

Business activity and results

January-March

2018



CaixaBank

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Note: the financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statement and the consolidated balance sheet for 2017 and 2016, and the corresponding breakdowns of those statements provided in this report, are presented under management criteria, but have still been prepared in accordance with International Financial Reporting Standards (IFRS-EU) as adopted by the European Union under the terms of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, as subsequently modified. In preparing these statements, Circular 4/2004 of the Bank of Spain of 22 December, as subsequently modified, has also been taken into due account in that it adapts IFRS-EU to Spanish credit institutions.

This report has been prepared from the accounting records of CaixaBank, S.A. and the other Group companies, and includes certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank. For this reason, and in relation to BPI specifically, the information set out in this report is not entirely consistent with the Group's published financial statements (*see Reconciliation with the financial information released by BPI following the presentation format of the CaixaBank Group under Appendices - Glossary below*). Likewise, the financial information regarding investees has been prepared primarily on the basis of estimates made by the Company.

Figures are presented in millions of euros unless the use of another monetary unit is stated explicitly, and may be expressed as either million euros or € million.

In accordance with the Guidelines on Alternative Performance Measures (APMs) published by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057), the appendices hereto provide definitions of certain alternative financial measures and, where appropriate, the reconciliation with the items contained on the financial statements for the period in question.

Change in scope of consolidation and comparability of information: on 7 February 2017, the CaixaBank Group effectively took control of the BPI Group (BPI). Since February 2017, the Group has been reporting its total participation in BPI using the full consolidation method. Prior to this date, the financial information on BPI contained in this document was presented using the equity method in proportion to the Group's percentage of ownership at the time in question.

IFRS 9 entered into force on 1 January 2018. We have therefore included, for comparison purposes, the opening balance sheet showing the effect of applying that standard to the balance sheet at 31 December 2017. Likewise, and in accordance with the Amendments to IFRS 4: Applying IFRS 9 Financial Instruments, the adoption of IFRS 9 can be deferred for insurers that belong to a financial conglomerate. In fact, the Group has decided to apply temporary exemption from IFRS 9 in respect of the financial investments of the Group's insurance firms for all periods that come before 1 January 2021 as it awaits the entry into force of the new IFRS 17: Insurance Contracts, which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, the information shown below does not reflect the change of accounting policy in relation to the investments undertaken by the Group's insurance firms, which are grouped under the heading 'Assets associated with the insurance business' on the balance sheet. To make the information more readily comparable, the Group has also reclassified the technical provisions relating to Unit Link and Flexible Investment Annuity (part under management), which are now reported under 'Liabilities associated with the insurance business'.

Commercial positioning

CaixaBank in Spain

13.8

million customers

30.0%

market penetration
among individual customers

26.7%

market penetration as
main bank among individual
customers

384,420

in total assets (€ million)

351,420

in customer funds
(€ million)

223,249

in loans and advances to
customers (€ million)

Balance sheet indicators

LIQUIDITY

73,216

in total liquid assets
(€ million)

194%

liquidity coverage ratio
(LCR), average 12 months

CAPITAL MANAGEMENT

11.6%

fully-loaded CET1

16.1%

fully-loaded total
capital

RISK MANAGEMENT

5.8%

NPL ratio

55%

NPL coverage ratio

58%

coverage ratio (foreclosed
available-for-sale RE assets)

Profitability and cost-to-income

+520

Banking and
insurance

704

profit attributable to the
Group (€ million)
(+74.7% vs 2017)

+211

Equity
Investments

+40

BPI

-67

Non-core RE
activity

52.7%

cost-to-income ratio, stripping out
extraordinary expenses

9.8%

ROTE

12.0%

recurring ROTE for banking and
insurance business

Key Group figures¹

€ million	January - March		Change
	2018	2017	
INCOME STATEMENT			
Net interest income	1,203	1,153	4.3%
Net fee and commission income	625	588	6.4%
Gross income	2,262	1,893	19.5%
Recurring administrative expenses, depreciation and amortisation	(1,149)	(1,091)	5.4%
Pre-impairment income stripping out extraordinary expenses	1,113	802	38.7%
Pre-impairment income	1,110	792	40.1%
Profit/(loss) before tax	919	451	104.1%
Profit/(loss) attributable to the Group	704	403	74.7%
BALANCE SHEET			
Total assets	384,420	383,186	0.3%
Equity	24,644	24,683	(0.2%)
Customer funds	351,420	349,458	0.6%
Loans and advances to customers, gross	223,249	223,951	(0.3%)
EFFICIENCY AND PROFITABILITY (last 12 months)			
Cost-to-income ratio	53.9%	55.7%	(1.8)
Cost-to-income ratio stripping out extraordinary expenses	52.7%	54.3%	(1.6)
ROE	8.1%	6.9%	1.2
ROTE	9.8%	8.4%	1.4
ROA	0.5%	0.5%	
RORWA	1.3%	1.1%	0.2
RISK MANAGEMENT			
Non-performing loans (NPL)	13,695	14,305	(610)
Non-performing loan ratio	5.8%	6.0%	(0.2)
Cost of risk (last 12 months)	0.29%	0.34%	(0.05)
Provisions for non-performing loans	7,597	7,135	462
NPL coverage ratio	55%	50%	5
Net foreclosed available for sale real estate assets ²	5,810	5,878	(68)
Foreclosed available for sale real estate assets coverage ratio	58%	58%	
LIQUIDITY			
Total Liquid Assets	73,216	72,775	441
Loan to deposits	107%	108%	(1)
Liquidity Coverage Ratio (last 12 months)	194%	185%	9
CAPITAL ADEQUACY			
Fully-loaded Common Equity Tier 1 (CET1)	11.6%	11.7%	(0.1)
Fully-loaded Tier 1	13.1%	12.3%	0.8
Fully-loaded total capital	16.1%	15.7%	0.4
Fully-loaded Risk-Weighted Assets (RWAs)	148,328	148,626	(298)
Fully-loaded leverage ratio	5.7%	5.3%	0.4
SHARE INFORMATION			
Share price (€/share)	3.872	3.889	(0.017)
Market capitalization	23,150	23,248	(98)
Book value per share (€/share)	4.05	4.06	(0.01)
Tangible book value per share (€/share)	3.34	3.35	(0.01)
Number of outstanding shares excluding treasury stock (millions)	5,979	5,978	1
Net income attributable per share (€/share) (12 months)	0.33	0.28	0.05
Average number of shares excluding treasury stock (millions) (12 months)	5,978	5,978	
PER (Price/Profit)	11.89	14.02	(2.13)
Tangible PBV (Market value/ book value of tangible assets)	1.16	1.16	
OTHER DATA (units)			
Employees	37,107	36,972	135
Branches ³	5,318	5,379	(61)

(1) See indicator definitions in Appendices - Glossary.

(2) Exposure in Spain.

(3) Does not include branches outside Spain and Portugal or representative offices.

Key Group information

Our Bank

CaixaBank

Commercial strength

- CaixaBank has 13.8 million customers and relies on a universal banking model based on quality, customer proximity and expertise.
- It is the main bank for one out of every four retail customers in Spain. It has a market penetration¹ among individual customers of 30.0% and for 26.7% CaixaBank is their main bank.
- The Bank's commercial prowess has enabled it to maintain high market shares² across all the main retail products and services.

Loans	Deposits	Payroll deposits	Investment funds	Saving insurances	Pension plans	Card turnover	Consumer lending
15.7%	14.5%	26.3%	16.7%	26.8%	23.6%	23.3%	16.7%

Specialised products and services

- **Sound business segmentation**, with a wide range of products and services tailored to the needs of customers.
- Named **Best bank** and **Best private banking institution** in Spain by Global Finance and Euromoney, respectively, for the fourth straight year.

Digitalisation

- Among CaixaBank individual customers **56% are digital**.³
- **Launch of the Smart Money app**, which offers digital advisory services and picks investment portfolios based on the customer's risk profile and objectives.

Corporate responsibility

- Named **Best financial sector institution in corporate social responsibility and corporate governance** by Merco in 2017.
- **Presence on the following sustainability indices:** Dow Jones Sustainability Index (DJSI), FTSE4Good, Ethibel Sustainability Index (ESI) Excellence Europe, MSCI Global Sustainability Indexes and Advanced Sustainable Performance Indexes (ASPI).

BPI

- BPI boasts solid market shares⁴ in Portugal, with a total of 1.9 million customers: 9.4% in lending activity and 11.2% in customer funds.

(1) Latest information available.
Source: FRS Inmark.

(2) Latest information available.
Data prepared in-house.
Source: Bank of Spain, Social Security, INVERCO, ICEA, Servired, 4B and Euro6000.
Lending and deposits market share corresponding to the resident private sector.

(3) Customers between 20 and 74 years old active online in the last 12 months.

(4) Latest information available.
Data prepared in-house
(includes deposits, mutual funds, capitalisation insurance, PPRs and OTRVs). Source: Banco de Portugal, APS, APFIPP.

Results and business activity

- **Attributable profit for the first quarter of 2018 grew to €704 million** (+74.7% year on year), on the back of:
 - Income growth (**gross income up 19.5%**), driven mainly by core income¹, which climbed to €2,008 million (+6.5%), and also **higher earnings on financial assets and liabilities** and income from **investees**.
 - **Reduction in Allowance for insolvency risk** (-44.3%) and **Other charges to provisions** (-86.3%). The cost of risk came to 0.29% (-17bp year on year).
- **Total funds** grew to €351,420 million (**+0.6% in 2018**).
- Total loans and advances to customers came to €223,249 million (-0.3% in the quarter). **The performing portfolio remained stable in the period.**

Balance sheet strength

Risk management

- NPLs were down €610 million in the quarter (€-2,440 million in the last 12 months), bringing the **NPL ratio to 5.8%** (6.0% at December 2017).
- The **coverage ratio** increased to **55%** (+5pp in the quarter due to various impacts, including the adoption of IFRS 9, which required the Bank to post €758 million in loan loss provisions).

Liquidity

- Total high quality liquid assets came to €73,216 million (€+441 million in the quarter).
- Robust retail lending structure, with a loan-to-deposits (LTD) ratio of 107%.

Capital adequacy

- The **fully-loaded Common Equity Tier 1 (CET1) ratio stood at 11.6% at 31 March 2018** (+7bp in the quarter versus the pro-forma ratio reflecting IFRS 9 at 31 December 2017, which revealed an impact on reserves of €-560 million, net).
- **Fully-loaded Tier 1** came to **13.1%**, up 84 basis points in the quarter following the issuance² of €1,250 million in Additional Tier 1 instruments.
- **Fully-loaded total capital** was **16.1%**, clearing the target envisioned in the Strategic Plan.
- The fully-loaded leverage ratio stood at 5.7%, up 36 basis points in the quarter thanks to the issuance just mentioned.

Ratings

- The credit rating agencies reviewed CaixaBank's credit profile in 2018, as follows:
 - S&P Global upgraded the Bank's long-term credit rating from BBB to BBB+, with a stable outlook.
 - DBRS upgraded the Bank's long-term credit rating from A (low) to A, maintaining its stable outlook.
 - Moody's kept the Bank's long-term rating at Baa2 but improved the outlook to positive.
 - Fitch affirmed the Bank's long-term rating at BBB and maintained its positive outlook.

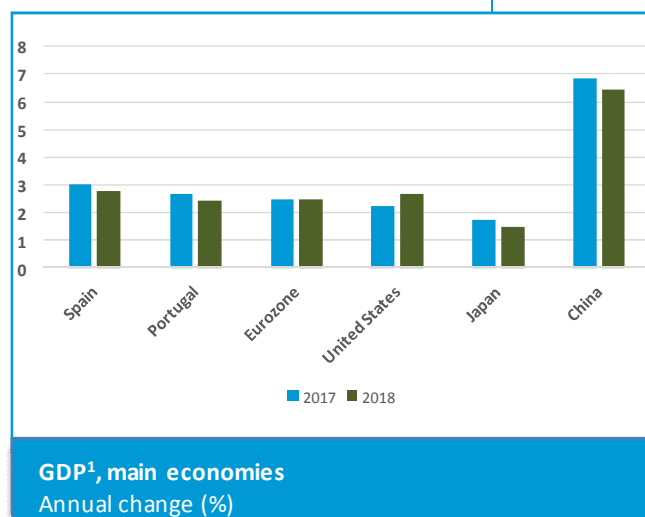
(1) Includes net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

(2) Awaiting authorisation to recognise the issue as own funds.

Macroeconomic trends and state of the financial markets

Global economic outlook

The first quarter of the year saw an upturn in economic activity, supporting the view that global growth will pick up as we move through 2018. CaixaBank Research expects the **global economy to post 3.9% growth** in 2018, slightly ahead of the 3.7% reported in 2017. This outlook is based on a number of factors, including a still accommodative monetary policy in developed countries, despite the steady process of monetary normalisation initiated by the US Federal Reserve (the Fed), which prompted a further hike in March to bring interest rates to between 1.50% and 1.75% (a logical progression, since the country is moving through a mature phase of the economic cycle). Emerging nations are also helping to drive global growth and their economies are holding up well during these early stages of monetary normalisation by the Fed, while certainly benefiting from the gradual recovery in oil prices. Even so, these healthy signs of economic growth are accompanied by a number of risk factors. The United States recently pushed through a tariff on imports of steel (25%) and aluminium (10%) and has been threatening to slap other trade tariffs on a large number of Chinese imports, following a US national security investigation that accused the Asian powerhouse of stealing intellectual property, among other unorthodox trade practices. This move has sparked fears of retaliation and may well push up trade tensions and protectionist sentiment. However, we should not lose sight of the fact that the US Government's grievances are ultimately well-founded, since China's trade practices do indeed fall short of the international free trade standards to which most countries adhere. So while the US's disruptive counter-measures may generate instability in the short term, its response may in fact help improve the international trade climate in the mid run.



(1) Forecasts for 2018 made by CaixaBank Research.

Economic scenario - Europe, Spain and Portugal

In the **euro area**, macro indicators at year-end 2017 and early 2018 show that the region has reached a good point in the economic cycle. The buoyant state of the global economy, the ECB's still accommodative monetary policy and rising levels of confidence - which are pushing up employment - are all supporting Europe as it moves forward. We therefore expect to see healthy growth figures for both 2018 and 2019 (2.5% and 2.0%, respectively). Turning to **European policy**, the new grand coalition in Germany has given a clear boost to the European agenda in 2018, although the electoral results in Italy, which has seen a notable rise in populist parties, could well undermine this progress.

Against this backdrop, **Spain** and **Portugal** have enjoyed a solid start to the year. Both countries have been reaping the rewards of a healthy global economy, especially within the euro area.

In **Spain**, following the solid growth figures reported in the fourth quarter of 2017, plus a number of positive reports from various sectors (lively job market, rallying real estate sector and both lending and tourism on the rise), we expect to see GDP growth reach 2.8% for 2018 as a whole, comfortably outpacing the average growth across all advanced economies. The fact that Spain is outperforming the rest of the euro area and has managed to get its public deficit back on track prompted the rating agencies to upgrade the country's credit rating in early 2018.

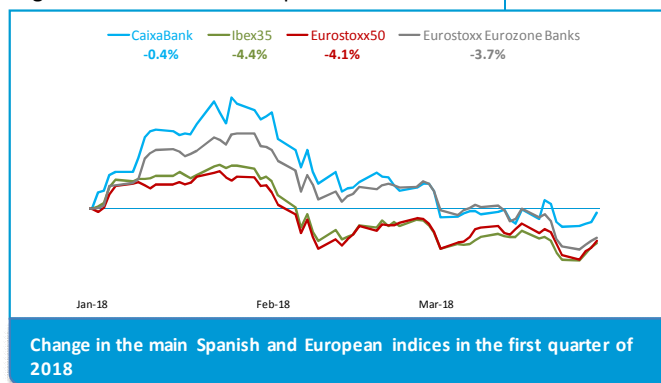
Significantly, the country's ongoing expansion is now more a balanced affair, with internal and external demand both making a sizeable contribution to growth.

Meanwhile, the outlook remains bright for **Portugal**. The Portuguese economy continued to post solid growth figures in the fourth quarter of 2017 (2.4% year on year), bringing total growth for the whole of 2017 to 2.7%, the country's best showing of the last 17 years. The outlook is also encouraging for the years ahead, with growth expected to reach 2.4% in 2018 and 2.3% in 2019.

State of the financial markets

Following several quarters of remarkably low volatility, **instability** is back to haunt the **financial markets** in early 2018 amid fears that protectionism is on the rise and as the markets ready themselves for a less accommodative monetary policy.

