

Significant Event

Further to the significant event published on April 4, 2013, it is hereby reported that, with regard the merger with Banco de Valencia, S.A. (“Banco de Valencia”), the Board of Directors of CaixaBank, S.A. (“CaixaBank”) has drawn up the Report by the Directors on the common Merger Project signed by CaixaBank (the company taking over) and Banco de Valencia (the company being taken over), a copy of which is attached hereto.

Barcelona, May 9, 2013

REPORT BY THE DIRECTORS
OF CAIXABANK, S.A.
ON THE COMMON MERGER PROJECT

BETWEEN

CAIXABANK, S.A.
(as the company taking over)

AND

BANCO DE VALENCIA, S.A.
(as the company being taken over)

Barcelona, 9 May 2013

**REPORT BY THE DIRECTORS OF CAIXABANK, S.A.
ON THE MERGER BY TAKEOVER OF
BANCO DE VALENCIA, S.A. (COMPANY BEING TAKEN OVER) BY
CAIXABANK, S.A. (COMPANY TAKING OVER)**

1. INTRODUCTION

The Boards of Directors of CaixaBank, S.A. (hereinafter referred to as "**CaixaBank**") and Banco de Valencia, S.A. (hereinafter referred to as "**Banco de Valencia**"), in their respective meetings of 4 April 2013, adopted the common project for merger by takeover (hereinafter referred to as the "**Merger**") of Banco de Valencia by CaixaBank (hereinafter referred to as the "**Merger Project**").

The Merger Project was drawn up and approved by the Boards of Directors of the aforementioned companies in accordance with the provisions of articles 30 and following of Law 3/2009 of 3 April on Structural Modifications to Trading Companies (hereinafter referred to as the "**Structural Modifications Act**"). In accordance with the provisions of article 32 of the Structural Modifications Act, the Merger Project was published on the websites of CaixaBank (www.caixabank.com) and Banco de Valencia (www.bancodevalencia.es) on 4 April 2013, as recorded in the announcements published in the Official Journal of the Companies Registry on 26 April, 29 April and 8 May 2013. Furthermore, two copies of the Merger Project were filed on 30 April 2013 with the Companies Registries of Barcelona and Valencia.

The members of the Board of Directors of CaixaBank have drawn up and, here and now, in accordance with the provisions of article 33 of the Structural Modifications Act, approve this directors' report on the Merger Project (hereinafter referred to as the "**Merger Report**"), in which they give a detailed explanation and justification of the legal and economic terms of the Merger Project, with particular reference to the share swap rate, the special valuation difficulties that may exist and the implications of the Merger for shareholders, creditors and workers.

2. JUSTIFICATION OF THE MERGER

As explained in the introductory section of the Merger Project, the Merger arises in the current context of concentration of the Spanish financial sector. Since 2008, the international financial crisis has had a far-reaching effect on the Spanish financial system and has led to a significant concentration of the various credit institutions either through the integration of the banking business of different savings banks, the integration of banks in other larger banks or, in more delicate situations, administrative intervention by the **FROB** (Planned Bank Restructuring Fund) in the entities whose viability was seriously compromised and the subsequent award after the corresponding tender.

This last group of cases include CaixaBank's acquisition of 98.9% of the share capital of Banco de Valencia from the FROB at the price of one euro. Said transaction was formalised on 28 February of this year.

The milestones prior to CaixaBank's acquisition of 98.9% of the share capital of Banco de Valencia, following its administrative intervention in November 2011, are known and have been reported from various public bodies: injection of capital by the FROB totalling €5500 million (1000 million in June 2012 and 4500 million in December of the same year), commitment to the European authorities to reduce personnel and branches as conditions for receiving said funds, transfer of real estate assets to the Real Estate Asset Management Company from the SAREB (Bank Restructuring process) and implementation of burden-sharing mechanisms by the FROB among ordinary shareholders and holders of subordinated securities.

