered on the Bank of Spain's official register. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value.

Foreclosed real estate assets available for sale and associated coverage

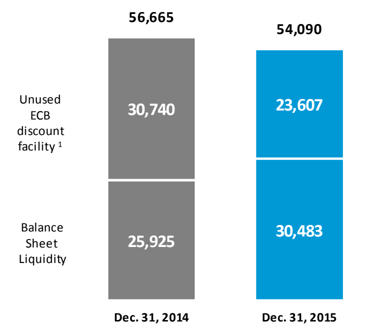
	Dec. 31, 2015				Dec. 31, 2014			
€ million	Net carrying amount	Coverage[1]	Coverage %	Provisions	Net carrying amount	Coverage[1]	Coverage %	Provisions
Property acquired related to loans to construction companies and real estate developments	**4,968**	**(7,564)**	**60.4**	**(4,247)**	**4,922**	**(6,592)**	**57.3**	**(3,706)**
Completed buildings	**2,625**	**(2,618)**	**49.9**	**(1,439)**	**2,519**	**(2,203)**	**46.7**	**(1,225)**
Homes	1,983	(2,017)	50.4	(1,076)	1,930	(1,699)	46.8	(947)
Other	642	(601)	48.4	(363)	589	(504)	46.1	(278)
Buildings under construction	**377**	**(612)**	**61.9**	**(428)**	**353**	**(560)**	**61.3**	**(388)**
Homes	342	(542)	61.3	(394)	306	(494)	61.8	(340)
Other	35	(70)	66.7	(34)	47	(66)	58.4	(48)
Land	**1,966**	**(4,334)**	**68.8**	**(2,380)**	**2,050**	**(3,829)**	**65.1**	**(2,093)**
Developed land	1,017	(1,854)	64.6	(1,015)	1,116	(1,768)	61.3	(982)
Other	949	(2,480)	72.3	(1,365)	934	(2,061)	68.8	(1,111)
Property acquired related to mortgage loans to homebuyers	**1,474**	**(1,422)**	**49.1**	**(760)**	**1,081**	**(909)**	**45.7**	**(459)**
Other foreclosed assets	**817**	**(878)**	**51.8**	**(551)**	**716**	**(705)**	**49.6**	**(390)**
Total	7,259	(9,864)	57.6	(5,558)	6,719	(8,206)	55.0	(4,555)

1. Difference between the cancelled debt and the carrying amount of the net real estate asset including the initial write-downs and charges to provisions subsequent to the real estate foreclosure.
2. Variation calculated by stripping out the non-performing loans of Barclays Bank, SAU at 1 January 2015.
3. €745 million at 31 December 2014.

Liquidity and financing structure

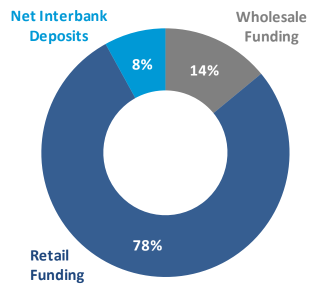
Excellent liquidity position: 15.7% of the Group's assets

€ million



Drawn down - ECB facility: €18,319 million

Robust financing structure



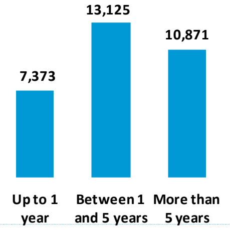
Total financing: €232,730 million

Loan-to-deposits: 106.1%

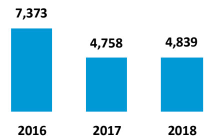
Institutional financing[2]

€ million

Maturities for outstanding issues



Maturities - next 3 years



2015 maturities: €6,817 million

2015 issues: €2,000 million

- Liquidity of €54,090 million
- Robust retail financing

- **Bank liquidity stood at €54,090 million** at 31 December 2015, all immediately available. The changes in 2015 were impacted by the loan-deposit gap, the integration of Barclays Bank, SAU, the drop in institutional financing and the increase in financing secured from the European Central Bank (ECB).
- **A total of €4,558 million in balance sheet liquidity was generated in 2015.**
- **At 31 December 2015, the Bank had drawn down €18,319 million under the ECB facility**, consisting entirely of TLTRO.
  - In 2015, a further €11,451 million in funding was obtained from the ECB, with €5,450 million in financing taken up by Barclays Bank, SAU.
  - In the fourth quarter, the Bank received €2,000 million under the ECB's new targeted longer-term financing operation (TLTRO).
- **The loan-to-deposits ratio stood at 106.1%, reflecting the robust state of retail financing.**
- **Institutional financing[2]** amounted to €31,369 million, with organic performance in 2015 **impacted by maturities that were not renewed:**
  - **Maturities totalling €6,817 million.**
  - **Mortgage covered bonds[3] worth €2,000 million** issued in the year (€1,000 million in the fourth quarter).
- Available capacity to issue mortgage and regional public sector covered bonds stands at €4,005 million.
- CaixaBank's **Liquidity Coverage Ratio** (LCR) in the fourth quarter was 172%, comfortably ahead of the 130% target defined under the 2015-2018 Strategic Plan.