The Euro Stoxx shed 4.1% in the first quarter of the year versus year-end 2017, while the IBEX 35 ended the quarter down 4.4%, its worst showing since the second quarter of 2016. The main international markets responded erratically to the sovereign interest rate hikes in January and the stock market corrections in February and continued to post losses during the period. While in February the stock market corrections were triggered by an expected tightening of monetary policy at the hands of the Fed, in March the losses were prompted by President Trump's announcements of trade tariff hikes at both the start and end of the month. In contrast, the meetings held by the central banks during the month had little impact on investor sentiment. Both the Fed and the ECB cited the healthy performance of their respective economies as good reason, in the case of the Fed, to once again hike its reference interest rates (the only hike of the first quarter) and, in the case of the ECB - which is well behind its US counterpart in withdrawing its stimulus measures - to hint that its bond buying programme in the euro area might well be drawing to a close.



[Results]

The Group's Income statement

Year-on-year performance

When reading the different headings of the income statement, please note that BPI was integrated using the full consolidation method on 1 February 2017 following the takeover. Up until that point it had been reported using the equity method.

€ million	1Q18	1Q17	Change	%
Net interest income	1,203	1,153	50	4.3
Dividend income	5	8	(3)	(39.5)
Share of profit/(loss) of entities accounted for using the equity method	266	85	181	
Net fee and commission income	625	588	37	6.4
Gains/(losses) on financial assets and liabilities and others	136	43	93	
Income and expense under insurance or reinsurance contracts	138	110	28	24.9
Other operating income and expense	(111)	(94)	(17)	17.1
Gross income	2,262	1,893	369	19.5
Recurring administrative expenses, depreciation and amortisation	(1,149)	(1,091)	(58)	5.4
Extraordinary expenses	(3)	(10)	7	(73.2)
Pre-impairment income	1,110	792	318	40.1
Pre-impairment income stripping out extraordinary expenses	1,113	802	311	38.7
Allowance for insolvency risk	(139)	(249)	110	(44.3)
Other charges to provisions	(50)	(370)	320	(86.3)
Gains/(losses) on disposal of assets and others	(2)	278	(280)	
Profit/(loss) before tax	919	451	468	104.1
Income tax expense	(182)	(36)	(146)	
Profit/(loss) after tax	737	415	322	77.9
Profit/(loss) attributable to minority interest and others	33	12	21	
Profit/(loss) attributable to the Group	704	403	301	74.7

- **Attributable profit for the first quarter of 2018 grew to €704 million (+74.7% year on year).**

Gross income came to €2,262 million (+19.5% year on year), driven by growth in core income¹ to €2,008 million in 2018 (+6.5%) and higher earnings on financial assets and liabilities and income from investees. Recurring administrative expenses, depreciation and amortisation was up, but less so than core income (+5.4%).

Allowances for insolvency risk was down 44.3% and Other charges to provisions fell by 86.3%. This latter heading saw a number of one-off negative impacts in 2017 in connection with early retirements and write-downs on exposure to Sareb. The cost of risk came to 0.29% (-17bp year on year).

The results of the business combination with BPI were recognised in 2017 under Gains/(losses) on disposal of assets and others (€256 million).

(1) Includes net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity accounting method for SegurCaixa Adeslas and income from the insurance investees of BPI.

Quarterly performance

€ million	1Q18	4Q17	Change	%
Net interest income	1,203	1,196	7	0.6
Dividend income	5	1	4	
Share of profit/(loss) of entities accounted for using the equity method	266	38	228	
Net fee and commission income	625	632	(7)	(0.9)
Gains/(losses) on financial assets and liabilities and others	136	(5)	141	
Income and expense under insurance or reinsurance contracts	138	118	20	17.4
Other operating income and expense	(111)	(249)	138	(55.6)
Gross income	2,262	1,731	531	30.7
Recurring administrative expenses, depreciation and amortisation	(1,149)	(1,124)	(25)	2.3
Extraordinary expenses	(3)	(1)	(2)	
Pre-impairment income	1,110	606	504	83.2
Pre-impairment income stripping out extraordinary expenses	1,113	607	506	83.3
Allowance for insolvency risk	(139)	(141)	2	(1.2)
Other charges to provisions	(50)	(112)	62	(54.9)
Gains/(losses) on disposal of assets and others	(2)	(117)	115	(99.0)
Profit/(loss) before tax	919	236	683	
Income tax expense	(182)	(42)	(140)	
Profit/(loss) after tax	737	194	543	
Profit/(loss) attributable to minority interest and others	33	(2)	35	
Profit/(loss) attributable to the Group	704	196	508	

- The quarter-on-quarter change in **attributable profit in the first quarter of 2018 (€704 million)** was largely down to the recognition of various one-off impacts under Other operating income and expense (€-214 million from the contribution paid to the Deposit Guarantee Fund in the fourth quarter of 2017 and €-48 million from the estimation of property tax in the first quarter of 2018).

Factoring in these impacts, gross income was up 30.7%, aided by growth in core income (+1.8%) and especially by the higher earnings on financial assets and liabilities and income from investees.

Return on average total assets¹

In %	1Q18	4Q17	3Q17	2Q17	1Q17
Interest income	1.83	1.83	1.84	1.87	1.93
Interest expense	(0.54)	(0.61)	(0.57)	(0.57)	(0.63)
Net interest income	1.29	1.22	1.27	1.30	1.30
Dividend income	0.01	0.00	0.01	0.12	0.01
Share of profit/(loss) of entities accounted for using the equity method	0.29	0.04	0.23	0.20	0.11
Net fee and commission income	0.67	0.65	0.65	0.72	0.66
Gains/(losses) on financial assets and liabilities and others	0.15	(0.01)	0.12	0.15	0.05
Income and expense under insurance or reinsurance contracts	0.15	0.12	0.13	0.13	0.12
Other operating income and expense	(0.13)	(0.25)	(0.08)	(0.02)	(0.11)
Gross income	2.43	1.77	2.33	2.60	2.14
Recurring administrative expenses, depreciation and amortisation	(1.24)	(1.15)	(1.19)	(1.23)	(1.23)
Extraordinary expenses	(0.00)	(0.00)	0.00	(0.10)	(0.02)
Pre-impairment income	1.19	0.62	1.14	1.27	0.89
Pre-impairment income stripping out extraordinary expenses	1.19	0.62	1.14	1.37	0.91
Allowance for insolvency risk	(0.15)	(0.14)	(0.20)	(0.24)	(0.28)
Other charges to provisions	(0.05)	(0.12)	(0.04)	(0.43)	(0.42)
Gains/(losses) on disposal of assets and others	(0.00)	(0.12)	0.00	0.00	0.32
Profit/(loss) before tax	0.99	0.24	0.90	0.60	0.51
Income tax expense	(0.20)	(0.04)	(0.19)	(0.12)	(0.04)
Profit/(loss) after tax	0.79	0.20	0.71	0.48	0.47
Profit/(loss) attributable to minority interest and others	0.03	(0.00)	0.03	0.01	0.02
Profit/(loss) attributable to the Group	0.76	0.20	0.68	0.47	0.45
Average total net assets (€ million)	377,143	387,300	376,073	368,639	359,264

(1) Annualised quarterly income/cost to total average assets.

Gross income

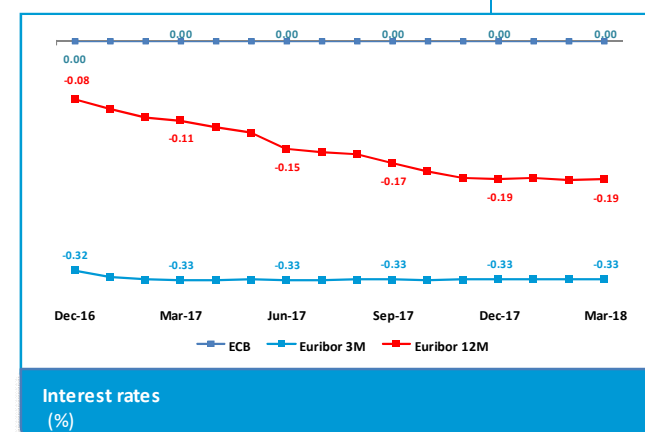
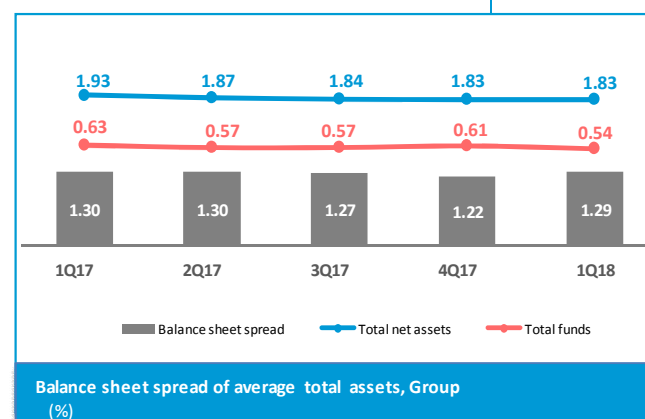
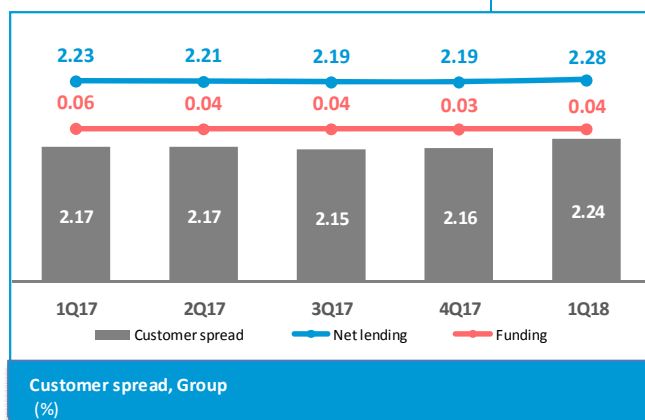
Net interest income

- Net interest income at the Group came to €1,203 million in the first quarter of 2018 (+4.3% year on year), due mainly to the integration of BPI in February 2017, which accounts for 2.1% of this growth.

Despite the pervasive climate of rock-bottom interest rates and a falling 12-month Euribor, the Group managed to grow its net interest income year on year on the back of:

- Reduction in the cost of retail deposits following the Bank's forceful management of retail financing activity (-6bp in maturity deposits and -2bp in demand deposits).
 - The return on the loan portfolio was up 5 basis points. The adoption of IFRS 9 has had a positive impact due to the accrual of interest on non-performing assets net of provisions, although this has been offset by an increase in charges to provisions, with a neutral overall effect on global earnings. Also supporting this improvement in the return on lending activity were the new loans arranged at higher rates than the existing portfolio, as well as the shift in the product mix towards more profitable segments, all of which has helped offset the still negative repricings on the mortgage portfolio.
 - Lower cost of institutional financing as prices fall and lower returns on the fixed income portfolio, which was partially offset by an increase in volume.
- Net interest income at the Group was up 0.6% quarter on quarter thanks to:
 - Return on the loan portfolio up 9 basis points following the adoption of IFRS 9; increased contribution from the Group's subsidiaries operating in the consumer lending segment; and new loans arranged at higher rates than the existing loan portfolio.
 - Improved return on wholesale activity due to the lower cost of institutional financing, increased prices on fixed-income instruments and less liquidity arranged at negative rates.
 - Slight increase of 1 basis point in the cost of retail deposits.

The customer spread improved by 8 basis points quarter on quarter to reach 2.24%. Meanwhile, the balance sheet spread gained 7 basis points quarter on quarter to reach 1.29%.



Quarterly cost and income

€ million		1Q18			4Q17			3Q17		
		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions		17,577	43	1.00	25,142	48	0.75	15,210	50	1.30
Loans	(a)	207,592	1,169	2.28	209,451	1,158	2.19	210,440	1,163	2.19
Fixed income securities portfolio		33,160	85	1.04	32,617	81	0.98	31,577	97	1.22
Other assets with returns		52,152	400	3.11	50,777	494	3.86	50,444	427	3.35
Other assets		66,662	8		69,313	10		68,402	11	
Total average assets	(b)	377,143	1,705	1.83	387,300	1,791	1.83	376,073	1,748	1.84
Financial Institutions		45,019	(45)	0.40	59,416	(51)	0.34	41,725	(55)	0.52
Retail customer funds	(c)	190,216	(17)	0.04	187,178	(16)	0.03	195,983	(22)	0.04
Demand deposits		155,860	(9)	0.02	151,289	(10)	0.03	158,164	(13)	0.03
Maturity deposits		34,357	(8)	0.09	35,889	(6)	0.06	37,818	(9)	0.09
Time deposits		32,859	(7)	0.09	34,629	(6)	0.06	35,986	(9)	0.09
Retail repurchase agreements and marketable debt securities		1,497	(1)		1,260			1,833		
Wholesale marketable debt securities & other		28,246	(69)	0.99	27,069	(72)	1.06	26,514	(75)	1.12
Subordinated liabilities		6,114	(32)	2.14	6,005	(34)	2.27	6,305	(38)	2.38
Other funds with cost		63,023	(328)	2.11	61,252	(411)	2.66	60,093	(349)	2.31
Other funds		44,525	(11)		46,380	(11)		45,453	(8)	
Total average funds	(d)	377,143	(502)	0.54	387,300	(595)	0.61	376,073	(547)	0.57
Net interest income			1,203			1,196			1,201	
Customer spread (%)	(a-c)		2.24			2.16			2.15	
Balance sheet spread (%)	(b-d)		1.29			1.22			1.27	

€ million		2Q17			1Q17		
		Average balance	Income or expense	Rate %	Average balance	Income or expense	Rate %
Financial Institutions		11,394	41	1.44	11,714	45	1.54
Loans	(a)	211,249	1,163	2.21	205,544	1,129	2.23
Fixed income securities portfolio		27,550	93	1.35	26,973	97	1.45
Other assets with returns		50,018	417	3.34	48,669	436	3.64
Other assets		68,428	7		66,364	4	
Total average assets	(b)	368,639	1,721	1.87	359,264	1,711	1.93
Financial Institutions		42,823	(43)	0.40	45,901	(41)	0.36
Retail customer funds	(c)	188,969	(20)	0.04	179,976	(28)	0.06
Demand deposits		150,036	(10)	0.03	139,029	(12)	0.04
Maturity deposits		38,933	(10)	0.10	40,947	(16)	0.15
Time deposits		37,837	(10)	0.11	40,231	(15)	0.15
Retail repurchase agreements and marketable debt securities		1,096			716	(1)	0.01
Wholesale marketable debt securities & other		26,544	(74)	1.12	28,119	(80)	1.16
Subordinated liabilities		5,357	(39)	2.92	4,610	(34)	3.03
Other funds with cost		59,400	(341)	2.30	55,816	(366)	2.66
Other funds		45,546	(8)		44,842	(9)	
Total average funds	(d)	368,639	(525)	0.57	359,264	(558)	0.63
Net interest income			1,196			1,153	
Customer spread (%)	(a-c)		2.17			2.17	
Balance sheet spread (%)	(b-d)		1.30			1.30	

To help readers interpret the information contained in this report, the following aspects should be taken into account:

- According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being TLTRO II income. Conversely, the heading financial intermediaries on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.
- Other assets with returns and Other funds with cost relate largely to the Group's life insurance activity.
- Since BPI was integrated on 1 February 2017, the results and average balances for the first quarter of the year (which includes just two months) cannot be reliably compared with the following quarters.

Fees and commissions

- **Fee and commission income grew to €625 million**, up 6.4% year on year following the integration of BPI, which contributed 5.4% of this growth.

- **Banking services, securities and other fees** amounted to €353 million and includes income on securities transactions and fees on other transactions, as well as fees relating to risk activities, deposit management, payment methods and investment banking.

The change versus the first quarter of 2017 can be explained by the drop in fees and commissions from investment banking activity, which had a negative impact of 4.9% on the heading, even if we factor in the integration of BPI.

- **Investment fund fees** came to €132 million (+20.0%) following the increase in assets under management, but were slightly down on the fourth quarter of 2017 (-1.3%).
- **Growth of 19.8% in pension plan management fees** to reach €57 million, following the increase in assets under management through the wide range of products on offer. The change on the previous quarter (-7.9%) was partly a result of the one-off income obtained from the higher returns on pension plans at year-end 2017.
- **Fees on insurance sales climbed to €83 million** (+42.1% and +14.3% year on year and quarter on quarter, respectively).