The shareholders of Banco the Valencia have been heavily diluted by injections of capital from the FROB and their securities have absorbed part of the accumulated losses. This has substantially reduced their equity value to the current figure of 0.1% of the present share capital of Banco de Valencia. Holders of participating preference shares and subordinated debt have been subject to deductions of 90% and 85% of the face value of their securities, respectively, with mandatory subscription of shares or convertible bonds with the remaining amount. They currently hold 1% of the share capital of Banco de Valencia, excluding the convertible bonds.

It is also important to state here that finance via loans and credits supplied to Banco de Valencia by the FROB and the Bank of Spain for a total amount of

€2670 million has been repaid by Banco de Valencia using the finance loaned for an equivalent amount by CaixaBank. CaixaBank has also provided Banco de Valencia with financial support for its ordinary business.

Furthermore, at the present time, the reduction of bank margins and the high requirements that affect provisions have had a severe impact on the profitability of the bank business in general and on Banco de Valencia in particular.

Consequently, current market circumstances and the particular conditions of Banco de Valencia, even after the restructuring of said bank, make the suitability of its continuity as an independent bank questionable.

To deal with this situation appropriately, as seen in other recent cases of Spanish banks, the total integration of banks in the same group is an unavoidable way of reaching profitability levels that are acceptable for a banking business. This includes the particular circumstances of Banco de Valencia, which requires high wholesale finance that can only be provided by CaixaBank at the present time.

The legal and financial integration of Banco de Valencia's assets and liabilities in CaixaBank, as a standard effect of the merger, will allow the combined entity to produce synergies and economies of scale to achieve a level of profitability that is appropriate for the banking business.

The aforementioned integration must be compatible with the awareness that is due on the part of CaixaBank with regard to the territories and sectors in which Banco de Valencia has traditionally carried on its business.

Finally, as with all mergers, the financial interests of the shareholders of the companies involved must be protected by an appropriate swap ratio that respects all the interests that are at stake, as provided in section 6.3 of this Merger Report.

In this case, the aim has been for the solution offered to the shareholders of Banco de Valencia, different from CaixaBank and representing 1.1% of its share capital, to be fair, taking into account the current economic value of Banco de Valencia.

In the case of the shareholders of CaixaBank, the Merger will not involve any economic dilution since it will be addressed with the bank's own bought-back shares. Furthermore, the shareholders of Banco de Valencia, different from CaixaBank, will also have 0.2% of CaixaBank's capital after the merger.

3. LEGAL ISSUES AFFECTING THE MERGER BY TAKEOVER

3.1. Merger Structure: merger by takeover

The Merger will be carried out in accordance with current mercantile legislation, as provided in particular in the aforementioned STRUCTURAL Modifications Act and in the Companies Registry Regulations, as adopted by Royal Decree 1784/1996 of 19 July ("**Companies Registry Regulations**") and other applicable provisions.

In particular, the Merger will be carried out by the takeover of Banco de Valencia (company taken over) by CaixaBank (company taking over), with the extinction, by dissolution without liquidation, of the former and the transmission of all its assets in one block to CaixaBank, which will acquire, by universal succession, all the rights and obligations of Banco de Valencia. As a result of the Merger, the shareholders of Banco de Valencia, different from CaixaBank, will receive shares in CaixaBank as part of a swap transaction.

3.2. Merger Project

The Merger Project, prepared and approved by the respective Boards of Directors of the participating companies, contains the references required by article 31 of the Structural Modifications Act. Furthermore, the Merger Project includes other issues (different from those provided in law as requirements). Owing to their importance, the Boards of Directors responsible for drawing up the Merger Project have considered their inclusion appropriate.

The following is an analysis of the legal issues of the Merger Project.

3.2.1. Identification of the companies taking part in the Manager

In accordance with article 31.1 of the Structural Modifications Act, section 1 of the Merger Project identifies the companies taking part in the Merger by specifying their names, company types and the places of business of the company taken over (Banco de Valencia) and the company taking over (CaixaBank).