1. As of 31 December 2014 and 2015, includes €1,584 million and €911 million in assets to be contributed to the ECB facility. These assets were effectively delivered in January 2015 and 2016, respectively.
2. For the purpose of managing bank liquidity, net of treasury shares.
3. See section on Significant events in 2015.

Performance of the LTD ratio

€ million	4Q14	1Q15	2Q15	3Q15	4Q15
Loans and advances, net	**179,936**	**194,800**	**195,139**	**193,140**	**192,213**
Loans and advances gross	197,185	212,077	211,559	209,005	206,437
Allowance for impairment losses	(10,587)	(11,136)	(10,419)	(10,109)	(9,163)
Brokered loans[1]	(6,662)	(6,141)	(6,001)	(5,756)	(5,061)
Customer funds	**172,551**	**175,633**	**179,756**	**176,422**	**181,118**
Demand deposits	93,583	101,644	109,580	111,367	116,841
Time deposits	75,615	70,637	66,833	61,712	60,936
Subordinated liabilities (retail)	3,353	3,352	3,343	3,343	3,341
Loan to Deposits	**104.3%**	**110.9%**	**108.6%**	**109.5%**	**106.1%**

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

Institutional financing

€ million	Dec. 31, 2015	Sep. 30, 2015	Quarterly change %	Dec. 31, 2014	Annual change %
Institutional Financing[2]	**31,369**	**32,921**	**(4.7)**	**36,247**	**(13.5)**

2. Institutional issuances for the purpose of managing bank liquidity, net of treasury shares. Does not essentially include liabilities associated with securitised bonds, valuation adjustments or accruals.

Includes, at 31 December 2015, €1,067 million in subordinated liabilities and €6,013 million in multi-issuer covered bonds classified for accounting purposes under customer deposits.

Collateralisation of mortgage covered bonds

€ million		Dec. 31, 2015
Mortgage covered bonds issued	**a**	**48,648**
Loans and credits (collateral for covered bonds)	**b**	**121,872**
Collateralization	**b/a**	**251%**
Overcollateralization	**b/a -1**	**151%**
Mortgage covered bond issuance capacity[*]		**2,799**

3. CaixaBank is also able to issue regional public sector covered bonds totalling €1,206 million, based on the public sector portfolio with a 70% limit.

Capital management

- Fully-loaded CET1 ratio of 11.6%
- Regulatory CET1 of 12.7%, some 350 basis points above supervisory requirements

- CaixaBank reached a **fully-loaded Common Equity Tier 1 (CET1) ratio of 11.6%** at 31 December 2015.

  In annual terms, **the Group generated 25 basis points of fully-loaded CET1 capital**, which were offset against the -78 basis point impact resulting from the integration of Barclays Bank, SAU.

  In fully-loaded terms, total capital stood at 14.7% and the leverage ratio remained at 5.2%.

- Applying the criteria in force in 2015 for the phased-in implementation, regulatory capital and leverage were: **regulatory CET1 12.7%, total capital 15.7% and leverage ratio 5.7%.**

- **Regulatory risk-weighted assets (RWA) amounted to €145,499 million**, up €5,770 million on the same figure for December 2014, largely due to the integration of the risk-weighted assets of Barclays Bank, SAU, which was partly offset by the deleveraging of the loan portfolio.