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %	Quarter-on-quarter %
Banking services, securities and other fees	353	363	369	416	373	(4.9)	(2.7)
Mutual funds, managed accounts and SICAVs	132	134	126	121	110	20.0	(1.3)
Pension plans	57	62	53	51	47	19.8	(7.9)
Sale of insurance products	83	73	67	76	58	42.1	14.3
Net fee and commission income	625	632	615	664	588	6.4	(0.9)

Income from equity investments

- **Income from equity investments totalled €271 million.** This heading shows earnings at entities accounted for using the equity method, as well as dividend income.
- Share of profit/(loss) of entities accounted for using the equity method was affected by the individual performances of the businesses concerned, plus the following one-off impacts:
 - Recognition in January 2017 of the attributable result deriving from BPI's sale of 2% of its stake in BFA (€-97 million), which was largely the result of valuation adjustments due to conversion differences on the income statement, when these had previously been reported in equity.
 - Earnings of €100 million from BFA recognised under the equity method in the first quarter of 2018 (of which €79 million relate to the one-off impacts on profit and loss of the devaluation of Angola's currency, among other factors). A total of €-68 million was reported in the fourth quarter of 2017 (including non-recurring results of €-119 million), partly because of the need to reflect (in accordance with IAS 29) the estimated impact of Angola's inflationary economy on BFA's financial statements.
- Dividend income included €104 million from Telefónica in the second quarter of 2017.

€ million	1Q18	4Q17	3Q17	2Q17	1Q17
Dividend income	5	1	5	113	8
Share of profit/(loss) of entities accounted for using the equity method	266	38	220	183	85
Income from equity investments	271	39	225	296	93

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

- **Gains/(losses) on financial assets and liabilities and others** climbed to €136 million following the materialisation of unrealised capital gains on financial assets available for sale, and the revaluation of BPI's stake in Viacer in relation to the divestment process.

€ million	1Q18	4Q17	3Q17	2Q17	1Q17
Gains/(losses) on financial assets and liabilities and others	136	(5)	110	134	43

Income and expense under insurance and reinsurance contracts

- Sustained growth in income from insurance activity to reach €138 million (+24.9% and +17.4% year on year and quarter on quarter, respectively).

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %	Quarter-on-quarter %
Income and expense under insurance or reinsurance contracts	138	118	121	123	110	24.9	17.4

Other operating income and expense

- **Other operating income and expense** (€-111 million; +17.1%) includes, among other items, income and expenses at non-real estate subsidiaries, income from rentals and expenses incurred from managing foreclosed real estate assets and contributions, as well as charges and taxes, the timing of which generates a seasonal impact on the quarterly performance under this heading:

- Recognition in the first quarter of each year of an estimation of the Spanish property tax that will likely accrue (estimated at €48 million for 2018).
- The second quarter of 2017 included the contribution of €90 million to the Single Resolution Fund (SRF).
- Contribution to the Deposit Guarantee Fund (DGF) of €214 million reported in the fourth quarter of 2017.

Further highlights included income of €115 million in the second quarter of 2017 due to the agreement reached with Cecabank.

€ million	1Q18	4Q17	3Q17	2Q17	1Q17
SRF / DGF		(214)		(90)	
Other real estate operating income and expense (including Spanish property tax)	(87)	(46)	(33)	(36)	(85)
Other	(24)	11	(28)	100	(9)
Other operating income and expense	(111)	(249)	(61)	(26)	(94)

Administrative expenses, depreciation and amortisation

- Recurring administrative expenses, depreciation and amortisation were up 5.4% to €1,149 million (+1.8% year on year if we strip out the integration of BPI's costs base).

Quarter on quarter, the Group's expenses were up 2.3%, although personnel costs remained stable. General expenses were up in the period and included the recognition of €7 million in property tax on buildings for own use.

- The extraordinary expenses are associated with BPI (€3 million in 2018 and €110 million in 2017).

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %	Quarter-on-quarter %
Gross income	2,262	1,731	2,211	2,387	1,893	19.5	30.7
Personnel expenses	(731)	(729)	(720)	(724)	(702)	4.0	0.2
General expenses	(317)	(298)	(296)	(292)	(279)	13.6	6.4
Depreciation and amortisation	(101)	(97)	(111)	(109)	(110)	(7.1)	5.1
Recurring administrative expenses, depreciation and amortisation	(1,149)	(1,124)	(1,127)	(1,125)	(1,091)	5.4	2.3
Extraordinary expenses	(3)	(1)	(3)	(96)	(10)	(73.2)	139.7

Cost-to-income ratio Group	1Q18	4Q17	3Q17	2Q17	1Q17
Cost-to-income stripping out extraordinary expenses (%) ¹	52.7	54.3	51.8	52.2	52.4
Cost-to-income ratio (%) ¹	53.9	55.7	53.1	55.1	54.0

(1) Last 12 months.

Allowance for insolvency risk and other charges to provisions

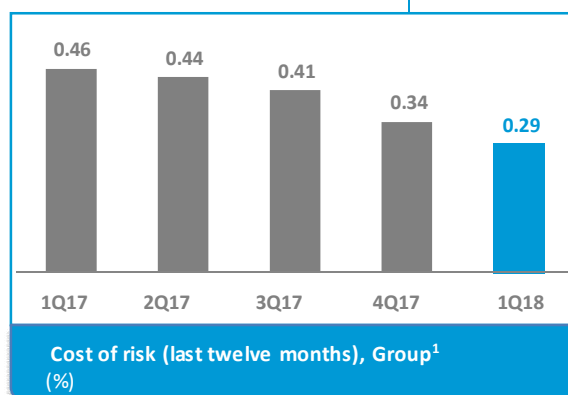
Allowance for insolvency risk

- **Allowances for insolvency risk** fell to €-139 million, down 44.3% year on year (stable quarter on quarter). Meanwhile, the **cost of risk** was 0.29%.

Other charges to provisions

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

In 2017, this heading included €455 million in connection with the early retirements (€152 million and €303 million in the first and second quarter of the year, respectively) and €154 million in write-downs on the exposure to the Sareb in the first quarter. Allowances were recognised for legal contingencies in the fourth quarter of 2017, employing conservative criteria.



(1) The ratio for the third and previous quarters of 2017 excludes the release of €676 million in provisions carried out in the fourth quarter of 2016.

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %	Quarter-on-quarter %
Allowance for insolvency risk	(139)	(141)	(186)	(223)	(249)	(44.3)	(1.2)
Other charges to provisions	(50)	(112)	(37)	(393)	(370)	(86.3)	(54.9)
Allowance for insolvency risk and other charges to provisions	(189)	(253)	(223)	(616)	(619)	(69.4)	(25.0)

Gains/(losses) on disposal of assets and others

- **Gains/(losses) on disposal of assets and others** essentially comprises the results of completed one-off transactions and proceeds on asset sales and write-downs mainly relating to the real estate portfolio. The change here was a result of:
 - Proceeds of €40 million from sales of real estate assets (+15.0%), revealing a margin to net book value of 16% (15% in the first quarter of 2017). The quarterly change was down to the fact that sales are typically higher in the last quarter of the year (i.e. the seasonal effect).
 - Other results on real estate activity essentially shows allowances associated with asset valuations using the Group's internal models and the process of updating parameters carried out in the fourth quarter of 2017.
 - Result of the business combination with BPI in the first quarter of 2017 (€256 million) and write-offs of obsolete assets in the fourth quarter.

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %	Quarter-on-quarter %
Results on sale of property	40	108	61	44	35	15.0	(63.1)
Other real estate results	(38)	(149)	(55)	(28)	(10)		(75.2)
Others	(4)	(76)	(7)	(12)	253		(95.0)
Gains/(losses) on disposal of assets and others	(2)	(117)	(1)	4	278		(99.0)
<i>Results on sales of property, net (on net carrying amount)</i>	<i>16%</i>	<i>27%</i>	<i>21%</i>	<i>15%</i>	<i>15%</i>		

Business activity

Balance sheet

The Group's total assets amounted to **€384,420 million** at 31 March 2018, up 0.5% on the opening balance sheet at 1 January 2018, which is presented for comparative purposes following the adoption of IFRS 9.

€ million	Mar 31, 2018	Jan 1, 2018	Change	Change %
- Cash and cash balances at central banks and other demand deposits	15,031	20,155	(5,124)	(25.4)
- Financial assets held for trading	10,044	9,641	403	4.2
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss	1,069	1,013	56	5.5
<i>Equity instruments</i>	327	255	72	28.2
<i>Debt securities</i>	143	148	(5)	(3.4)
<i>Loans and advances</i>	599	610	(11)	(1.8)
- Financial assets designated at fair value through other global profit or loss	20,957	19,851	1,106	5.6
- Financial assets measured at amortised cost	237,117	234,796	2,321	1.0
<i>Credit institutions</i>	6,682	7,091	(409)	(5.8)
<i>Customers</i>	214,291	214,913	(622)	(0.3)
<i>Debt securities</i>	16,144	12,792	3,352	26.2
- Derivatives - Hedge accounting	2,287	2,597	(310)	(11.9)
- Investments in joint ventures and associates	6,204	6,224	(20)	(0.3)
- Assets under the insurance business ¹	61,852	58,194	3,658	6.3
- Tangible assets	6,537	6,480	57	0.9
- Intangible assets	3,795	3,805	(10)	(0.3)
- Non-current assets and disposal groups classified as held for sale	5,910	6,069	(159)	(2.6)
- Other assets	13,617	13,814	(197)	(1.4)
Total assets²	384,420	382,639	1,781	0.5
Liabilities	359,776	358,517	1,259	0.4
- Financial liabilities held for trading	8,431	8,605	(174)	(2.0)
- Financial liabilities designated at amortised cost	279,222	280,897	(1,675)	(0.6)
<i>Deposits from central banks and credit institutions</i>	40,869	43,196	(2,327)	(5.4)
<i>Customer deposits</i>	203,882	203,608	274	0.1
<i>Debt securities issued</i>	31,094	29,919	1,175	3.9
<i>Memorandum item: Subordinated liabilities</i>	4,983	5,054	(71)	(1.4)
<i>Other financial liabilities</i>	3,377	4,174	(797)	(19.1)
- Liabilities under the insurance business ¹	61,419	57,991	3,428	5.9
- Provisions	4,889	5,014	(125)	(2.5)
- Other liabilities	5,815	6,010	(195)	(3.2)
Equity²	24,644	24,122	522	2.2
- Own funds	24,374	23,665	709	3.0
- Minority interest	454	434	20	4.6
- Accumulated other comprehensive income	(184)	23	(207)	
Total liabilities and equity	384,420	382,639	1,781	0.5

(1) In accordance with the Amendments to IFRS 4, the Group has decided to apply temporary exemption from IFRS 9 in respect of the financial investments of the Group's insurance firms for all periods that come before 1 January 2021 as it awaits the entry into force of the new IFRS 17: Insurance Contracts, which will govern the presentation and measurement of insurance contracts (including technical provisions). Accordingly, these investments are grouped under 'Assets associated with the insurance business' on the balance sheet. To make the information more readily comparable, the Group has also reclassified the technical provisions relating to Unit Link and Flexible Investment Annuity (part under management), which are now reported under 'Liabilities associated with the insurance business'.

(2) Total assets and equity on the balance sheet at 31 December 2017 (i.e. prior to the adoption of IFRS 9) were €383,186 and €24,683 million, respectively.

Loans and advances to customers

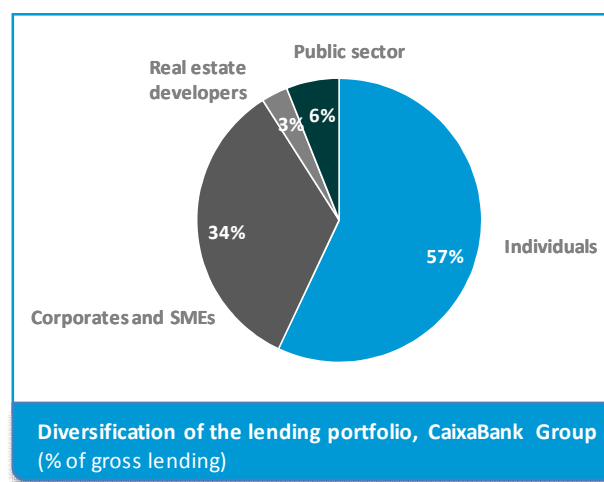
Loans and advances to customers, gross stood at **€223,249 million**, down 0.3% on 31 December 2017. The performing portfolio remained stable in the quarter.

€ million	Mar 31, 2018	Dec 31, 2017	Change	Change %
Loans to individuals	127,993	128,490	(497)	(0.4)
Home purchases	93,563	94,187	(624)	(0.7)
Other	34,430	34,303	127	0.4
Of which: Consumer lending in Spain	10,454	9,929	525	5.3
Loans to business	82,296	83,463	(1,167)	(1.4)
Corporates and SMEs	75,316	76,362	(1,046)	(1.4)
Real estate developers	6,980	7,101	(121)	(1.7)
Public sector	12,960	11,998	962	8.0
Loans and advances to customers, gross¹	223,249	223,951	(702)	(0.3)
Of which:				
Performing loans	210,055	210,154	(99)	(0.0)
Allowance for impairment losses	(7,299)	(6,832)	(467)	6.8
Loans and advances to customers, net	215,950	217,119	(1,169)	(0.5)
Contingent Liabilities	12,969	13,983	(1,014)	(7.3)

(1) See Reconciliation of activity indicators using management criteria in the Appendices - Glossary.

Highlight changes by segment include:

- **Loans for home purchases** continued to feel the effects of the ongoing household deleveraging process, with new loans trailing loan repayments. The mortgage market share² was 17.6%.
- **Loans to individuals - other** was up 0.4% in the quarter, mainly on the back of consumer loans (consumer lending in Spain up 5.3%).
- Financing to the **productive sector ex-real estate developers** was down 1.4% in the quarter.
- **Financing to real estate developers** is steadily accounting for less of the loan portfolio, **falling to 3.1%** at 31 March 2018 (-4bp in 2018) following the Bank's ongoing drive to manage and control its distressed assets.
- Meanwhile, **loans to the public sector** reported positive growth of +8.0% in the quarter due to a number of one-off transactions.



(2) Latest information available. Data prepared in-house. Source: Bank of Spain (Infbal). Market share in Spain.

Customer funds

Customer funds grew to €351,420 million at 31 March 2018 (+0.6%).

€ million	Mar 31, 2018	Dec 31, 2017	Change	Change %
Customer funds	197,296	196,611	685	0.3
Demand deposits	162,020	158,772	3,248	2.0
Term deposits ¹	33,230	35,793	(2,563)	(7.2)
Subordinated retail liabilities	2,046	2,046		
Insurance contract liabilities	50,633	49,965	668	1.3
Reverse repurchase agreements and other	2,071	968	1,103	113.9
On-balance sheet funds	250,000	247,544	2,456	1.0
Mutual funds, managed accounts and SICAVs	67,582	66,882	700	1.0
Pension plans	29,589	29,669	(80)	(0.3)
Assets under management	97,171	96,551	620	0.6
Other accounts	4,249	5,363	(1,114)	(20.8)
Total customer funds²	351,420	349,458	1,962	0.6

(1) Includes retail debt securities amounting to €528 million at 31 March 2018 (€500 million at CaixaBank and €28 million at BPI).

(2) See Reconciliation of activity indicators using management criteria in the Appendices - Glossary.

- Highlights for **on-balance sheet funds (+1.0%)** by type were as follows:

- The Group's demand and term deposits totalled €195,250 million (stable in the quarter at +0.4%). **Demand deposits** climbed 2.0% to €162,020 million, while **term deposits** continued to fall (-7.2%) to €33,230 million.
- **Liabilities under insurance contracts³** were up 1.3% in response to the Bank's intensive commercial efforts. CaixaBank has cemented its leadership of the savings insurance market, with a share⁴ of 26.8%.

- Assets under management** climbed to €97,171 million (+0.6% in the quarter), despite being hindered by the negative performance of the market:

- **Assets under management in investment funds, portfolios and SICAVs** increased to €67,582 million (+1.0% in 2018), with the increase largely the result of new subscriptions.
- **Pension plans** stood at €29,589 million (-0.3% in 2018).

CaixaBank has a market share⁴ of 16.7% in investment funds, and a share of 23.6% in pension plans.

(3) Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Linked products.

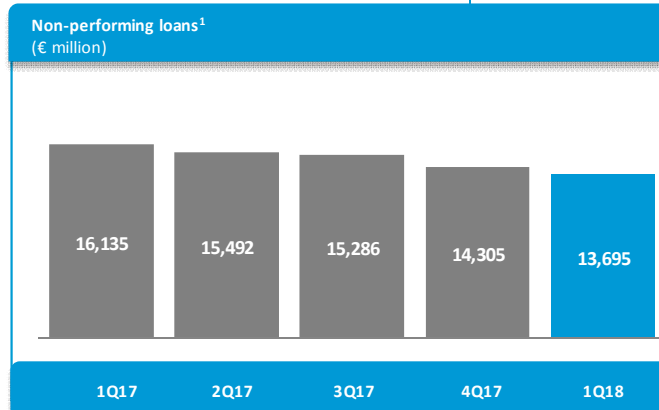
(4) Latest information available. Data prepared in-house. Source: ICEA/INVERCO. Market share in Spain.