Said section also specifies the information corresponding to CaixaBank and Banco de Valencia in the Companies Registries of Barcelona and Valencia, respectively, and in the Banks and Bankers Registry of the Bank of Spain, together with their corresponding tax numbers and the figures that correspond to the share capitals of both companies.

3.2.2. Swap of shares

As provided in article 31.2 of the Structural Modifications Act, section 2 of the Merger Project describes the swap rate of the Merger, the method is to be used by CaixaBank to carry out the swap and, finally, the swap procedure.

A. Swap rate

The swap rate of the Merger between Banco de Valencia and CaixaBank, which has been determined according to the real (or reasonable) value of their respective equities, will be one (1) share in CaixaBank for every four hundred and seventy-nine (479) shares in Banco de Valencia, with no provisions for whatsoever additional compensation in money.

Section 6.3 of this Merger Report contains a detailed explanation of the swap rate, its financial analysis and justification.

B. Swap method

As specified in section 2.3 of the Merger Project, CaixaBank intends to carry out the swap of shares in Banco de Valencia using bought-

back shares and, therefore, CaixaBank's share capital will not be increased for the swap.

In whatsoever case, as provided in article 26 of the Structural Modifications Act, the shares of Banco de Valencia owned by CaixaBank will not be swapped. On today's date, said shares represent approximately 98.9% of its share capital. Furthermore, the bought-back shares held by Banco de Valencia will not be swapped. On today's date, said shares represent approximately 0.000027% of its share capital. All the shares will be amortised as a result of the Merger.

C. Swap Procedure

In accordance with article 31.2 of the Structural Modifications Act, section 2.4 of the Merger Project refers to the procedure for the swap of shares in Banco de Valencia for shares in CaixaBank as part of the Merger. Said swap procedure will be carried out in accordance with the following:

- a) After the Merger has been agreed by the General Shareholders Meeting of Banco de Valencia and the Board of Directors of CaixaBank; after the document referred to in article 41.1c) and concordant articles of Royal Decree 1310/2005 of 4 November has been submitted to the National Securities Market Commission and after the National Securities Market Commission has considered said document as equivalent to the prospectus required in accordance with said Royal Decree; after fulfilment of the condition precedent referred to in section 14 of the Merger Project; and after the merger has been filed with the Companies Registry of Barcelona, the shares in Banco de Valencia will be swapped for shares in CaixaBank.
- b) The swap of Banco de Valencia shares for CaixaBank shares will be completed through Iberclear's shareholders that are depositories of the former in accordance with the procedures in place for the system for recording book entries, in accordance with the provisions of Royal Decree 116/1992 of 14 February

and in application of the provisions of article 117 of the Capital Companies Act, where applicable.

- c) The shareholders of Banco de Valencia that hold a number of shares which, in accordance with the agreed swap ratio, does not allow them to receive a whole number of CaixaBank shares may acquire or transfer shares to swap them in accordance with said swap rate. Without prejudice thereto and as provided in the Merger, mechanisms will be put in place to enable the swap for said shareholders of Banco de Valencia, including the designation of an odd-lot broker so that said broker may acquire shares from the shareholders of Banco de Valencia that cannot take part in the aforementioned swap owing to the fact that they hold fewer than 479 shares. To the extent that the technical-stock market limitation preventing the shares of Banco de Valencia from trading below one cent of euro remains, the price of the odd lots shall be determined on the basis of the swap rate set forth in the Merger, taking as reference the arithmetic mean of the weighted average price of the shares of CaixaBank on the Stock Exchange Interconnection System (Continuous Market) during the last three trading sessions of such company on the Spanish stock exchanges prior to the date of the swap.
- d) As a result of the Merger, the shares in Banco de Valencia will be amortised.

3.2.3. Accessory benefits and effect on industry contributions

For the intents and purposes of article 31.3 of the Structural Modifications Act, section 3 of the Merger Project provides that Banco de Valencia has no accessory benefits or industry contributions and, therefore, the Merger will have no such effect and it is not fitting to award the shareholders of Banco de Valencia any compensation for said circumstance.