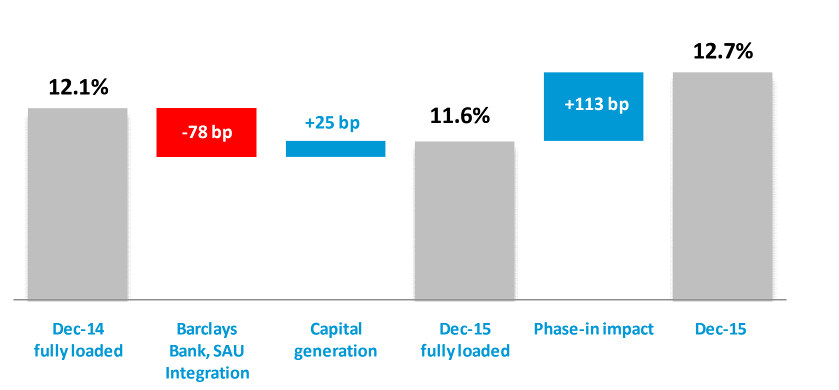
- CaixaBank received a decision from the European Central Bank (ECB) on its **minimum regulatory capital requirements** following an analysis of the results of the supervisory review and evaluation process (SREP). The Bank is required to maintain a **regulatory CET1 ratio of 9.25%**, which includes the common minimum of 4.5% required under Pillar 1, plus an additional 4.75% embracing the specific requirements of Pillar 2 and the capital conservation buffer.

  CaixaBank also received a decision from the Bank of Spain on the capital buffer required of it as Other Systematically Important Institutions (O-SSI) (0.25% to be phased-in over four years from 2016 onward).

  Together these decisions required CaixaBank to maintain, at 31 December 2015, a CET1 ratio of 9.25% (9.3125% in 2016). The Bank's current CET1 ratio shows that the requirements imposed on CaixaBank will not trigger any of the restrictions envisaged under applicable solvency regulations relating to payouts of dividends, variable remuneration and interest to holders of additional tier 1 capital instruments.

- CaixaBank is also subject to **minimum capital requirements on an individual basis**. CaixaBank's regulatory CET1 ratio under this perimeter is currently 12.8%.

CET 1 Change



(In milion €)	BIS III (Regulatory) Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015	BIS III (Fully Loaded) Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015
CET1 Instruments	**23,268**	**24,298**	**24,434**	**24,192**	**23,984**	**24,922**	**25,960**	**25,357**	**24,903**	**24,765**
Shareholders' equity	23,373	23,752	23,977	24,158	23,688	23,373	23,752	23,977	24,158	23,688
Capital	5,715	5,768	5,768	5,824	5,824	5,715	5,768	5,768	5,824	5,824
Profit attributable to the Group	566	375	708	996	814	566	375	708	996	814
Reserves and other	17,092	17,609	17,501	17,338	17,050	17,092	17,609	17,501	17,338	17,050
Other CET1 Instruments[1]	(105)	546	457	34	296	1,549	2,208	1,380	745	1,077
Deductions from CET1	**(5,173)**	**(5,761)**	**(5,576)**	**(5,504)**	**(5,499)**	**(8,254)**	**(8,814)**	**(8,699)**	**(8,371)**	**(8,245)**
CET1	**18,095**	**18,537**	**18,858**	**18,688**	**18,485**	**16,668**	**17,146**	**16,658**	**16,532**	**16,520**
AT1 Instruments	-	-	-	-	-	-	-	-	-	-
AT Deductions	-	-	-	-	-	-	-	-	-	-
TIER 1	**18,095**	**18,537**	**18,858**	**18,688**	**18,485**	**16,668**	**17,146**	**16,658**	**16,532**	**16,520**
T2 Instruments	**4,517**	**4,442**	**4,457**	**4,460**	**4,444**	**4,517**	**4,442**	**4,457**	**4,460**	**4,444**
T2 Deductions	**(162)**	**(185)**	**(86)**	**(96)**	**(102)**	-	-	**(1)**	-	**(1)**
TIER 2	**4,355**	**4,257**	**4,371**	**4,364**	**4,342**	**4,517**	**4,442**	**4,456**	**4,460**	**4,443**
TOTAL CAPITAL	**22,450**	**22,794**	**23,229**	**23,052**	**22,827**	**21,185**	**21,588**	**21,114**	**20,992**	**20,963**
Risk-weighted assets	**139,729**	**153,120**	**147,634**	**146,291**	**145,499**	**137,643**	**149,741**	**144,716**	**141,911**	**142,748**
CET1 Ratio	13.0%	12.1%	12.8%	12.8%	12.7%	12.1%	11.5%	11.5%	11.6%	11.6%
Tier 1 Ratio	13.0%	12.1%	12.8%	12.8%	12.7%	12.1%	11.5%	11.5%	11.6%	11.6%
Total Capital Ratio	16.1%	14.9%	15.7%	15.8%	15.7%	15.4%	14.4%	14.6%	14.8%	14.7%
Leverage Ratio	5.7%	5.6%	5.7%	5.8%	5.7%	5.3%	5.2%	5.1%	5.2%	5.2%