Risk management

Credit risk quality

Non-performing loans

- The **NPL ratio fell to 5.8%** (6.0% at December 2017 and 6.7% at March 2017).
- Non-performing loans fell to €13,695 million (€-610 million and €-2,440 million in the quarter and in the last 12 months, respectively).



(1) Calculations include loans and contingent liabilities.

NPL ratio by segment

	1Q17	2Q17	3Q17	4Q17	1Q18
Loans to individuals	5.1%	5.1%	5.2%	5.2%	5.3%
Home purchases	4.2%	4.2%	4.3%	4.2%	4.2%
Other	7.8%	7.5%	8.0%	7.9%	8.0%
<i>of which: Consumer lending in Spain</i>	3.3%	3.5%	3.8%	4.2%	4.4%
Loans to business	10.2%	9.6%	9.4%	8.3%	7.7%
Corporates and SMEs	8.2%	8.1%	7.9%	7.1%	6.5%
Real estate developers	28.4%	23.9%	23.4%	21.7%	21.1%
Public sector	1.7%	1.6%	1.6%	1.4%	0.8%
NPL Ratio (loans and contingent liabilities)	6.7%	6.5%	6.4%	6.0%	5.8%

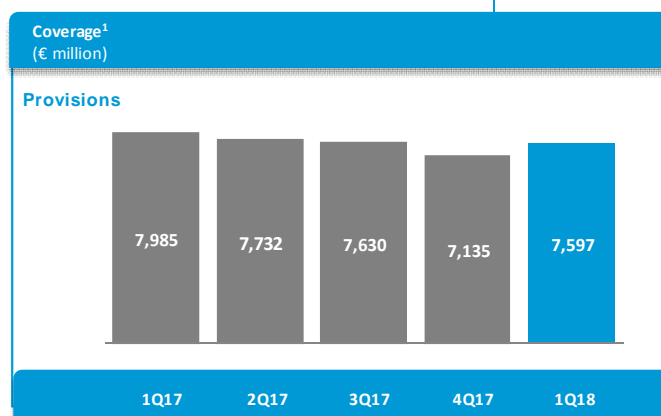
The change in the NPL ratio for "Other" at the end of the second quarter was mainly impacted by the pre-payments made to pension holders, which pushed up and then decreased the volume of lending activity in the second and third quarters, respectively.

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

€ million	1Q17	2Q17	3Q17	4Q17	1Q18
Opening balance	14,754	16,135	15,492	15,286	14,305
Exposures recognized as non-performing (NPL-inflows)	1,674	1,173	1,056	1,235	834
Derecognitions from non-performing exposures	(1,801)	(1,816)	(1,262)	(2,216)	(1,444)
of which written off	(158)	(124)	(203)	(222)	(266)
BPI's non-performing exposures at 31 March 2017	1,508				
Closing balance	16,135	15,492	15,286	14,305	13,695

Coverage

- The **Group's NPL coverage ratio was 55%** (+5pp in 2018).
- Allowances for insolvency risk reflects the entry into force of IFRS 9 on 1 January 2018, which has had the effect of pushing up provisions for insolvency risks by a total of €758 million (some +5pp of added coverage).



(1) Calculations include loans and contingent liabilities.

Changes in allowances for insolvency risk

€ million	1Q17	2Q17	3Q17	4Q17	1Q18
Opening balance	6,880	7,985	7,732	7,630	7,135
Charges to provisions	249	223	186	141	139
Amounts used	(252)	(414)	(227)	(576)	(399)
Transfers and other changes	(75)	(62)	(61)	(60)	(36)
BPI's insolvency allowances at 31 March 2017	1,183				
Application of IFRS9					758
Closing balance	7,985	7,732	7,630	7,135	7,597

Refinancing

€ million	Mar 31, 2018		Dec 31, 2017	
	Total	of which: NPL	Total	of which: NPL
Individuals	5,980	3,943	6,077	3,984
Business (stripping out real estate developers)	4,557	2,700	4,733	2,847
Real estate developers	1,233	884	1,301	947
Public sector	260	25	260	81
Total	12,030	7,552	12,371	7,859
Provisions	3,054	2,843	2,644	2,524

Foreclosed real estate assets in Spain

- **Total real estate sales¹ in 2018 came to €306 million** (+3.4% on the same period of 2017). **The margin of sales to book value is 16% in the year to date.**
- The portfolio of net foreclosed real estate assets available for sale came to €5,810 million (€-475 million and €-68 million in the last 12 months and in the quarter, respectively). **The coverage ratio² was 58%** while the coverage ratio with accounting provisions² was 50%. Real estate assets in the process of foreclosure (€385 million and €473 million, net, at 31 March 2018 and 31 December 2017, respectively) are not included in foreclosed real estate assets available for sale.
- The portfolio of **rental property** amounted to €3,030 million, with an occupancy ratio of 87%.

(1) At sale price.

(2) See definition in Appendices - Glossary.

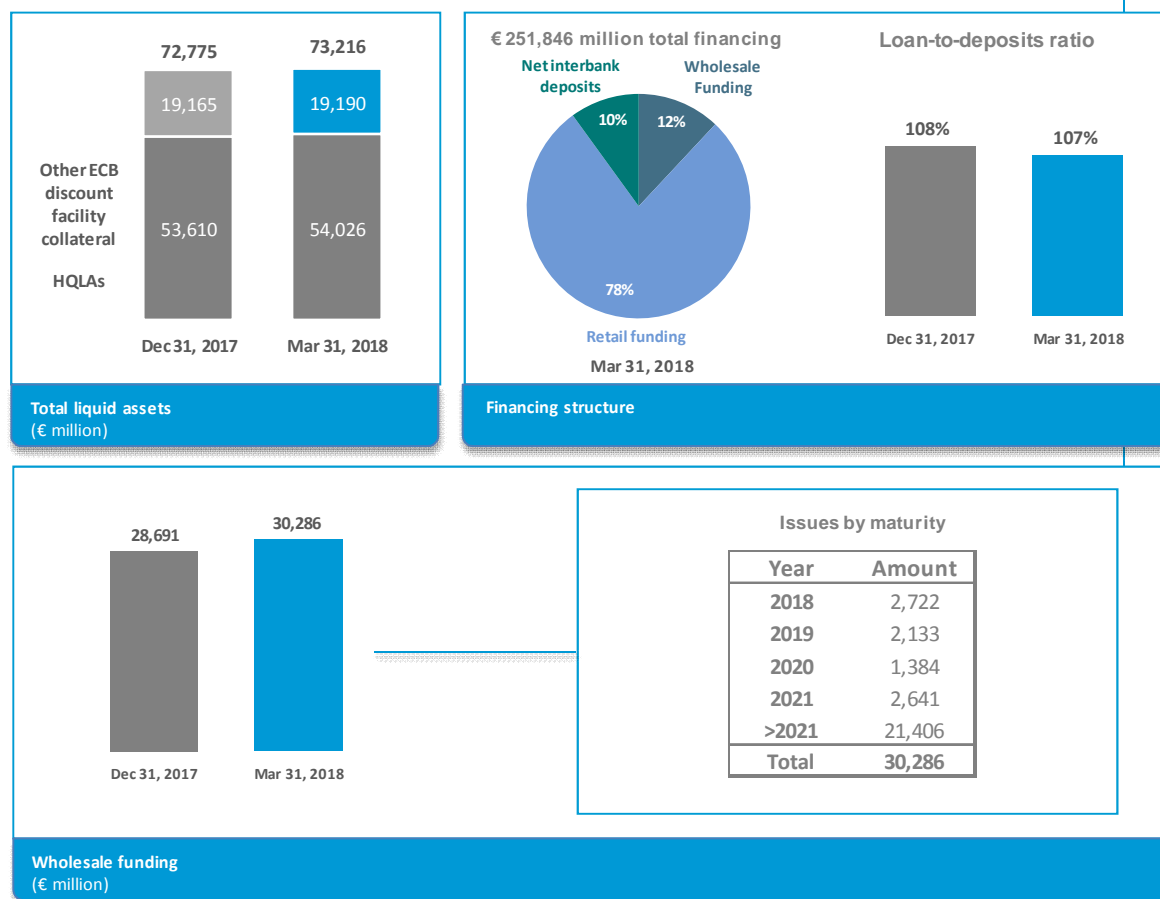
Foreclosed real estate assets and associated coverage

Mar 31, 2018					
€ million	Net carrying amount	Coverage	Coverage %	Accounting provisions	Coverage with accounting provisions %
Property acquired related to loans to construction companies and real estate developments	3,375	(6,148)	65	(4,206)	55
Completed buildings	1,685	(1,751)	51	(1,359)	45
Homes	1,304	(1,234)	49	(981)	43
Other	381	(517)	58	(378)	50
Buildings under construction	376	(568)	60	(481)	56
Homes	294	(440)	60	(388)	57
Other	82	(128)	61	(93)	53
Land	1,314	(3,829)	74	(2,366)	64
Developed land	703	(1,669)	70	(1,046)	60
Other	611	(2,160)	78	(1,320)	68
Acquired related to mortgage loans to homebuyers	1,601	(1,258)	44	(920)	36
Other	834	(783)	48	(654)	44
Total	5,810	(8,189)	58	(5,780)	50

Dec 31, 2017					
€ million	Net carrying amount	Coverage	Coverage %	Accounting provisions	Coverage with accounting provisions %
Property acquired related to loans to construction companies and real estate developments	3,448	(6,150)	64	(4,215)	55
Completed buildings	1,732	(1,757)	50	(1,385)	44
Homes	1,333	(1,226)	48	(1,001)	43
Other	399	(531)	57	(384)	49
Buildings under construction	362	(557)	61	(462)	56
Homes	290	(442)	60	(372)	56
Other	72	(115)	61	(90)	56
Land	1,354	(3,836)	74	(2,368)	64
Developed land	726	(1,676)	70	(1,057)	59
Other	628	(2,160)	77	(1,311)	68
Acquired related to mortgage loans to homebuyers	1,598	(1,290)	45	(935)	37
Other	832	(794)	49	(661)	44
Total	5,878	(8,234)	58	(5,811)	50

Meanwhile, **net foreclosed real estate assets at BPI** amounted to €47 million at 31 March 2018 (€53 million at 31 December 2017).

Liquidity and financing structure



- **Total liquid assets amounted to €73,216 million** at 31 March 2018, up €441 million in the quarter.
- The Group's average **liquidity coverage ratio (LCR)**⁽¹⁾ at 31 March 2018 was **194%**, well clear of the period-end minimum requirement of 100% applicable from 1 January 2018 onward.
- Robust retail lending structure, with a **loan-to-deposits (LTD) ratio** of **107%**.
- The **balance drawn** under the ECB facility at 31 March 2018 remained at **€28,820 million**, of which €637 million related to TLTRO I financing and €28,183 million to TLTRO II.
- **Institutional lending**⁽²⁾ came to €30,286 million.
- **Successful placements by CaixaBank** on the capital markets in 2018 through various debt issues.
- Available capacity to issue mortgage and regional public sector covered bonds at CaixaBank, S.A. came to €3,991 million at 31 March 2018.

(1) Last 12 month average.

(2) See Reconciliation of activity indicators using management criteria in the Appendices - Glossary.

Information on the Group's issuances in the first quarter of 2018

€ million					
Issue	Total amount	Amount	Maturity	Cost ¹	Demand
		1,000	10 years	1.116 % (midswap +0.22 %)	1,350
		125	14 years	1.747 % (midswap +0.31%)	Private
Mortgage covered bonds	1,625	50	14 years	1.744 % (midswap +0.31%)	Private
		75	14 years	1.754 % (midswap +0.30%)	Private
		375	14 years	1.559 % (midswap +0.32 %)	400
Senior debt	1,000	1,000	5 years and 3 months	0.836 % (midswap +0.48 %)	2,000
Additional Tier 1	1,250	1,250	Perpetual	5.354 %	3,500

(1) Meaning the yield on the issue.

The Group completed a 12-year subordinate debt issue (Tier 2) worth €1,000 million after the reporting date (i.e. after 31 March 2018), with the option to redeem the issuance early from year seven onward. The spread to mid-swap for this issuance was 168 basis points.

Collateralisation of mortgage covered bonds of CaixaBank, S.A.

€ million		Mar. 31, 2018
Mortgage covered bonds issued	a	51,219
Loans and credits (collateral for mortgage covered bonds)	b	92,123
Collateralization	b/a	180%
Overcollateralization	b/a -1	80%
Mortgage covered bond issuance capacity²		3,036

(2) CaixaBank S.A. is also able to issue €955 million in regional public-sector covered bonds.

Capital management

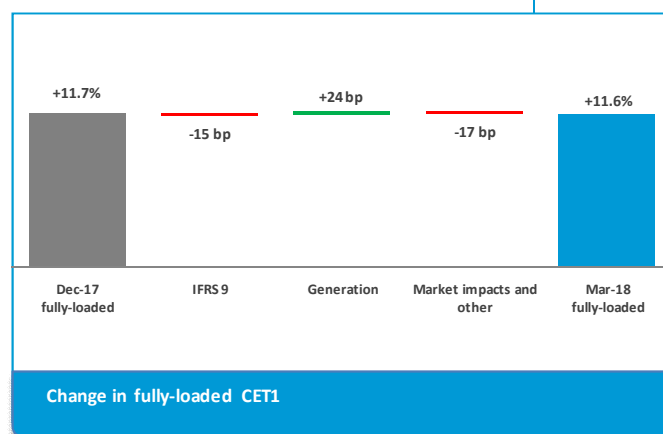
- The **Group's fully-loaded Common Equity Tier 1 (CET1) ratio was 11.6%** at 31 March 2018, within the 11-12% band envisaged in the Strategic Plan. Stripping out the impact of -15 basis points of the first-time adoption of IFRS 9, the change in the quarter was a positive 24 basis points from capital generation and a negative 17 basis points due to prevailing market conditions and other factors, which include OCI changes, particularly the €-132 million, net of tax, -impact from BPI's stake in BFA, mainly because of the devaluation of the Angolan kwanza. Fully-loaded risk weighted assets (RWA) amounted to €148,328 million at the end of March 2018.
- The **fully-loaded Tier 1 ratio was 13.1% (+84bp)**, following the placement¹ of €1,250 million in additional Tier 1 (AT1) instruments in March. The Group has therefore already reached 1.5% of AT1 instruments envisioned in Pillar 1 of the capital regulations, which were previously covered totally or in part with CET1.
- **Fully-loaded total capital² was 16.1%**, clearing the 14.5% target envisioned in the Strategic Plan. In March 2018, some €450 million in provisions previously considered general provisions eligible as Tier 2 were reclassified, reducing the Group's credit risk exposure. These provisions relate to portfolios whose capital charge is assessed under the standardised approach.
- The fully-loaded leverage ratio improved to 5.7% following a new issuance of €1,250 million in AT1¹.
- As regards the subordinated instruments needed to comply with future MREL requirements, the ratio of these subordinated instruments to RWA, including mainly total capital and senior non-preferred, was 17.2% fully loaded.
- According to the criteria in force in 2018 for phased-in implementation, regulatory capital and leverage were: **11.8% CET1, 13.3% Tier 1, 16.3% total capital and 5.8% leverage ratio**.
- **CaixaBank is also subject to minimum capital requirements** on a non-consolidated basis. The regulatory CET1 ratio under this perimeter is 13.2%, with RWAs totalling €135,660 million.
- Likewise Banco BPI also complies with their minimum capital requirements. Its regulatory and fully loaded CET1³ ratios stand at 11.4% in 2018.
- The European Central Bank (ECB) and the national supervisor require the Group to maintain regulatory CET1, Tier 1 and total capital ratios of 8.063%, 9.563% and 11.563%, respectively, at 31 March 2018 (including the phased-in implementation of the capital conservation and systemic risk buffers), which climb to 8.75%, 10.25% and 12.25% in a fully-loaded perspective.
- The Group's current ratios show that the requirements imposed on the Group will not trigger any of the automatic restrictions envisaged in applicable capital adequacy regulations relating to payouts of dividends, variable remuneration and interest to holders of Additional Tier 1 capital instruments (there is a margin of 374 basis points, equivalent to €5,549 million, before triggering the Group's regulatory MDA⁴).
- CaixaBank's dividend policy satisfies the requirements prescribed by the ECB in its recommendation of 28 December 2017, meaning that it does not limit or confine the Bank in any way.

(1) See details under the section 'Liquidity and financing structure'. Awaiting authorisation from the ECB to report this information.

(2) This ratio does not include the April 2018 issuance of €1,000 million in Tier 2 instruments.

(3) Does not include the company's net result for the first quarter (€210 million).

(4) See definition in Appendices – Glossary.