3.2.4. Special rights

In accordance with article 31.4 of the Structural Modifications Act, section 4 of the Merger Project provides that, except for the following paragraph,

Banco de Valencia has no special shares or holders of special rights or holders of securities other than the shares. Consequently, it is not fitting to award any special right or offer any type of option as a result of the Merger. In turn, it is specified that the shares in CaixaBank that are awarded to the shareholders of Banco de Valencia by virtue of the Merger provided in the Merger Project will not award the holders any special right.

The Merger Project provides the process that will apply, after the Merger, to the first issue of subordinated bonds that are necessarily convertible and/or swappable in shares in Banco de Valencia, for a face value of €450 each, agreed by resolution of the Governing Commission of the FROB on 11 February 2013 (the "**Convertible Bonds**"). Accordingly, CaixaBank will subrogate to and succeed Banco de Valencia as the issuer thereof in accordance with the terms and conditions of the aforementioned issue agreement; therefore, after the Merger becomes effective and has been registered, all references made to Banco de Valencia in the aforementioned agreement for the issue of Convertible Bonds must be understood as made to CaixaBank.

Consequently, in view of the fact that, after the Merger, the Convertible Bonds will be convertible or swappable for shares in CaixaBank's capital, the conversion price of the Convertible Bonds will be adapted according to the swap ratio provided in section 2 of the Merger Project and section 3.2.2 of this Merger Report. In other words, bearing in mind that the conversion price is identical to the face value of the Banco de Valencia share (€0.01) and that the Merger swap rate is 1/479, the holders of Convertible Bonds that have not accepted the offer to sell submitted on them by the Board of Directors of CaixaBank on 4 April 2013 will be entitled to receive, for each Convertible Bond of a face value of €450, 94 shares in CaixaBank.

3.2.5. Benefits attributed to the directors and independent experts

In accordance with article 31.5 of the Structural Modifications Act, section 5 of the Merger Project states that no type of benefit will be awarded to the directors of the entities taking part in the Merger or to the independent expert auditing the Merger.

3.2.6. Date after which the shares that are to be swapped will carry the right for their holders to take part in company profits

Section 6 of the Merger Project provides that the CaixaBank shares that are awarded as part of the swap will award holders the right to take part in CaixaBank's profits as from the date on which they are received and under the same terms and conditions as the other CaixaBank shares in circulation on said date.

3.2.7. Amendments to bylaws

In fulfilment of the requirement provided in article 31.8 of the Structural Modifications Act, section 8 of the Merger Project expressly records that CaixaBank, as the company taking over, will continue to be governed after the Merger by its Bylaws as they are effective on today's date and published on its corporate website at www.caixabank.com.

As provided and recorded in the Merger Project:

- (a) The share capital figure and the total number of CaixaBank shares (and, consequently, articles 5 and 6 of its Bylaws) have varied with regard to section 1.2(f) of the Merger Project as a result of the increases in capital carried out for the conversion of certain convertible subordinated bonds issued by the bank in previous years, more specifically:
 - (i) the increase in capital for the voluntary conversion of Necessarily Convertible Subordinated Bonds Series I/2011, issued in May 2011 by Criteria CaixaCorp, S.A. (today CaixaBank, S.A.), formalised by virtue of a deed of voluntary conversion of the Necessarily Convertible Subordinated Bonds Series I/2011, increase in capital, amendment of bylaws and amortisation of debentures, authorised on 5 April 2013 by the Notary Public of Barcelona, Mr Jaime Ruiz Cabrero, under number 909 of his official records, filed with the Companies Registry of Barcelona under volume 43422, folio 155, page B-41232, entry 378; and