1. Mainly includes value adjustments and non-controlling interests.

Segment reporting

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

- **The banking and insurance business**, which includes all banking revenues (retail banking, corporate banking, cash management and market transactions) and all insurance-related revenues, as well as liquidity management and ALCO, and income from financing the equity investment business. This business is assigned all Group equity except the capital required by the equity investment business.
- **The equity investment business,** which includes international banking stakes (Erste Group Bank, Banco BPI, Bank of East Asia and Grupo Financiero Inbursa) and the stakes in Repsol and Telefónica. It also encompasses other significant stakes in the sphere of the company's sector diversification, included through the Group's latest acquisitions.

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

In 2015, capital was assigned to this business in accordance with the Group's new corporate capital objective of maintaining a fully loaded Common Equity Tier 1 (CET1) ratio of over 11%. The capital allocated to this business takes into account both the consumption of capital for risk-weighted assets at 11% (10% in 2014) and all applicable deductions.

The banking and insurance business finances the equity investment business by applying a long-term rate plus a credit spread, which was updated in 2015 to reflect market conditions.

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

CaixaBank Group income statement, by business segment

	Banking & insurance			Investments			Total CaixaBank Group		
	January-December		%	January-December		%	January-December		%
€ million	2015	2014	Change	2015	2014	Change	2015	2014	Change
Net interest income	**4,569**	**4,463**	**2.3**	**(216)**	**(308)**	**(30.4)**	**4,353**	**4,155**	**4.8**
Dividends and share of profit (loss) of entities accounted for using the equity method	143	112	28.4	435	379	14.5	578	491	17.7
Net fees	2,013	1,825	10.3				2,013	1,825	10.3
Gains on financial assets and other operating income and expens	764	396	93.0	18	73	(76.0)	782	469	66.8
Gross income	**7,489**	**6,796**	**10.2**	**237**	**144**	**65.3**	**7,726**	**6,940**	**11.3**
Recurring expenses	(4,059)	(3,770)	7.6	(4)	(3)		(4,063)	(3,773)	7.7
Extraordinary expenses	(543)						(543)		
Pre-impairment income	**2,887**	**3,026**	**(4.6)**	**233**	**141**	**66.0**	**3,120**	**3,167**	**(1.5)**
Recurring pre-impairment income	**3,430**	**3,026**	**13.4**	**233**	**141**	**66.0**	**3,663**	**3,167**	**15.7**
Impairment losses on financial assets and others	(2,353)	(2,579)	(8.7)	(163)			(2,516)	(2,579)	(2.4)
Gains/losses on disposal of assets and others	(234)	(404)	(42.3)	268	18		34	(386)	(109.0)
Pre-tax income	**300**	**43**		**338**	**159**	**113.2**	**638**	**202**	**215.6**
Income tax	113	350	(68.2)	68	68	1.1	181	418	
Profit for the period	**413**	**393**	**4.8**	**406**	**227**	**79.7**	**819**	**620**	**31.7**
Minority interest and others	5						5		
Profit attributable to the Group	**408**	**393**	**3.5**	**406**	**227**	**79.7**	**814**	**620**	**31.4**
Average equity	*19,812*	*20,209*	(2.0)	*4,151*	*3,220*	28.9	*23,963*	*23,429*	2.3
Total Assets	333,097	327,331	1.8	11,158	11,292	(1.2)	344,255	338,623	1.7
ROTE	2.6%	2.4%	0.2	13.1%	10.2%	2.9	4.3%	3.4%	0.9

Information for the banking and insurance business is presented separately from the non-core real estate business, as these assets receive special treatment.

Since the first quarter of 2015, non-core real estate activity has included:

- Non-core developer loans. The real estate loan management model was restructured in 2015, resulting in a dedicated team and network of centres comprising managers that specialise in those real estate loans included in this business that require a special kind of management and tracking.
- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.
- Other real estate assets and interests.