Performance and key capital adequacy indicators

€ million	BIS III (Regulatory)					
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Quarter-on-quarter
CET1 Instruments	23,851	23,582	23,885	23,921	23,495	(426)
Shareholders' equity	23,833	23,830	24,496	24,204	24,374	170
Capital	5,981	5,981	5,981	5,981	5,981	
Profit attributable to the Group	403	839	1,488	1,684	704	
Reserves and other	17,449	17,010	17,027	16,539	17,689	
Other CET1 Instruments ¹	18	(248)	(611)	(283)	(879)	(596)
Deductions from CET	(5,623)	(4,695)	(4,871)	(4,960)	(5,975)	(1,015)
CET1	18,228	18,887	19,014	18,961	17,520	(1,441)
AT1 Instruments ²		999	999	999	2,231	1,232
AT1 Deductions		(878)	(883)	(891)		891
TIER 1	18,228	19,008	19,130	19,069	19,751	682
T2 Instruments ³	5,506	4,097	5,136	5,023	4,472	(551)
T2 Deductions	(39)	(34)	(40)	(50)		50
TIER 2	5,467	4,063	5,096	4,973	4,472	(501)
TOTAL CAPITAL	23,695	23,071	24,226	24,042	24,223	181
Risk-weighted assets	153,060	151,504	149,690	148,872	148,472	(400)
CET1 Ratio	11.9%	12.5%	12.7%	12.7%	11.8%	(0.9%)
Tier 1 Ratio	11.9%	12.5%	12.8%	12.8%	13.3%	0.5%
Total Capital Ratio	15.5%	15.2%	16.2%	16.1%	16.3%	0.2%
Buffer MDA ⁵	4,644	5,562	5,845	5,857	5,549	(308)
Ratio Capital Total + Senior Non-Preferred			17.2%	17.2%	17.5%	0.3%
Leverage Ratio	5.6%	5.6%	5.6%	5.5%	5.8%	0.3%
CET1 Ratio - CABK (non consolidated basis)	12.4%	12.8%	12.9%	13.6%	13.2%	(0.4%)
Tier 1 Ratio CABK (non consolidated basis)	12.4%	13.2%	13.4%	14.1%	14.8%	0.7%
Total Capital Ratio - CABK (non consolidated basis)	15.9%	16.5%	16.8%	17.4%	18.1%	0.7%
Risk-weighted assets (non consolidated basis)	140,595	138,950	136,154	138,781	135,660	(3,121)
Profit/loss (non consolidated basis)	422	720	914	1,428	118	(1,310)
ADIs ⁴	1,760	2,001	2,183	2,235	1,852	(383)
Buffer MDA ⁵ - CABK (non consolidated basis)	7,011	8,128	8,158	9,373	6,909	(2,464)
Leverage Ratio - CABK (non consolidated basis)	5.8%	5.9%	5.8%	6.1%	6.4%	0.3%

€ million	BIS III (Fully-loaded)					
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Quarter-on-quarter
CET1 Instruments	23,898	23,637	23,945	23,967	23,517	(450)
Shareholders' equity	23,833	23,830	24,496	24,204	24,374	170
Capital	5,981	5,981	5,981	5,981	5,981	
Profit attributable to the Group	403	839	1,488	1,684	704	
Reserves and other	17,449	17,010	17,027	16,539	17,689	
Other CET1 Instruments ¹	65	(193)	(551)	(237)	(857)	(620)
Deductions from CET	(6,312)	(6,251)	(6,533)	(6,649)	(6,356)	293
CET1	17,586	17,386	17,412	17,318	17,161	(157)
AT1 Instruments ²		999	999	999	2,231	1,232
AT1 Deductions						
TIER 1	17,586	18,385	18,411	18,317	19,392	1,075
T2 Instruments ³	5,506	4,097	5,136	5,023	4,472	(551)
T2 Deductions						
TIER 2	5,506	4,097	5,136	5,023	4,472	(551)
TOTAL CAPITAL	23,092	22,482	23,547	23,340	23,864	524
Risk-weighted assets	152,874	151,223	149,448	148,626	148,328	(298)
CET1 Ratio	11.5%	11.5%	11.7%	11.7%	11.6%	(0.1%)
Tier 1 Ratio	11.5%	12.2%	12.3%	12.3%	13.1%	0.8%
Total Capital Ratio	15.1%	14.9%	15.8%	15.7%	16.1%	0.4%
Ratio Capital Total + Senior Non-Preferred			16.8%	16.8%	17.2%	0.4%
Leverage Ratio	5.4%	5.5%	5.4%	5.3%	5.7%	0.4%

(1) Mainly includes dividend forecast, OCIs and minority interests.

(2) Includes the issuance of €1,250 million in AT1 instruments in March. Awaiting authorisation from the regulator to report this information.

(3) Does not include the April 2018 issuance of €1,000 million in Tier 2 instruments. €450 million in provisions previously considered general provisions eligible as Tier 2 were reclassified, reducing the Group's credit risk exposure.

(4) Does not include the share premium or the extra dividend charged to 2017 profit.

(5) The relevant MDA buffer is either the non-consolidated or the consolidated, whichever is lower.

Segment reporting

This section shows financial information on the different businesses of the CaixaBank Group, which are structured as follows:

- **Banking and insurance:** includes all revenues from banking, insurance and asset management, liquidity management, ALCO, income from financing the other businesses and the Group-wide corporate centre.
- **Non-core real estate:** shows the results, net of financing costs, of real estate assets in Spain defined as non-core, which include:
 - Loans to real estate developers classified as non-core.
 - All foreclosed real estate assets (available for sale and rental), most of which are owned by real estate subsidiary BuildingCenter.
 - Other real estate assets and interests.
- **Equity investments:** essentially shows income from dividends and/or profit accounted for using the equity method, net of financing costs, from the interests held in Erste Group Bank, Repsol, Telefónica, BFA, BCI and Viacer. It also includes the significant impacts on income of other relevant stakes recently acquired by the Group in Spain as part of its diversification across sectors, as well as the stakes consolidated through BPI.

The results contributed by BPI to the consolidated income statement under the equity method are included through to the effective takeover in February 2017, whereupon a new business segment was created.

- **BPI:** this business shows the results following the takeover of BPI in February 2017, from which time the Portuguese bank's assets and liabilities have been reported using the full consolidation method (considering the adjustments made to the business combination). The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination and excludes the results and balance sheet figures associated with the assets of BPI assigned to the equity investments business (essentially BFA, BCI and Viacer), as discussed previously.

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

Capital is assigned to the non-core real estate and equity investments businesses to pursue the corporate target of maintaining a fully-loaded regulatory Common Equity Tier 1 (CET1) ratio of between 11% and 12%. The capital assigned to these businesses takes into account both the consumption of capital for risk-weighted assets at 11% and all applicable deductions.

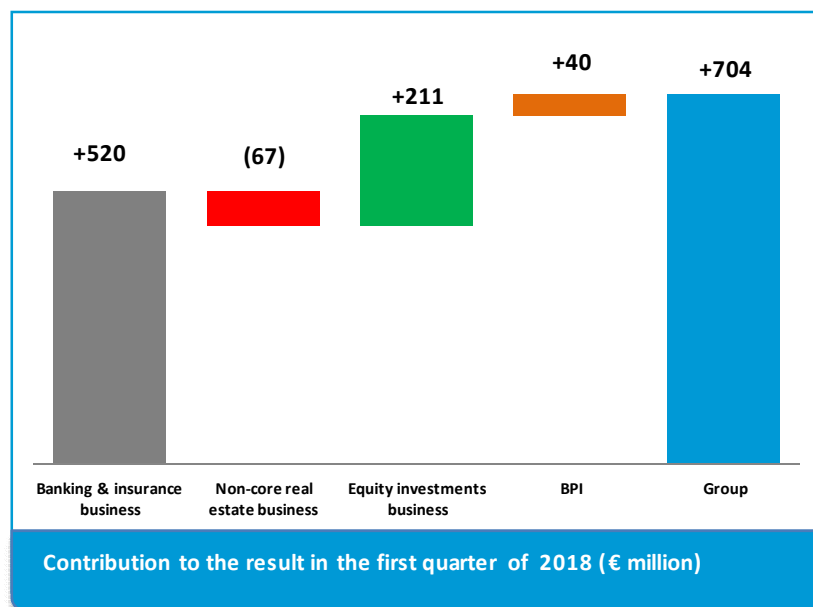
Capital is assigned to BPI on a sub-consolidated basis, meaning in view of the subsidiary's own funds. The capital consumed at BPI by the investees assigned to the equity investments business is allocated consistently to this business.

The difference between the Group's total own funds and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

While the Group has kept the same structure of business segments in 2018, it has made certain changes to its presentation criteria, with 2017 restated for comparison purposes as follows:

- Impact of the aforementioned allocation to the equity investments business of BFA, BCI and Viacer mainly, which were previously shown in the BPI business segment.
- The analytical income at the banking and insurance business is no longer charged to the non-core real estate business, in connection with the marketing and sale of assets¹.

Results for the first quarter of 2018 arranged by business unit are as follows:



(1) Gross analytical income charged to the non-core real estate business in the first quarter of 2017 amounted to €26 million (€132 million for the whole year 2017).

€ million	Banking & insurance	Non-core real estate	Equity investments	BPI	Group
Net interest income	1,147	(1)	(40)	97	1,203
Dividends and share of profit/(loss) of entities accounted for using the equity method	52	3	214	2	271
Net fee and commission income	551	(1)		75	625
Gains/(losses) on financial assets and liabilities and others	59		60	17	136
Income and expense under insurance or reinsurance contracts	138				138
Other operating income and expense	(21)	(87)		(3)	(111)
Gross income	1,926	(86)	234	188	2,262
Recurring administrative expenses, depreciation and amortisation	(1,001)	(29)	(1)	(118)	(1,149)
Extraordinary expenses				(3)	(3)
Pre-impairment income	925	(115)	233	67	1,110
Pre-impairment income stripping out extraordinary expenses	925	(115)	233	70	1,113
Allowance for insolvency risk	(160)	21			(139)
Other charges to provisions	(45)	(5)			(50)
Gains/(losses) on disposal of assets and others	(4)	2			(2)
Profit/(loss) before tax	716	(97)	233	67	919
Income tax expense	(196)	30	2	(18)	(182)
Profit/(loss) after tax	520	(67)	235	49	737
Profit/(loss) attributable to minority interest and others			24	9	33
Profit/(loss) attributable to the Group	520	(67)	211	40	704

Banking and insurance business

Profit of €520 million, down 3.4% on the first quarter of 2017. Higher gross income (+2.9%) and lower allowances for insolvency risk (-40.9%) and other charges to provisions (-79.2%), which in 2017 included a number of one-off negative impacts associated with early retirements. In 2017, this heading included a total of €256 million from the business combination with BPI, since it qualified as profit attributable to the corporation.

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %
INCOME STATEMENT						
Net interest income	1,147	1,148	1,155	1,158	1,142	0.3
Dividend income and share of profit/(loss) of entities accounted for using the equity method	52	35	62	50	44	14.3
Net fee and commission income	551	549	539	590	544	1.5
Gains/(losses) on financial assets and liabilities and others	59	18	103	144	38	55.9
Income and expense under insurance or reinsurance contracts	138	118	121	123	110	24.9
Other operating income and expense	(21)	(202)	(27)	27	(10)	
Gross income	1,926	1,666	1,953	2,092	1,868	2.9
Recurring administrative expenses, depreciation and amortisation	(1,001)	(981)	(982)	(979)	(984)	1.7
Extraordinary expenses		(1)	(3)			
Pre-impairment income	925	684	968	1,113	884	4.6
Pre-impairment income stripping out extraordinary expenses	925	685	971	1,113	884	4.6
Allowance for insolvency risk	(160)	(185)	(198)	(210)	(272)	(40.9)
Other charges to provisions	(45)	(117)	(32)	(373)	(219)	(79.2)
Gains/(losses) on disposal of assets and others	(4)	(80)	(7)	(12)	253	
Profit/(loss) before tax	716	302	731	518	646	10.8
Income tax expense	(196)	(74)	(189)	(167)	(106)	85.1
Profit/(loss) after tax	520	228	542	351	540	(3.9)
Profit/(loss) attributable to minority interest and others		1	2	1	2	
Profit/(loss) attributable to the Group	520	227	540	350	538	(3.4)
INCOME STATEMENT BREAKDOWN						
NET INTEREST INCOME						
Customer spread (%) ¹	2.29	2.19	2.18	2.19	2.19	0.10
FEE AND COMMISSION INCOME						
Banking services, securities and other fees	311	314	323	372	343	(9.3)
Mutual funds, managed accounts and SICAVs	116	119	113	110	104	11.2
Pension plans	57	60	51	49	46	22.5
Sale of insurance products	67	56	52	59	51	31.0
Net fee and commission income	551	549	539	590	544	1.5
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION						
Personnel expenses	(660)	(656)	(646)	(646)	(650)	1.6
General expenses	(267)	(258)	(249)	(245)	(248)	7.2
Depreciation and amortisation	(74)	(67)	(87)	(88)	(86)	(14.7)
Recurring administrative expenses, depreciation and amortisation	(1,001)	(981)	(982)	(979)	(984)	1.7
Extraordinary expenses		(1)	(3)			
OTHER INDICATORS						
ROTE ²	12.0%	10.6%	10.0%	9.8%	8.6%	3.4
Cost-to-income ratio stripping out extraordinary expenses	51.6%	51.8%	51.1%	51.4%	52.0%	(0.4)
Cost of risk	0.36%	0.41%	0.46%	0.45%	0.45%	(0.09)
Customers	13.8	13.8	13.8	13.8	13.8	
Employees ¹	32,210	32,041	32,126	31,930	32,175	0.1
Branches ^{1/3}	4,815	4,874	4,889	4,940	4,990	(3.5)
of which retail	4,618	4,681	4,697	4,749	4,799	(3.8)
ATMs	9,394	9,427	9,403	9,433	9,461	(0.7)

(1) The figures relate to CaixaBank, including the non-core real estate business.

(2) Last 12 months excluding one-off aspects net of tax: The ratio for 1Q18 does not include the early retirements completed in the second quarter of 2017 (€-212 million) and extraordinary expenses. The 1Q17 ratio excludes the release of provisions completed in the fourth quarter of 2016 (€+433 million), the result of the business combination with BPI (€+256 million) and extraordinary expenses. The coupon for the part of the AT1 issue assigned to this business has also been deducted.

(3) Does not include branches outside Spain or representative offices.

The following highlights shaped the year-on-year performance of the banking business:

- **Gross income came to €1,926 million (+2.9%)**, driven by the increase in core income and in gains on financial assets and liabilities.

- **Net interest income gained 0.3% to reach €1,147 million**, supported by the reduced cost of retail deposits, an improving return on loans (impacted by the adoption of IFRS 9, among other factors) and cost savings on institutional financing. Lower return on the fixed income portfolio and income from funding other businesses.

The customer spread improved by 10 basis points to 2.29%.

- **Fee and commission income** totalled €551 million, up 1.5% year on year thanks to the healthy performance of commissions from investment funds, portfolios and SICAVs (+11.2%), pension plans (+22.5%) and insurance sales (+31.0%), in a context of lower bank fees (-9.3%) due to the drop in income from investment banking activity.
- **Gains/(losses) on financial assets and liabilities and others** were up 55.9% as opportunities arose to sell available-for-sale financial assets in the first quarter of 2018.
- **Income and expense under insurance or reinsurance contracts** gained 24.9% to reach €138 million in response to intensive sales activity.
- **Recurring administrative expenses, depreciation and amortisation** came to €1,001 million, up 1.7% on the first quarter of 2017. Both quarters included property tax on buildings for own use.

The cost-to-income ratio stripping out extraordinary expenses improved to 51.6% (versus 52.0% in the first quarter of 2017).

- **Allowances for insolvency risk** fell to €-160 million (down on the €-272 million reported in the first quarter of 2017 as a result of various one-off charges to provisions).
- **Other charges to provisions** amounted to €-45 million. In the first quarter of 2017, this heading included €-152 million in connection with early retirements.
- **Gains/(losses) on disposals of assets and others** includes, in the first quarter of 2017, the result of the business combination with BPI (€256 million) since it derived from a corporate transaction.

ROTE for the business, stripping out one-off impacts, was 12.0%.

The following aspects were largely behind the quarterly change:

- The fourth quarter of 2017 included various one-off impacts, such as the contribution paid to the **Deposit Guarantee Fund** (under Other operating income and expense), **legal provisions with conservative criteria** (under Other charges to provisions) and **write-downs on obsolete assets** (under Gains/(losses) on disposal of assets and others).
- **VidaCaixa's acquisition of BPI Vida e Pensões** was completed in the fourth quarter of 2017. The balance sheet at 31 December 2017 shows the results of this acquisition. The results of BPI Vida e Pensões are shown in this segment from the first quarter of 2018 onward.

The following table shows figures at 31 March 2018 for business activity, balance sheet and asset quality.