Banking and insurance business income statement

January-December 2015 € million	Banking & insurance		
	Ex non-core real estate activity	Non-core real estate activity	Total
Net interest income	**4,658**	**(89)**	**4,569**
Dividends and share of profit (loss) of entities accounted for using the equity method	122	21	143
Net fees	2,011	2	2,013
Gains on financial assets and other operating income and expenses	977	(213)	764
Gross income	**7,768**	**(279)**	**7,489**
Recurring expenses	(3,954)	(105)	(4,059)
Extraordinary expenses	(543)		(543)
Pre-impairment income	**3,271**	**(384)**	**2,887**
Recurring pre-impairment income	**3,814**	**(384)**	**3,430**
Impairment losses on financial assets and others	(1,698)	(655)	(2,353)
Gains/losses on disposal of assets and others	446	(680)	(234)
Pre-tax income	**2,019**	**(1,719)**	**300**
Income tax	(408)	521	113
Profit for the period	**1,611**	**(1,198)**	**413**
Minority interest and others	5		5
Profit attributable to the Group	**1,606**	**(1,198)**	**408**
Average equity	*18,161*	*1,651*	*19,812*
Total Assets	317,780	15,317	333,097
ROTE	10.1% [1]	--	2.6%
Recurring efficiency	50.9%	--	54.2%
Non-performing loan ratio	6.0%	81.8%	7.9%
NPL coverage ratio	57%	53%	56%

2015 quarterly business performance

€ million	Banking & insurance								Investments			
	Ex non-core real estate activity				Non-core real estate activity							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net interest income	**1,211**	**1,206**	**1,120**	**1,121**	**(27)**	**(26)**	**(20)**	**(16)**	**(46)**	**(48)**	**(62)**	**(60)**
Dividends and share of profit (loss) of entities accounted for using the equity method	25	31	46	20	3	5	2	11	152	276	74	(67)
Net fees	512	513	496	490	1	1	1	(1)				
Gains on financial assets and others	204	696	119	(42)	(82)	(43)	(42)	(46)			18	
Gross income	**1,952**	**2,446**	**1,781**	**1,589**	**(105)**	**(63)**	**(59)**	**(52)**	**106**	**228**	**30**	**(127)**
Recurring expenses	(1,009)	(992)	(986)	(967)	(25)	(25)	(26)	(29)	(1)	(1)	(1)	(1)
Extraordinary expenses	(239)	(302)	(2)									
Pre-impairment income	**704**	**1,152**	**793**	**622**	**(130)**	**(88)**	**(85)**	**(81)**	**105**	**227**	**29**	**(128)**
Recurring pre-impairment income	**943**	**1,454**	**795**	**622**	**(130)**	**(88)**	**(85)**	**(81)**	**105**	**227**	**29**	**(128)**
Impairment losses on financial assets and others	(282)	(587)	(278)	(551)	(466)	(104)	(45)	(40)				(163)
Gains/losses on disposal of assets and others	482	(65)		29	(202)	(227)	(106)	(145)		38	40	190
Pre-tax income	**904**	**500**	**515**	**100**	**(798)**	**(419)**	**(236)**	**(266)**	**105**	**265**	**69**	**(101)**
Income tax	(91)	(152)	(151)	(14)	241	126	72	82	14	14	21	19
Profit for the period	**813**	**348**	**364**	**86**	**(557)**	**(293)**	**(164)**	**(184)**	**119**	**279**	**90**	**(82)**
Minority interest and others		1	2	2								
Profit attributable to the Group	**813**	**347**	**362**	**84**	**(557)**	**(293)**	**(164)**	**(184)**	**119**	**279**	**90**	**(82)**

1. ROTE excluding a number of one-off impacts resulting from the acquisition and integration of Barclays Bank, SAU (€602 million in negative goodwill; €-259 million in non-recurring expenses and €-64 million in asset impairment due to obsolescence) and the labour agreement (€-284 million).

BANKING BUSINESS (EXCL. NON-CORE REAL ESTATE)

- **Profit at 31 December 2015 totalled €1,606 million.** This figure includes a number of one-off impacts resulting from the acquisition and integration of Barclays Bank, SAU and the labour agreement signed in the second quarter. **Stripping out these impacts, return on tangible equity (ROTE) stood at 10.1%.**
- **Other operating income and expenses** for the fourth quarter included the expense arising from contributions paid to the Deposit Guarantee Fund and to the National Resolution Fund.
- **The NPL loan ratio was 6.0% while the coverage ratio came in at 57%.**
- Cost-to-income ratio, stripping out non-recurring costs, stood at 50.9%.

NON-CORE REAL ESTATE ACTIVITY

- The **non-core real estate business** generated a net loss of €1,198 million in 2015.
- **Net loans under management** amounted to €2,906 million, **down 40% for the year**.
- The NPL ratio stood at 81.8%, with a coverage ratio of 53%.
- **Foreclosed real estate assets available for sale** were €7,259 million, net.
- The Bank's **real estate assets held for rent** totalled €2,966 million, net.
- **Total properties rented or sold in 2015 amounted to €2,077 million.**

Non-core real estate business balance sheet

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

EQUITY INVESTMENT BUSINESS

- **Attributable profit came in at €406 million** in 2015.
- **Income from equity investments** includes the Telefónica dividends paid out in the second and fourth quarters and the extraordinary impairments attributed from Repsol in the fourth quarter.
- **Impairment losses on financial assets and others** was impacted by the write-downs in the fourth quarter of holdings in non-listed companies.