- **Customer funds were up 0.7% in the year** to reach €322,719 million.
- **Loans and advances to customers, gross, totalled €198,987 million (-0.5%)**, with a minor reduction in the performing loan portfolio (-0.3%).
- The **NPL ratio** fell to 5.3% (-20bp). The **coverage ratio** increased to 53% following the adoption of IFRS 9.

€ million	Mar 31, 2018	Dec 31, 2017	Quarter-on-quarter %	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
BALANCE SHEET						
Assets	337,575	335,945	0.5	327,336	327,271	317,778
Liabilities	318,121	316,427	0.5	307,680	308,158	298,389
Assigned capital	19,637	19,540	0.5	19,586	18,966	18,831
LOANS AND ADVANCES TO CUSTOMERS						
Loans to individuals	115,390	115,973	(0.5)	116,698	118,891	117,639
Home purchases	82,436	83,089	(0.8)	84,137	84,954	85,688
Other	32,954	32,884	0.2	32,561	33,937	31,951
Loans to business¹	72,067	73,476	(1.9)	71,619	71,819	71,447
Corporates and SMEs	66,930	68,377	(2.1)	66,247	66,422	66,150
Real estate developers	5,137	5,099	0.7	5,372	5,397	5,297
Public sector	11,530	10,541	9.4	11,441	12,192	12,837
Loans and advances to customers, gross	198,987	199,990	(0.5)	199,758	202,902	201,923
Of which performing loans	188,110	188,691	(0.3)	187,970	191,045	190,059
Of which non-performing loans	10,877	11,299	(3.7)	11,788	11,857	11,864
Allowance for impairment losses	(5,738)	(5,274)	8.8	(5,645)	(5,646)	(5,648)
Loans and advances to customers, net	193,249	194,716	(0.8)	194,113	197,256	196,275
Contingent Liabilities	11,171	12,162	(8.1)	10,576	10,061	10,180
CUSTOMERS FUNDS						
Customer funds	176,598	175,850	0.4	179,319	180,664	171,591
Demand deposits	149,890	146,652	2.2	149,223	148,928	136,302
Term deposits	24,662	27,153	(9.2)	28,051	28,396	31,949
Subordinated retail liabilities	2,046	2,045	0.0	2,045	3,340	3,340
Insurance contract liabilities ¹	50,633	49,965	1.3	44,769	44,065	43,426
Reverse repurchase agreements and other	2,058	955		1,547	948	1,846
On-balance sheet funds	229,289	226,770	1.1	225,635	225,677	216,863
Mutual funds, managed accounts and SICAVs	61,619	60,850	1.3	60,324	59,454	58,891
Pension plans ¹	29,588	29,668	(0.3)	26,529	26,129	25,797
Assets under management	91,207	90,518	0.8	86,853	85,583	84,688
Other accounts	2,223	3,212	(30.8)	2,629	2,958	2,350
Total customer funds	322,719	320,500	0.7	315,117	314,218	303,901
ASSET QUALITY						
Non-performing loan ratio (%)	5.3%	5.5%	(0.2)	5.7%	5.7%	5.8%
Non-performing loan coverage ratio (%)	53%	47%	6.0	48%	48%	48%

(1) Figures for the fourth quarter of 2017 reflect the acquisition of BPI Vida e Pensões by VidaCaixa in December 2017 (€784 million in loans to companies, €2,748 million in pension plans and €4,124 million in liabilities under insurance contracts).

Insurance activity

The banking and insurance business embraces all activity carried out by the Group's various insurance firms, mainly VidaCaixa de Seguros y Reaseguros and, since late December 2017, BPI Vida e Pensões. Both companies offer a highly specialised range of life insurance, pensions and general insurance products, all of which are marketed to the Group's customer base.

The following table shows the income statement for the first quarter of the banking and insurance business, with the results of the insurance firms shown separately.

€ million	Banking & insurance business	of which	
		Insurance business	Year-on-year %
Net interest income	1,147	72	4.3
Dividend income and share of profit/(loss) of entities accounted for using the equity method	52	41	24.2
Net fee and commission income	551	(40)	21.2
Gains/(losses) on financial assets and liabilities and others	59	1	
Income and expense under insurance or reinsurance contracts	138	138	25.5
Other operating income and expense	(21)	2	(77.8)
Gross income	1,926	214	13.8
Recurring administrative expenses, depreciation and amortisation	(1,001)	(27)	(6.9)
Pre-impairment income	925	187	17.6
Allowance for insolvency risk	(160)		
Other charges to provisions	(45)		
Gains/(losses) on disposal of assets and others	(4)		
Profit/(loss) before tax	716	187	17.6
Income tax expense	(196)	(43)	19.4
Profit/(loss) after tax	520	144	17.1
Profit/(loss) attributable to minority interest and others			
Profit/(loss) attributable to the Group	520	144	17.1

Please note that net fees and commissions from insurance activity includes the impact of the fees the Group's insurance firms pay the Group's banks for marketing their products.

Non-core real estate business

Losses generated in the first quarter of 2018 fell to €-67 million (€-153 million in the first quarter of 2017 as a result of various extraordinary write-downs).

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %
Net interest income	(1)	(20)	(17)	(19)	(15)	(95.4)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	3	10	6	5	11	(71.2)
Net fee and commission income	(1)	1	(1)		1	
Gains/(losses) on financial assets and liabilities and others						
Income and expense under insurance or reinsurance contracts						
Other operating income and expense	(87)	(46)	(33)	(36)	(85)	1.2
Gross income	(86)	(55)	(45)	(50)	(88)	(3.4)
Recurring administrative expenses, depreciation and amortisation	(29)	(28)	(25)	(24)	(28)	3.6
Extraordinary expenses						
Pre-impairment income	(115)	(83)	(70)	(74)	(116)	(0.9)
Pre-impairment income stripping out extraordinary expenses	(115)	(83)	(70)	(74)	(116)	(0.9)
Allowance for insolvency risk	21	37	(2)	(18)	17	28.5
Other charges to provisions	(5)	2	(5)	(19)	(150)	(96.6)
Gains/(losses) on disposal of assets and others	2	(41)	6	16	25	(92.2)
Profit/(loss) before tax	(97)	(85)	(71)	(95)	(224)	(57.0)
Income tax expense	30	33	21	30	71	(57.5)
Profit/(loss) after tax	(67)	(52)	(50)	(65)	(153)	(56.6)
Profit/(loss) attributable to minority interest and others						
Profit/(loss) attributable to the Group	(67)	(52)	(50)	(65)	(153)	(56.6)

- **Net interest income** shows the financial income obtained from loans to non-core real estate developers, net of the cost of financing real estate assets. The improvement in net interest income in the first quarter of 2018 was largely down to the lower cost of financing the real estate business (most of which is carried out through BuildingCenter), as well as the increase in income from loans to non-core real estate developers.
- **Other operating income and expense** came to €-87 million and includes the recognition in the first quarter of each year of an estimation of the Spanish property tax that will likely accrue (estimated at €48 million for 2018).
- **Allowances for insolvency risk** shows the impact of recoveries, among other impacts.
- **Other charges to provisions** included, in the first quarter of 2017, €154 million in write-downs on the Sareb exposure.
- **Gains/(losses) on disposal of assets and others** includes the impact of:
 - **Positive proceeds from sales of real estate assets**, which totalled €40 million (€35 million in the first quarter of 2017).
 - **Other results on real estate activity** came to €-38 million and mainly shows allowances associated with asset valuations based on the Group's internal models (€-10 million in the first quarter of 2017).

In the fourth quarter of 2017, this heading included the impact of the process of updating parameters for measuring the value of real estate assets.

The non-core real estate business is down 3.5% in the year to date:

- **Loans and advances to customers, net** has fallen 13.7% in the year to date due to the ongoing active management of distressed assets.
- **The net portfolio of foreclosed real estate assets available for sale is down to €5,810 million** in the year (€-68 million in 2018).
- **Net foreclosed real estate assets held for rent** came to €3,030 million at the end of the period, with an occupancy ratio of 87%.

€ million	Mar 31, 2018	Dec 31, 2017	Quarter-on-quarter %	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
BALANCE SHEET						
Assets	11,122	11,530	(3.5)	12,103	12,323	12,654
Loans and advances to customers, net	996	1,154	(13.7)	1,423	1,491	1,814
Other assets	10,126	10,376	(2.4)	10,680	10,832	10,840
Foreclosed available for sale real estate assets	5,810	5,878	(1.2)	6,145	6,258	6,285
Real estate assets held for rent	3,030	3,030		3,054	3,086	3,088
Other assets	1,286	1,468	(12.4)	1,481	1,488	1,467
Liabilities	9,863	10,199	(3.3)	10,634	10,817	11,084
Customers deposits	107	87	23.0	117	120	110
Other liabilities	431	404	6.7	401	395	337
Intra-group financing	9,325	9,708	(3.9)	10,116	10,302	10,637
Assigned capital	1,259	1,331	(5.4)	1,469	1,506	1,570
ACTIVITY						
Loans and advances to customers, gross	1,592	1,750	(9.0)	2,105	2,199	2,683
Customers funds	112	94	19.1	124	127	115
On-balance sheet funds	107	87	23.0	117	120	110
Assets under management	5	7	(28.6)	7	7	5
ASSET QUALITY						
Non-performing loan ratio (%)	76.7%	76.2%	0.5	77.8%	76.0%	79.8%
Non-performing loan coverage ratio (%)	46%	42%	4.0	40%	40%	39%

Equity investment business

The business contributed total profit of €211 million to the Group in the first quarter of 2018.

- Dividend income included €104 million from Telefónica in the second quarter of 2017.
- The change in **Share of profit/(loss) of entities accounted for using the equity method** was down to the individual performances of the businesses concerned, plus the following one-off impacts:
 - Recognition in January 2017 of the attributable result deriving from BPI's sale of 2% of its stake in BFA (€-97 million), which was largely the result of valuation adjustments due to conversion differences on the income statement, when these had previously been reported in equity.
 - Earnings of €100 million from BFA recognised under the equity method in the first quarter of 2018 (of which €79 million relate to the one-off impact on profit and loss of the devaluation of Angola's currency, among others). Recognition of €-68 million in the fourth quarter of 2017 (which included extraordinary impacts of €-119 million), partly because of the need to reflect (in accordance with IAS 29) the estimated impact of Angola's inflationary economy on BFA's financial statements.
 - Net attributable profit from BFA was €72 million in the first quarter of 2018.
- Gains/(losses) on financial assets and liabilities and others** amounted to €60 million following the repricing of Viacer¹ as part of the sale process.

(1) The repricing on the sale price of the BPI stake in Viacer added €54 million to the net attributable profit/(loss).

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Year-on-year %
Net interest income	(40)	(41)	(41)	(43)	(43)	(7.3)
Dividend income				106		
Share of profit/(loss) of entities accounted for using the equity method	214	(4)	152	127	35	
Net fee and commission income						
Gains/(losses) on financial assets and liabilities and others	60	(24)	(2)	(18)		
Income and expense under insurance or reinsurance contracts						
Other operating income and expense						
Gross income	234	(69)	109	172	(8)	
Recurring administrative expenses, depreciation and amortisation	(1)	(1)	(1)	(1)	(1)	
Extraordinary expenses						
Pre-impairment income	233	(70)	108	171	(9)	
Pre-impairment income stripping out extraordinary expenses	233	(70)	108	171	(9)	
Allowance for insolvency risk						
Other charges to provisions		4				
Gains/(losses) on disposal of assets and others		5				
Profit/(loss) before tax	233	(61)	108	171	(9)	
Income tax expense	2	27	5	7	10	(83.8)
Profit/(loss) after tax	235	(34)	113	178	1	
Profit/(loss) attributable to minority interest and others	24	(10)	10	8	5	
Profit/(loss) attributable to the Group	211	(24)	103	170	(4)	
ROTE ²	30.2%	15.7%	31.0%	28.9%	27.0%	3.2

(2) ROTE for the last 12 months excludes, from the first quarter of 2017 through to the third quarter of 2017, the impact of the tax reform ushered in by Royal Decree-Law 3/2016 of 2 December.

€ million	Mar 31, 2018	Dec 31, 2017	Quarter-on-quarter %	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
BALANCE SHEET						
Assets						
Investments (available for sale and associated)	6,907	6,894	0.2	7,168	7,042	7,598
Liabilities						
Intra-group financing and other liabilities	5,406	5,306	1.9	5,473	5,357	5,824
Assigned capital³	1,423	1,499	(5.1)	1,610	1,609	1,698

(3) The capital assigned to BFA, BCI and Viacer is the amount required at sub-consolidated level for BPI for those interests.

Further details on BFA

€ million	1Q18	4Q17	3Q17	2Q17	1Q17
Share of profit/(loss) of entities accounted for using the equity method	100	(68)	64	58	(57)
Stripping out extraordinary impacts ¹	21	51	64	58	40
Extraordinary impacts ¹	79	(119)			(97)
Others	(6)				
Contribution by BFA before tax and minority interest	94	(68)	64	58	(57)
Attributable net contribution after tax and minority interest	72	(52)	49	44	(65)
Other impacts after tax on the equity of the Group²	(132)	80			83

(1) The first quarter of 2017 includes the attributable result deriving from BPI's sale of 2% of its stake in BFA (€-97 million), largely the result of valuation adjustments due to conversion differences, previously reported in equity.

The fourth quarter of 2017 includes, in accordance with IAS 29, an impact of €-76 million in the fourth quarter of 2017 after applying the accumulative inflationary effects of the Angolan economy during the year to BFA's financial statements.

In the first quarter of 2018, the inflation impact was considered part of the non-extraordinary results reported by BFA.

(2) The amount in the first quarter of 2017 derives from valuation adjustments due to conversion differences, transferred to P&L at the moment of the sale by BPI of the 2% stake in BFA.

The fourth quarter of 2017 includes among other effects, the impact of the inflationary effects of Angola's economy (€76 million, gross).

In the first quarter of 2018, the heading includes the impact of the devaluation of the Angolan currency, among other factors.

BPI

The BPI business contributed a total of €40 million to total profit (€45 million in the fourth quarter of 2017 and €22 million in the first quarter of 2017).

€ million	1Q18	4Q17	3Q17	2Q17	1Q17	Quarter-on-quarter %
INCOME STATEMENT						
Net interest income	97	109	104	100	69	(11.0)
Dividend income and share of profit/(loss) of entities accounted for using the equity method	2	(2)	5	8	3	
Net fee and commission income	75	82	77	74	43	(8.5)
Gains/(losses) on financial assets and liabilities and others	17	1	9	8	5	
Income and expense under insurance or reinsurance contracts						
Other operating income and expense	(3)	(1)	(1)	(17)	1	
Gross income	188	189	194	173	121	(0.5)
Recurring administrative expenses, depreciation and amortisation	(118)	(114)	(119)	(121)	(78)	3.5
Extraordinary expenses	(3)			(96)	(10)	
Pre-impairment income	67	75	75	(44)	33	(10.7)
Pre-impairment income stripping out extraordinary expenses	70	75	75	52	43	(6.7)
Allowance for insolvency risk		7	14	5	6	
Other charges to provisions		(1)		(1)	(1)	
Gains/(losses) on disposal of assets and others		(1)				
Profit/(loss) before tax	67	80	89	(40)	38	(16.3)
Income tax expense	(18)	(28)	(24)	17	(11)	(35.7)
Profit/(loss) after tax	49	52	65	(23)	27	(5.8)
Profit/(loss) attributable to minority interest and others	9	7	9	(4)	5	28.6
Profit/(loss) attributable to the Group	40	45	56	(19)	22	(11.1)
INCOME STATEMENT BREAKDOWN						
NET INTEREST INCOME						
Customer spread (%)	1.83	1.84	1.77	1.85	1.88	(0.01)
FEE AND COMMISSION INCOME						
Banking services, securities and other fees	43	48	47	44	29	(8.5)
Mutual funds, managed accounts and SICAVs	16	15	13	11	6	5.2
Pension plans		2	2	2	1	
Sale of insurance products	16	17	15	17	7	(5.2)
Net fee and commission income	75	82	77	74	43	(8.5)
ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTISATION						
Personnel expenses	(63)	(66)	(68)	(67)	(44)	(4.5)
General expenses	(47)	(38)	(42)	(44)	(27)	23.7
Depreciation and amortisation	(8)	(10)	(9)	(10)	(7)	(20.0)
Recurring administrative expenses, depreciation and amortisation	(118)	(114)	(119)	(121)	(78)	3.5
Extraordinary expenses	(3)			(96)	(10)	
OTHER INDICATORS						
ROTE ⁽¹⁾	9.5%	9.8%	10.3%	9.1%	9.0%	(0.3)
Cost-to-income ratio stripping out extraordinary expenses	63.4%	63.8%	65.2%	67.7%	64.5%	(0.4)
Employees	4,897	4,931	5,178	5,406	5,463	(0.7)
Branches	503	505	508	528	535	(0.4)

(1) ROTE 12 months stripping out one-off impacts: excludes extraordinary expenses and net earnings of businesses the sale of which has been agreed with CaixaBank.

For a more meaningful picture of year-on-year earnings performance, please note that the figures reported in the first quarter of 2017 cannot be reliably compared with subsequent results because of the Bank's full integration in February 2017. BPI's earnings for January 2017 were reported at the CaixaBank Group using the equity method under the equity investments business.

- Compared with the previous quarter, **gross income remained stable (€188 million)**. Factors influencing the performance:
 - Lower **net interest income**, partly because of various one-off impacts in the fourth quarter of 2017 and the sale of BPI Vida e Pensões in December 2017 (its earnings have been reported in the banking and insurance business since then).

- **Fee and commission income** came to €75 million, down on the fourth quarter of 2017 following the recognition of non-recurring fees due to the placement of Portuguese treasury notes. Stripping out this effect, fee and commission income was flat in the period.

Turning to business activity and asset quality indicators, the period included the following highlights:

€ million	Mar 31, 2018	Dec 31, 2017	Quarter-on-quarter %	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
BALANCE SHEET						
Assets	28,816	28,817	(0.0)	32,505	32,048	32,237
Liabilities	26,386	26,571	(0.7)	30,333	29,977	30,191
Assigned capital	2,055	1,834	12.1	1,831	1,749	1,734
LOANS AND ADVANCES TO CUSTOMERS						
Loans to individuals	12,603	12,517	0.7	12,429	12,402	12,387
Home purchases	11,127	11,098	0.3	11,091	11,087	11,098
Other	1,476	1,419	4.0	1,338	1,315	1,289
Loans to business	8,637	8,237	4.9	9,310	9,406	9,467
Corporates and SMEs ¹	8,386	7,985	5.0	8,753	8,831	9,038
Real estate developers	251	252	(0.4)	557	575	429
Public sector	1,430	1,457	(1.9)	1,564	1,526	1,474
Loans and advances to customers, gross	22,670	22,211	2.1	23,303	23,334	23,328
Of which performing loans	21,620	21,095	2.5	22,053	22,009	21,934
Of which non-performing loans	1,050	1,116	(5.9)	1,250	1,325	1,394
Allowance for impairment losses	(965)	(962)	0.3	(1,018)	(1,066)	(1,100)
Loans and advances to customers, net	21,705	21,249	2.1	22,285	22,268	22,228
Contingent Liabilities	1,553	1,573	(1.3)	1,411	1,412	1,447
CUSTOMERS FUNDS						
Customer funds	20,591	20,674	(0.4)	20,127	20,054	20,020
Demand deposits	12,043	12,054	(0.1)	11,486	11,134	10,629
Term deposits	8,548	8,619	(0.8)	8,632	8,911	9,382
Subordinated retail liabilities		1	(100.0)	9	9	9
Insurance contract liabilities ¹				4,107	4,088	4,010
Reverse repurchase agreements and other	13	13		14	15	402
On-balance sheet funds	20,604	20,687	(0.4)	24,248	24,157	24,432
Mutual funds, managed accounts and SICAVs	5,959	6,026	(1.1)	5,939	6,286	5,738
Pension plans ¹				2,690	2,621	2,555
Assets under management¹	5,959	6,026	(1.1)	8,629	8,907	8,293
Other accounts	2,026	2,151	(5.8)	1,896	1,494	1,312
Total customer funds	28,589	28,864	(1.0)	34,773	34,558	34,037
ASSET QUALITY						
Non-performing loan ratio (%)	4.7%	5.1%	(0.4)	5.5%	5.8%	6.1%
Non-performing loan coverage ratio (%)	92%	87%	5	81%	80%	78%

(1) The figures reflect the acquisition of BPI Vida e Pensões by VidaCaixa in December 2017 (€784 million in loans to companies, €2,728 million in pension plans and €4,124 million in liabilities under insurance contracts).

- **Loans and advances to customers, gross amounted to €22,670 million**, up 2.1% in the quarter.
- Meanwhile, **customer funds amounted to €28,589 million**, down 1.0% on the previous quarter.
- BPI's **NPL ratio** fell to 4.7% in the quarter using the CaixaBank Group's NPL classification criteria.
- The **NPL coverage ratio** climbed to 92% (+5pp in the quarter) and includes provisions from CaixaBank stemming from the business combination process. The adoption of IFRS 9 at BPI has had no impact at the CaixaBank Group, because the assets of the Portuguese bank were integrated at fair value during the business combination.

The CaixaBank share and market

- The **CaixaBank share** closed trading on 31 March 2018 at **€3.872**, emerging **practically unscathed from what was a very volatile quarter (down 0.4% in the period)**, outperforming the average for Spanish financial institutions⁽¹⁾, which were down 4.4% on average in the same period.
- The trading volume⁽²⁾ of the CaixaBank share in euros was 24% down on the previous quarter and 22% down on the volume of shares traded in the first quarter of 2017. The number of shares traded was also down, falling 26% quarter on quarter and 33% year on year.
- The total shareholder return in 2017 was €0.15 per share (the final dividend of €0.08 per share was paid on 13 April 2018). The total return was paid in cash in its entirety and is equivalent to 53% of consolidated net profit, in line with the target envisaged in the 2015-2018 Strategic Plan.
- Under CaixaBank's current dividend policy, remuneration for 2018 will comprise two half-yearly dividends payable in cash and the Bank fully intends to pay out at least 50% of consolidated net profit.

(1) IBEX 35 Banks index.

(2) Trading volume excluding one-off transactions.

Shareholder returns over the last 12 months

Concept	€/share	Payment date
Cash dividend, interim 2017	0.07	Nov. 2, 2017
Cash dividend, final 2016	0.06	Apr. 13, 2017

Key performance indicators for the CaixaBank share

	Mar. 31, 2018
Market capitalization (€ M)	23,150
Number of outstanding shares ⁽³⁾	5,978,804
Share price (€/share)	
Share price at the beginning of the period (December 29, 2017)	3.889
Share price at closing of the period (March 30, 2018)	3.872
Maximum price ⁽⁴⁾	4.440
Minimum price ⁽⁴⁾	3.801
Trading volume in 2017 (number of shares, excluding non-recurring transactions, in thousands)	
Maximum daily trading volume	27,846
Minimum daily trading volume	6,003
Average daily trading volume	12,720
Stock market ratios	
Profit attributable to the Group (€ million) (12 months)	1,946
Average number of shares (12 months) ⁽³⁾	5,977,997
Net income attributable per Share (EPS) (€/share)	0.33
Net equity excluding minority interest (€ million)	24,190
Number of shares at March 31, 2018 ⁽³⁾	5,978,804
Book value per share (€/share)	4.05
Net equity excluding minority interest (tangible) (€ million)	19,962
Number of shares at March 31, 2018 ⁽³⁾	5,978,804
Tangible book value per share (€/share)	3.34
PER (Price / Profit)	11.89
TangibleP/BV (Market value/ tangible book value)	1.16
Dividend Yield⁽⁵⁾	3.87%

(3) Number of shares, in thousands, excluding treasury shares.

(4) Share price at close of trading.

(5) Calculated by dividing the yield for the last 12 months (€0.13/share) by the closing price at the end of the period (€3.889/share).

Appendices

Investment portfolio

Main investees, associates and available for sale, at 31 March 2018:

CaixaBank	%	Business segment
Telefónica	5.00%	Equity investments
Repsol	9.46%	Equity investments
Erste Group Bank	9.92%	Equity investments
SegurCaixa Adeslas	49.92%	Banking and insurance
Comercia Global Payments	49.00%	Banking and insurance
ServiHabitat Servicios Inmobiliarios	49.00%	Non-core real estate
Sareb	12.24%	Non-core real estate
BPI		
BFA ¹	48.10%	Equity investments
Banco Comercial e de Investimentos (BCI) ¹	35.67%	Equity investments

(1) The percentage of ownership attributed to CaixaBank at 31 March 2018 was 40.65% at BFA and 30.15% at BCI.

Information on financing for home purchases and loans to real estate developers by CaixaBank

Change in financing for home purchases

Financing for home purchases

€ million	Mar. 31, 2017	Jun. 30, 2017	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018
Without mortgage collateral	752	766	762	762	760
of which: non-performing	9	9	9	10	7
With mortgage collateral	84,936	84,188	83,375	82,327	81,676
of which: non-performing	3,493	3,491	3,523	3,465	3,454
Total	85,688	84,954	84,137	83,089	82,436

Loan-to-value breakdown²

€ million	Mar. 31, 2018					TOTAL
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	
Gross amount	21,201	31,263	21,959	4,285	2,967	81,676
of which: non-performing	224	508	739	682	1,300	3,454

(2) Loan to value calculated on the basis of latest appraisals according to the criteria set out in Circular 4/2016.

Loans to real estate developers

Changes in loans to real estate developers¹

€ million	Mar. 31, 2018	Weight %	Dec. 31, 2017	Weight %	Change
Without mortgage collateral	759	11.3	813	11.9	(54)
With mortgage collateral	5,944	88.7	6,016	88.1	(72)
Completed buildings	4,164	62.1	4,336	63.5	(172)
Homes	2,699	40.3	2,811	41.2	(112)
Other	1,465	21.9	1,525	22.3	(60)
Buildings under construction	1,092	16.3	931	13.6	161
Homes	983	14.7	840	12.3	143
Other	109	1.5	91	1.2	18
Land	688	10.3	749	11.0	(61)
Developed land	385	5.7	422	6.2	(37)
Other	303	4.5	326	4.7	(23)
Total	6,703	100.0	6,830	100.0	(127)

(1) According to Bank of Spain Circular 5/2011, financial institutions are required to disclose transparency information on loans for home purchases and loans to real estate developers in relation to their business activity in Spain.

NPLs and coverage for real estate development risk²

€ million	Mar. 31, 2018		Dec. 31, 2017	
	Non-performing	Coverage % ³	Non-performing	Coverage % ³
Without mortgage collateral	125	81	137	83
With mortgage collateral	1,288	47	1,344	40
Completed buildings	934	40	970	31
Homes	508	40	529	29
Other	426	40	441	34
Buildings under construction	64	52	43	45
Homes	55	55	33	51
Other	9	35	10	23
Land	290	66	331	64
Developed land	165	71	185	70
Other	125	59	146	55
Total	1,413	49	1,481	44

(2) The surplus value of mortgage collateral to the non-performing real estate developer portfolio at 31 March 2018 and 31 December 2017 amounted to €745 million and €602 million, respectively.

(3) Total impairment allowances for the real estate developer segment divided by non-performing loans for that segment.

Ratings

Agency	Long-Term ⁴	Short-Term	Outlook	Last review	Rating of covered bonds
S&P Global	BBB+	A-2	Stable	6 April 2018	AA-
Fitch	BBB	F2	Positive	6 February 2018	
Moody's	Baa2	P-2	Positive	17 April 2018	Aa1
DBRS	A	R-1 (low)	Stable	12 April 2018	AAA

(4) Relates to the rating assigned to the preferred senior debt of CaixaBank.

Glossary

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA Guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the company's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

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

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

Alternative Performance Measures used by the Group

1. Profitability and cost-to-income:

a) Customer spread

Explanation: difference between:

- average rate of return on loans (annualised income for the quarter from loans and advances divided by the net average balance of loans and advances for the quarter); and
- average rate for retail deposits (annualised quarterly cost of retail deposits divided by the average balance of those same retail deposits for the quarter, excluding subordinated liabilities).

Purpose: allows the Bank to track the spread between interest income and costs for customers.

	1Q17	2Q17	3Q17	4Q17	1Q18
Numerator Annualised quarterly income from loans and advances to customers	4,579	4,665	4,614	4,594	4,741
Denominator Net average balance of loans and advances to customers	205,544	211,249	210,440	209,451	207,592
(a) Average yield rate on loans (%)	2.23	2.21	2.19	2.19	2.28
Numerator Annualised quarterly cost of on-balance sheet customers funds	114	80	87	63	69
Denominator Average balance of on-balance sheet retail customers funds	179,976	188,969	195,983	187,178	190,216
(b) Average cost rate of retail deposits (%)	0.06	0.04	0.04	0.03	0.04
Customer spread (%) (a - b)	2.17	2.17	2.15	2.16	2.24

b) Balance sheet spread

Explanation: difference between:

- average rate of return on assets (annualised interest income for the quarter divided by total average assets for the quarter); and
- average cost of funds (annualised interest expenses for the quarter divided by total average funds for the quarter).

Purpose: allows the Bank to track the spread between interest income and cost for its on-balance sheet assets and liabilities.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Annualised quarterly interest income	6,939	6,903	6,935	7,106	6,915
Denominator	Average total assets for the quarter	359,264	368,639	376,073	387,300	377,143
(a)	Average return rate on assets (%)	1.93	1.87	1.84	1.83	1.83
Numerator	Annualised quarterly interest expenses	2,263	2,106	2,170	2,361	2,036
Denominator	Average total liabilities for the quarter	359,264	368,639	376,073	387,300	377,143
(b)	Average cost of fund rate (%)	0.63	0.57	0.57	0.61	0.54
	Balance sheet spread (%) (a - b)	1.30	1.30	1.27	1.22	1.29

c) ROE

Explanation: profit attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon after tax, reported in equity) divided by average shareholder equity for the last 12 months.

Purpose: allows for the monitoring of return on own funds.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Adjusted profit attributable to the Group 12M	1,177	1,246	1,551	1,658	1,946
Denominator	Average equity 12M	23,016	23,212	23,675	23,897	24,058
	ROE (%)	5.1%	5.4%	6.6%	6.9%	8.1%

d) ROTE

Explanation: quotient between:

- profit attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon after tax reported in equity); and
- 12-month average shareholder equity deducting intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet).

Purpose: metric used to measure the return on a company's tangible equity.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Adjusted profit attributable to the Group 12M	1,177	1,246	1,551	1,658	1,946
Denominator	Average equity excluding intangible assets 12M	18,843	19,098	19,508	19,679	19,805
	ROTE (%)	6.2%	6.5%	8.0%	8.4%	9.8%

e) ROA

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon after tax reported in equity) divided by average total assets for the last 12 months.

Purpose: measures the level of return relative to assets.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Adjusted net profit 12M	1,194	1,265	1,588	1,693	2,004
Denominator	Average total assets 12M	344,392	351,935	360,645	372,905	377,313
	ROA (%)	0.3%	0.4%	0.4%	0.5%	0.5%

f) RORWA

Explanation: net profit (adjusted by the amount of the Additional Tier 1 coupon after tax reported in equity) divided by average total risk-weighted assets for the last 12 months.

Purpose: measures the return based on risk weighted assets.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Adjusted net profit 12M	1,194	1,265	1,588	1,693	2,004
Denominator	Regulatory risk-weighted assets 12M	138,256	141,861	145,567	149,060	150,211
	RORWA (%)	0.9%	0.9%	1.1%	1.1%	1.3%

g) Cost-to-income ratio

Explanation: operating expenses (administrative expenses, depreciation and amortisation) divided by gross income for the last 12 months.

The Bank also uses a variant of this indicator that does not count extraordinary operating expenses in the numerator.

Purpose: metric widely used in the banking sector to compare the cost to income generated.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Administrative expenses + depreciation and amortisation 12M	4,214	4,436	4,450	4,577	4,628
Denominator	Gross income 12M	7,798	8,058	8,379	8,222	8,591
	Cost-to-income ratio	54.0%	55.1%	53.1%	55.7%	53.9%

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Administrative expenses + depreciation and amortisation stripping out extraordinary expenses	4,083	4,209	4,340	4,467	4,525
Denominator	Gross income 12M	7,798	8,058	8,379	8,222	8,591
	Cost-to-income ratio stripping out extraordinary expenses	52.4%	52.2%	51.8%	54.3%	52.7%

2. Risk management:

a) Cost of risk

Explanation: total allowances for insolvency risk (12 months) divided by average lending, gross, plus contingent liabilities, using management criteria.

Purpose: indicator used to monitor and track the cost of insolvency allowances on the loan book.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Total allowances for insolvency risk 12M	1,014	984	952	799	689
Denominator	Average of gross loans + contingent liabilities 12M	220,741	225,848	231,247	236,772	237,648
	Cost of risk (%)	0.46%	0.44%	0.41%	0.34%	0.29%

The ratio for 3Q17 and previous quarters excludes the release of €676 million in provisions carried out in the fourth quarter of 2016.

b) Non-performing loan ratio

Explanation: quotient between:

- non-performing loans and advances to customers and contingent liabilities, using management criteria.
- total gross loans to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor and track the change and quality of the loan portfolio.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Non-performing loans and advances to customers + contingent liabilities	16,135	15,492	15,286	14,305	13,695
Denominator	Total gross loans to customers + contingent liabilities	239,818	240,165	237,403	237,934	236,218
	Non-performing loan ratio (%)	6.7%	6.5%	6.4%	6.0%	5.8%

c) Coverage ratio

Explanation: quotient between:

- total credit loss provisions for loans to customers and contingent liabilities, using management criteria; and
- non-performing loans and advances to customers and contingent liabilities, using management criteria.