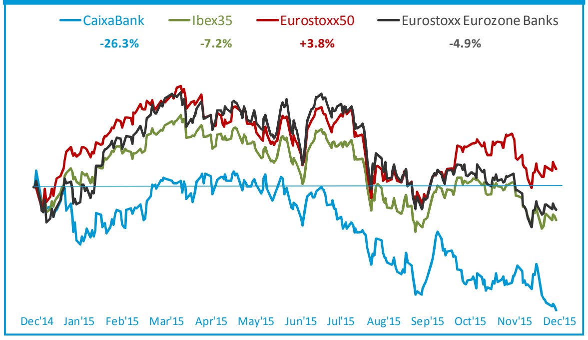
The CaixaBank share

Share price performance

- On 31 December 2015, the CaixaBank share closed at €3.214 per share

- The Ibex35 retreated by 0.2% in the fourth quarter (versus +5.4% for the EuroStoxx50), thus ending the year bottom of the pile among the main European marketplaces (-7.2% for the year), in stark contrast to the EuroStoxx50, which gained 3.8%. The Spanish index has been dragged down by prevailing national and regional uncertainty, which has taken the shine off the healthy macroeconomic figures and worsened the already high volatility plaguing markets since midway through the year.
- CaixaBank shares closed on 31 December 2015 at €3.214 per share (-6.7% in the quarter). This drop was slightly greater than the average drop for Spanish financial entities[1], which lost 5.7% in the same period, while the Eurostoxx Eurozone Banks sector index retreated by 2.6%.
- The trading volume has been steadily growing as a result of the progressive increase in the free float and the greater weight of the CaixaBank share within the portfolio of institutional investors. The trading volume was up 15% year on year.

CaixaBank shares versus the main Spanish and European indices in 2015



Shareholder returns

- CaixaBank paid shareholders a total of €0.16 per share for the last 12 months, split into quarterly payments; two of which were paid under the scrip dividend programme, while the other two were paid in cash.
- On 12 March 2015, the Board of Directors proposed the payment of dividends for 2015 under its shareholder remuneration policy in the amount of €0.16 per share, to be made via two cash payments and two payments under the Scrip Dividend programme, with shareholder remuneration to remain a quarterly event in all cases.
- An interim payout of €0.04 per share was made effective on 24 December 2015 on account of the second quarterly dividend payment charged against results for 2015.

Details of shareholder returns for the past 12 months are as follows:

Concept	€/share	Payment date[1]
Cash dividend, interim 2015	0.04	24 December 2015
Optional Scrip Dividend[2]	0.04	25 September 2015
Cash dividend, final dividend 2014	0.04	12 June 2015
Optional Scrip Dividend[3]	0.04	20 March 2015

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

1. Index created in-house with peers' daily share prices weighted by market capitalisation (Bankia, Bankinter, BBVA, Liberbank, Popular, Sabadell and Santander).

Key performance indicators for the CaixaBank share at December 31, 2015	
Market capitalization (€ M)	18,702
Number of outstanding shares[1]	5,818,840
Share price *(€/share)*	
Share price at the beginning of the period (December 31, 2014)	4.361
Share price at closing of the period (December 31, 2015)	3.214
Maximum price[2]	4.510
Minimum price[2]	3.214
Trading volume *(number of shares, excluding special transactions, in thousands)*	
Maximum daily trading volume	39,681
Minimum daily trading volume	3,498
Average daily trading volume	13,467
Stock market ratios	
Net Profit (€M) (12 months)	814
Average number of shares - fully diluted[1]	5,820,365
Net income attributable per Share (EPS) (€/share)	**0.14**
Equity (€M)	25,204
Number of shares at December 31, 2015 - fully diluted[1]	5,818,840
Book value per share (€/share) - fully diluted	**4.33**
Tangible Equity (€M)	20,192
Number of shares at December 31, 2015 - fully diluted[1]	5,818,840
Tangible book value per share (€/share) - fully diluted	**3.47**
PER (Price / Profit)	**22.97**
TangibleP/BV (Market value/ tangible book value) - fully diluted	**0.93**
Dividend Yield[3]	**5.0%**

1. Number of shares, in thousands, excluding treasury shares.
2. Price at close of trading.
3. Calculated by dividing the yield for the last 12 months (€0.16/share) by the closing price at the end of the period (€3.214/share).