Purpose: indicator used to monitor NPL coverage via provisions.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Impairment allowances on loans to customers + contingent liabilities	7,985	7,732	7,630	7,135	7,597
Denominator	Non-performing loans and advances to customers + contingent liabilities	16,135	15,492	15,286	14,305	13,695
	Coverage ratio (%)	49%	50%	50%	50%	55%

d) Real estate available for sale coverage ratio

Explanation: quotient between:

- gross debt cancelled at the foreclosure or surrender of the real estate asset less the present net book value of the real estate asset; and
- gross debt cancelled at the foreclosure or surrender of the real estate asset.

Purpose: reflects the coverage level via write-downs and accounting provisions on foreclosed real estate assets available for sale.

		1Q17	2Q17	3Q17	4Q17	1Q18
(a)	Gross debt cancelled at the foreclosure	15,356	15,073	14,596	14,112	13,999
(b)	Net book value of the foreclosed asset	6,285	6,258	6,145	5,878	5,810
Numerator	Total coverage of the foreclosed asset (a - b)	9,071	8,815	8,451	8,234	8,189
Denominator	Gross debt cancelled at the foreclosure	15,356	15,073	14,596	14,112	13,999
	Real estate available for sale coverage ratio (%)	59%	58%	58%	58%	58%

e) Real estate available for sale coverage ratio with accounting provisions

Explanation: quotient between:

- accounting coverage: accounting provisions for foreclosed real estate assets; and
- book value of the foreclosed asset, gross: sum of net carrying amount and the accounting provision.

Purpose: indicator of accounting provisions covering foreclosed real estate assets available for sale.

		1Q17	2Q17	3Q17	4Q17	1Q18
Numerator	Accounting provisions of the foreclosed assets	6,196	6,088	5,930	5,811	5,780
(a)	Net book value of the foreclosed asset	6,285	6,258	6,145	5,878	5,810
(b)	Accounting provisions of the foreclosed assets	6,196	6,088	5,930	5,811	5,780
Denominator	Gross book value of the foreclosed asset (a + b)	12,481	12,346	12,075	11,689	11,590
	Real estate available for sale accounting coverage (%)	50%	49%	49%	50%	50%

3. Liquidity:

a) Total liquid assets

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

Purpose: shows the Bank's liquidity position.

	1Q17	2Q17	3Q17	4Q17	1Q18
(a) High Quality Liquid Assets (HQLAs)	36,769	50,197	53,466	53,610	54,026
(b) Available balance under the ECB facility (non- HQLAs)	18,487	15,397	18,115	19,165	19,190
Total liquid assets (a + b)	55,256	65,594	71,581	72,775	73,216

b) Loan-to-deposits

Explanation: quotient between:

- net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions); and
- customer deposits on the balance sheet.

Purpose: indicator of the retail funding structure (percentage of customer funds used to finance customer lending).

	1Q17	2Q17	3Q17	4Q17	1Q18
Numerator Loans and advances to customers, net (a-b-c)	216,070	216,643	213,625	211,769	210,789
(a) Loans and advances to customers, gross	227,934	228,435	225,166	223,951	223,249
(b) Allowance for impairment losses	7,617	7,420	7,345	6,832	7,299
(c) Brokered loans	4,247	4,372	4,196	5,350	5,161
Denominator On-balance sheet customers funds	191,721	200,838	199,563	196,611	197,296
Loan to Deposits (%)	112.7%	107.9%	107.0%	107.7%	106.8%

Other relevant indicators:

EPS (Earnings per share): profit attributable to the Group¹ for the last 12 months divided by the average number of shares outstanding.

The **average number of shares outstanding** is calculated as average shares issued less the average number of treasury shares.

Market capitalisation: share price multiplied by the number of issued shares minus the number of treasury shares held at the end of the period.

BVPS (Book value per share): equity less minority interests divided by the number of fully diluted shares outstanding at a specific date.

Fully-diluted outstanding shares equals shares issued (less treasury shares) plus the shares resulting from a theoretical redemption/conversion of the issued exchangeable debt instruments, at a specific date.

TBVPS (Tangible book value per share): quotient between:

- equity less minority interests and intangible assets; and
- the number of fully-diluted shares outstanding at a specific date.

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

P/BV: share price divided by book value.

P/TBV: share price divided by tangible book value.

Dividend yield: dividends paid (in shares or cash) in the last 12 months divided by the period-end share price.

MDA (Maximum Distributable Amount) Buffer: the capital threshold below which limitations exist on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments. It is defined as Pillar 1 + Pillar 2 capital requirements + capital buffers + possible AT1 and T2 deficits.

Available Distributable Items (ADIs): sum of profit and unrestricted reserves, net of dividends (based on the individual financial statements). Does not include the share premium.

OCI: Other Comprehensive Income.

(1) Figures adjusted to reflect the amount of the Additional Tier 1 coupon, after tax, reported in equity.

Adapting the layout of the public income statement to management format

Net fee and commission income. Includes the following line items:

- Fee and commission income.
- Fee and commission expense.

Gains/(losses) on financial assets and liabilities and others. Includes the following line items:

- Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.
- Gains/(losses) on financial assets and liabilities held for trading, net.
- Gains/(losses) from hedge accounting, net.
- Exchange differences (net).

Operating expenses. Includes the following line items:

- Administrative expenses.
- Depreciation and amortisation.

Pre-impairment income.

- (+) Gross income.
- (-) Operating expenses.

Allowance for insolvency risk and other provisions. Includes the following line items:

- Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.
- Provisions/(reversal) of provisions.

of which: Allowances for insolvency risk.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and receivables to customers, using management criteria.
- Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

of which: Other charges to provisions.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and receivables to customers, using management criteria.
- Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

Gains/(losses) on derecognition of assets and others. Includes the following line items:

- Impairment/(reversal) of impairment on investments in joint ventures or associates.
- Impairment/(reversal) of impairment on non-financial assets.
- Gains/(losses) on derecognition of non-financial assets and investments, net.
- Negative goodwill recognised in profit or loss.
- Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations, net.

Profit/(loss) attributable to minority interests and others. Includes the following line items:

- Profit/(loss) after tax from discontinued operations.
- Profit/(loss) for the period attributable to minority interests (non-controlling interests).

Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

March 2018	
€ million	
Loans and advances to customers at amortised cost (Public Balance Sheet)	214,291
Reverse repurchase agreements (public and private sector)	(740)
Allowance for impairment losses	7,299
Other, non-retail, financial assets	(317)
Loans and advances to customers at fair value through profit or loss (Public Balance Sheet)	599
Other, non-retail, financial assets	(351)
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	2,468
Loans and advances to customers, gross, using management criteria	223,249

Liabilities under insurance contracts

March 2018	
€ million	
Liabilities under insurance contracts (Public Balance Sheet)	61,419
Capital gains/(losses) on insurance assets available for sale	(10,786)
Liabilities under insurance contracts, using management criteria	50,633

Customer funds

March 2018	
€ million	
Financial liabilities at amortised cost - Customers deposits (Public Balance Sheet)	203,882
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customers deposits)	(7,089)
Multi-issuer covered bonds and subordinated deposits	(3,857)
Counterparties and other	(3,232)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	2,574
Retail issues and other	2,574
Liabilities under insurance contracts, using management criteria	50,633
Total on-balance sheet customer funds	250,000
Assets under management	97,171
Other accounts ¹	4,249
Total customer funds	351,420

(1) Includes, among others, transitional funds associated with transfers and collection activity, as well as other customer funds distributed by the CaixaBank Group.

Institutional issuances for banking liquidity purposes

March 2018	
€ million	
Financial liabilities at amortised cost - Customers deposits (Public Balance Sheet)	31,094
Institutional financing not considered for the purpose of managing bank liquidity	(4,685)
Securitized bonds	(2,178)
Value adjustments	(131)
Retail	(2,574)
Issues acquired by companies within the group and other	198
Customer deposits for the purpose of managing bank liquidity²	3,857
Deposits from credit institutions (Public Balance Sheet) - Mortgage covered bonds (BEI)	20
Institutional financing for the purpose of managing bank liquidity	30,286

(2) A total of €3,824 million in multi-issuer covered bonds (net of retained issues) and €33 million in subordinated deposits.

Reconciliation with the financial information released by BPI:

a) Income statement presented as per the Group's business vision

March 2018		Business	
€ million	Published by BPI	Attributable to Group	Equity Investments
Net interest income	102	95	(2)
Dividend income			
Share of profit/(loss) of entities accounted for using the equity method	109	108	2
Net fee and commission income	69	75	75
Gains/(losses) on financial assets and liabilities and others	67	77	17
Other operating income and expense	(1)	(3)	(3)
Gross income	346	352	188
Recurring administrative expenses, depreciation and amortisation	(111)	(118)	(118)
Extraordinary expenses	(3)	(3)	(3)
Pre-impairment income	232	231	67
Pre-impairment income stripping out extraordinary expenses	235	234	70
Allowance for insolvency risk	10		
Other charges to provisions			
Gains/(losses) on disposal of assets and others			
Profit/(loss) before tax	242	231	67
Income tax expense	(35)	(29)	(18)
Share of profit/(loss) of entities accounted for using the equity method	3		
Profit/(loss) after tax	210	202	49
Profit/(loss) attributable to minority interest and others		33	9
Profit/(loss) attributable to the Group	210	169	40

The difference between the earnings released by BPI and the earnings attributable to the Group is largely a result of consolidation and standardisation adjustments and the net change in the fair value adjustments generated from the business combination.

Meanwhile, the earnings attributable to the Group are presented in accordance with the contribution made to the BPI business and to the equity investments business, in the latter case as per the assignment to that business of BFA, BCI and Viacer.

b) Customer funds at BPI as per the Group's business vision

March 2018			
€ million	Published by BPI	Adjustments	BPI segment
Total customer funds	32,708	(4,119)	28,589

The difference between the funds reported by BPI and those reported by CaixaBank for the BPI business can largely be explained by the fact that the liabilities under insurance contracts and their fair value adjustments at 31 March 2018, as generated by the business combination, have been included in the banking and insurance business following the sale of BPI Vida to VidaCaixa de Seguros y Reaseguros.

c) Loans and advances to customers at BPI as per the Group's business vision

March 2018			
€ million	Published by BPI	Adjustments	BPI segment
Loans and advances to customers, net	22,085	(380)	21,705

The difference between loans and advances to customers, net, reported by BPI and those reported by CaixaBank for its BPI business is largely down to the associated fair value adjustments generated by the business combination at 31 March 2018.

Historical income statement figures by perimeter

This section provides additional information on earnings for the first quarter of 2018 under the two perimeters and in accordance with 2017 financial reporting criteria, i.e. BFA, BCI and Viacer falling within the BPI perimeter.

€ million	CABK				
	1Q18	4Q17	3Q17	2Q17	1Q17
Net interest income	1,108	1,088	1,099	1,098	1,084
Dividend income	5		5	107	8
Share of profit/(loss) of entities accounted for using the equity method	158	107	149	119	46
Net fee and commission income	550	550	538	590	545
Gains/(losses) on financial assets and liabilities and others	59	(6)	101	126	38
Income and expense under insurance or reinsurance contracts	138	118	121	123	110
Other operating income and expense	(108)	(248)	(60)	(9)	(95)
Gross income	1,910	1,609	1,953	2,154	1,736
Recurring administrative expenses, depreciation and amortisation	(1,031)	(1,010)	(1,008)	(1,004)	(1,013)
Extraordinary expenses		(1)	(3)		
Pre-impairment income	879	598	942	1,150	723
Pre-impairment income stripping out extraordinary expenses	879	599	945	1,150	723
Allowance for insolvency risk	(139)	(148)	(200)	(228)	(255)
Other charges to provisions	(50)	(111)	(37)	(392)	(369)
Gains/(losses) on disposal of assets and others	(2)	(116)	(1)	4	278
Profit/(loss) before tax	688	223	704	534	377
Income tax expense	(153)	(22)	(156)	(124)	(22)
Profit/(loss) after tax	535	201	548	410	355
Profit/(loss) attributable to minority interest and others		1	2	1	2
Profit/(loss) attributable to the Group	535	200	546	409	353

€ million	BPI				
	1Q18	4Q17	3Q17	2Q17	1Q17
Net interest income	95	108	102	98	69
Dividend income		1		6	
Share of profit/(loss) of entities accounted for using the equity method	108	(69)	71	64	39
Net fee and commission income	75	82	77	74	43
Gains/(losses) on financial assets and liabilities and others	77	1	9	8	5
Income and expense under insurance or reinsurance contracts					
Other operating income and expense	(3)	(1)	(1)	(17)	1
Gross income	352	122	258	233	157
Recurring administrative expenses, depreciation and amortisation	(118)	(114)	(119)	(121)	(78)
Extraordinary expenses	(3)			(96)	(10)
Pre-impairment income	231	8	139	16	69
Pre-impairment income stripping out extraordinary expenses	234	8	139	112	79
Allowance for insolvency risk		7	14	5	6
Other charges to provisions		(1)		(1)	(1)
Gains/(losses) on disposal of assets and others		(1)			
Profit/(loss) before tax	231	13	153	20	74
Income tax expense	(29)	(20)	(31)	11	(14)
Profit/(loss) after tax	202	(7)	122	31	60
Profit/(loss) attributable to minority interest and others	33	(3)	19	4	10
Profit/(loss) attributable to the Group	169	(4)	103	27	50

Activity indicators by region

This additional view of the Group's activities has been included to show loans and funds by the region in which they originated (i.e. loans and funds of BPI Vida are reported in Portugal and not in Spain, to which they would otherwise relate under the Group's corporate structure since BPI Vida has been a subsidiary of VidaCaixa de Seguros y Reaseguros, S.A. since December 2017).

March 31, 2018

€ million	Spain	Portugal	Group
LOANS AND ADVANCES TO CUSTOMERS			
Loans to individuals	115,390	12,603	127,993
Home purchases	82,436	11,127	93,563
Other	32,954	1,476	34,430
Loans to business	72,977	9,319	82,296
Corporates and SMEs	66,248	9,068	75,316
Real estate developers	6,729	251	6,980
Public sector	11,530	1,430	12,960
Loans and advances to customers, gross	199,897	23,352	223,249
CUSTOMERS FUNDS			
Customer funds	177,081	20,215	197,296
Demand deposits	150,261	11,759	162,020
Term deposits	24,774	8,456	33,230
Subordinated retail liabilities	2,046		2,046
Insurance contract liabilities	46,489	4,144	50,633
Reverse repurchase agreements and other	2,058	13	2,071
On-balance sheet funds	225,628	24,372	250,000
Mutual funds, managed accounts and SICAVs	61,839	5,743	67,582
Pension plans	26,778	2,811	29,589
Assets under management	88,617	8,554	97,171
Other accounts	2,223	2,026	4,249
Total customer funds	316,468	34,952	351,420

December 31, 2017

€ million	Spain	Portugal	Group
LOANS AND ADVANCES TO CUSTOMERS			
Loans to individuals	115,973	12,517	128,490
Home purchases	83,089	11,098	94,187
Other	32,884	1,419	34,303
Loans to business	74,442	9,021	83,463
Corporates and SMEs	67,593	8,769	76,362
Real estate developers	6,849	252	7,101
Public sector	10,541	1,457	11,998
Loans and advances to customers, gross	200,956	22,995	223,951
CUSTOMERS FUNDS			
Customer funds	176,468	20,143	196,611
Demand deposits	147,109	11,663	158,772
Term deposits	27,314	8,479	35,793
Subordinated retail liabilities	2,045	1	2,046
Insurance contract liabilities	45,841	4,124	49,965
Reverse repurchase agreements and other	955	13	968
On-balance sheet funds	223,264	24,280	247,544
Mutual funds, managed accounts and SICAVs	61,077	5,805	66,882
Pension plans	26,941	2,728	29,669
Assets under management	88,018	8,533	96,551
Other accounts	3,213	2,150	5,363
Total customer funds	314,495	34,963	349,458

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This report contains a number of the Alternative Performance Measures (APMs) set out in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) ("the ESMA Guidelines") so as to provide a clearer picture of the company's financial performance and situation. Please be advised that these APMs have not been audited. These measures constitute additional information and should be treated accordingly. In no event are they intended to replace the financial information drawn up in accordance with International Financial Reporting Standards (IFRS). Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. As such, they may not be comparable. Please consult the report for further details of the APMs used. The report also provides a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

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Analyst & Investor Relations

investors@caixabank.com

+34 93 411 75 03



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