Significant events in 2015

Swap agreement signed with Criteria Caixa for the transfer of the stakes held in The Bank of East Asia and Grupo Financiero Inbursa in exchange for treasury shares and cash

On 3 December 2015, the Board of Trustees of the "la Caixa" Banking Foundation and the boards of directors of both CaixaBank and Criteria Caixa signed a swap agreement whereby CaixaBank undertook to transfer to Criteria Caixa a 17.24% stake in The Bank of East Asia (BEA) and a 9.01% stake in Grupo Financiero Inbursa (GFI), while in exchange Criteria Caixa agreed to hand CaixaBank the 9.9% of CaixaBank shares owned by Criteria Caixa, plus €642 million in cash.

CaixaBank's board of directors intends to put a motion before the next Annual General Meeting of CaixaBank seeking to redeem at least those treasury shares acquired from Criteria Caixa under the swap arrangement (9.9%) and at most 10% of CaixaBank's resulting treasury stock at that point in time.

The transaction, which is slated for completion in the first quarter of 2016, will hinge on securing the necessary regulatory clearance in both Hong Kong and Mexico. It will also depend on GFI's board of directors approving Criteria Caixa's acquisition of GFI shares, and the European Central Bank's approval of CaixaBank's acquisition of its own shares and the proposal its board intends to put before the next Annual General Meeting to redeem those shares.

Following the transaction, CaixaBank will maintain its strategic relationship with both BEA and GFI.

The swap will allow CaixaBank to accomplish the objective set out in the 2015-2018 strategic plan one year ahead of schedule, which calls for a one-third reduction in the 16% weight (at 31 December 2014) of the capital charge of the investee portfolio to bring it below 10% before the end of 2016. Following the deal, the weight of the capital charge of minority holdings will fall to around 8% (pro-forma at December 2015).

Once the deal has been concluded, the fully loaded CET1 ratio will remain at between 11% and 12% (the target set in the Strategic Plan), while Criteria Caixa's stake in CaixaBank will drop from the current 56.8% to 52%. The fully-diluted holding (taking into account Criteria Caixa's €750 million bond issue convertible into CaixaBank shares and maturing in November 2017) will drop from 54% to 48.9%.

Acquisition of Barclays Bank, SAU

On 31 August 2014, CaixaBank announced the signing of an agreement with Barclays Bank PLC, whereby CaixaBank was to acquire Barclays Bank, SAU.

On 2 January 2015, CaixaBank acquired 100% of the share capital of Barclays Bank, SAU, having already obtained full go-ahead from the authorities.

The deal extends to the entire retail banking, wealth management and corporate banking businesses of Barclays Bank in Spain, excluding the investment banking and card businesses.

CaixaBank paid Barclays Bank PLC €815.7 million for the purchase of Barclays Bank, SAU.

Valuation of the assets and liabilities of Barclays Bank, SAU

As a result of the acquisition and following the process for the provisional allocation of a purchase price, Barclays Bank, SAU's equity was adjusted to reflect the fair value of its assets and liabilities at 31 December 2014.

Following recognition of these adjustments to the equity of Barclays Bank, SAU (€-205 million, net), negative goodwill on consolidation of €602 million, net, was generated in respect of the price paid.

Approval and registration of the merger by absorption

On 30 March 2015, the Boards of Directors of CaixaBank and Barclays Bank, SAU approved the provisional terms of the merger between CaixaBank (absorbing company) and Barclays Bank, SAU (absorbed company).

The merger has resulted in the dissolution of Barclays Bank, SAU and the transfer en bloc of its assets and liabilities to CaixaBank, which has acquired its rights and obligations under universal succession arrangements.

The merger by adsorption of CaixaBank (absorbing company) and Barclays Bank, SAU (absorbed company) was formalised in public instrument and filed with the Barcelona Companies Registry on 14 May 2015.

Takeover bid for Banco BPI

On 17 February 2015, CaixaBank submitted a notice to the Portuguese Securities Market Commission (CMVM), announcing its intention to launch a takeover bid targeting the common stock of the Portuguese bank BPI.

The offer was voluntary and set a cash price of €1.329 per share. The price offered was the weighted average of the last six months' prices and was considered fair in accordance with Portuguese regulations. The takeover bid was directed at all of BPI's share capital not owned by CaixaBank and was conditional on: (i) take-up by the owners of over 5.9% of the shares issued - so that CaixaBank, considering its current stake of 44.1%, would go on to hold more than 50% of BPI's share capital after the operation, and (ii) the removal at the Annual General Meeting of the 20% cap on the voting rights held by a single shareholder, as established in Article 12.4 of BPI's bylaws. For this restriction to have been removed, the owners of 75% of the share capital present or represented at the Annual General Meeting had to vote in favour of the motion, with CaixaBank exercising only 20% of the voting rights.

On 18 June 2015, the CaixaBank Board of Directors resolved to notify the Portuguese Securities Market Commission (CMVM) of its decision to withdraw the tender offer for the shares of Banco BPI announced on 17 February, in view of the fact that BPI's General Meeting failed to lift the cap set out in its bylaws on the number of voting rights that can be cast by a single shareholder.

Since then, CaixaBank has been analysing the strategic alternatives available with regard to its interest in BPI, taking into account the objectives of its 2015-2018 Strategic Plan.

Sale of the stake in Boursorama to Société Générale and of the stake in Self Trade Bank to Boursorama

On 18 June 2015, CaixaBank announced the sale of its entire stake in Boursorama, representing 20.5% of the share capital, plus voting rights, to Société Générale Group in a deal worth €218.5 million. The price paid by Société Générale, €12 per share, was the same as that offered to non-controlling interests during the simplified takeover bid and the delisting process of the last year.

This transaction marked the effective end of the alliance between Société Générale and CaixaBank, which began in 2006 following the sale of CaixaBank France to Boursorama. Consequently, the shareholders agreement entered into in May 2006 and renegotiated in March 2014 by both companies was also deemed terminated.

CaixaBank also announced that an agreement had been signed to sell Boursorama all of its interest in Self Trade Bank, a joint venture that both entities held in Spain and which represents 49% of the share capital. Therefore, the joint venture and the shareholders agreements signed in July 2008 by Boursorama and CaixaBank were terminated.

The consolidated gains after tax generated by both transactions amounted to roughly €38 million.

Issuance of €2,000 million in mortgage covered bonds

- Placement of €1,000 million in mortgage covered bonds on 4 November 2015. The coupon rate was set at 0.625% and the issue cost was 43 basis points over the mid-swap rate.
- Placement of €1,000 million in mortgage covered bonds on 18 March 2015. The coupon rate was set at 0.625% and the issue cost was 15 basis points over the mid-swap rate.

Appendices

Investee information

Main investees (associates and available for sale) at 31 December 2015	
Telefónica	5.01%
Repsol	12.14%
Banco BPI	44.10%
GF Inbursa[1]	9.01%
The Bank of East Asia[1]	17.24%
Erste Group Bank	9.92%
SegurCaixa Adeslas	49.92%
Comercia Global Payments	49.00%
ServiHabitat Servicios Inmobiliarios	49.00%
Sareb	12.69%

1. It is envisaged that the stakes in Grupo Financiero Inbursa and The Bank of East Asia will be transferred to Criteria Caixa in the first quarter of 2016 in exchange for treasury shares and cash (see section on Significant events in 2015).

Consolidated carrying amount of banking investees and share price at 31 December 2015:

€ million	% Participation	Consolidated carrying amount[1]	*Of which:* Goodwill[2]	€ / share
GF Inbursa	9.01	873	282	1.45
The Bank of East Asia	17.24	2,206	636	4.85
Erste Group Bank	9.92	1,157		27.13
Banco BPI	44.10	897		1.40

1. Consolidated carrying amount of equity of the different entities, attributable to the CaixaBank Group, net of write-downs.

2. Goodwill, net of write-downs.

Ratings

Agency	Long-Term	Short-Term	Outlook	Last review date	Rating of covered bonds program
Standard&Poor's	BBB	A-2	Stable	6 October 2015	A+
Fitch	BBB	F2	Positive	25 February 2015	
Moody's	Baa2	P-2	Stable	17 June 2015	Aa2
DBRS	A (low)	R-1 (low)	Positive	11 November 2015	AA (low)

Noteworthy events in the fourth quarter of 2015

- On 6 October 2015, **Standard & Poor's** confirmed CaixaBank's long-term rating with stable outlook (BBB).
- **DBRS** upgraded its outlook from stable to positive on 20 November 2015
- **DBRS** assigned to mortgage covered bonds the rating of AA (low), on 20 January 2016.

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CaixaBank

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

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