- (ii) the second increase in capital for the necessary and total conversion of Necessarily Convertible Subordinated Bonds Series B/2012, issued by Banca Cívica, S.A. (today CaixaBank, S.A.), formalised by virtue of a deed of necessary and total conversion and swap of the Necessarily Convertible and/or Swappable Subordinated Bonds Series B/2012, increase in capital, amendment of bylaws and amortisation of debentures, authorised on 5 April 2013 by the Notary Public of Barcelona, Mr Jaime Ruiz Cabrero, under number 910 of his official records, filed with the Companies Registry of Barcelona under volume 43422, folio 159, page B-41232, entry 379.
- (b) The Bylaws of CaixaBank will also be amended as a result of the resolutions adopted by the Ordinary General Shareholders Meeting of CaixaBank of 25 April 2013, in relation to: (i) the adoption of several increases in capital on account of reserves; and (ii) the amendment of specific provisions in the bylaws (in particular, article 34 - "Directors' Remuneration" - and articles 5 and 6 on share capital and shares, in order to adapt them, where applicable, to the result of the aforementioned increases in capital).

3.2.8. Impact on employment, gender and corporate social responsibility

Section 11 of the Merger Project provides the possible consequences of the Merger on employment, together with its possible impact on gender in the bodies of administration and the effect, where applicable, on the company's social responsibility. Accordingly, the Merger Project complies with reference 11 of article 31 of the Structural Modifications Act.

Section 7 of this Merger Report analyses the implications of the Merger for shareholders, creditors and workers.

3.3. Other references to the Merger Project

Besides the minimum references required by Law, the Merger Project refers to and focuses on other issues whose inclusion the Boards of Directors of CaixaBank and Banco de Valencia considered relevant or appropriate for a greater understanding of this Merger transaction. The main issues and mentions are as follows:

3.3.1. Appointment of an independent expert

As provided in section 12 of the Merger Project, in accordance with article 34 of the Structural Modifications Act, the Boards of Directors of the participating companies opted to apply to the Companies Registry of Barcelona (with which the company taking over -CaixaBank- is filed) to appoint an independent expert to draw up a report on the Merger Project.

3.3.2. Taxation system

Section 13 of the Merger Project provides that the Merger is subject to the taxation system provided in Chapter VIII of Title VII of the rewritten text of the Corporate Tax Act, adopted by Royal Decree-Law 4/2004 of 5 March on the special system applicable to mergers, splits, contributions of assets and swaps of securities.

Accordingly, as provided in Corporate Tax Regulations, adopted by Royal Decree 1777/2004 of 30 July, CaixaBank will notify the competent bodies of the Tax Authorities of the exercise of the option for submitting the Merger to the special taxation system after it has been filed with the Companies Registry.

3.3.3. Condition precedent

As stated in section 14 of the Merger plan, the effectiveness of the merger is subject to the corresponding authorisation by the Ministry of the Economy and Competitiveness, in accordance with paragraph c) of article 45 of the Banking System Act of 31 December 1946 (tenor given by Law 44/2002 of 22 November).

Accordingly, the company submitted the corresponding application for authorisation to the Ministry of the Economy and Competitiveness (Directorate General of the Treasury and Financial Policy) on 8 April 2013.

4. DEVELOPMENT OF THE LEGAL PROCEDURE FOR MERGER BY TAKEOVER

In order to provide a greater understanding of the Merger process, the

following is an identification and brief explanation, in chronological order, of the main milestones of said process, with reference to the relevant provisions that govern their application, where necessary.

4.1. Approval and signing of the Merger Project

As a mandatory starting point for the merger process, the Structural Modifications Act provides for the preparation and subscription of a common merger project by the directors of the companies involved (articles 30 and following of the Structural Modifications Act).

As specified in the introduction of the Merger Report, the Merger Project for this transaction was drawn up and duly adopted and signed by the Boards of Directors of CaixaBank and Banco de Valencia in their meetings of 4 April 2013.

After signing the Merger Project, the directors must refrain from any act and from the conclusion of any agreement that may compromise the adoption of the resolution or substantially modify the swap ratio of the shares.

4.2. Independent expert's report on the Merger Project

In accordance with articles 34 of the Structural Modifications Act and 338 of the Companies Registry Regulations and concordant provisions, on 5 April 2013, CaixaBank and Banco de Valencia submitted a joint application to the Companies Registry of Barcelona for the appointment of a common independent expert to issue a report on the Merger Project.

Said appointment was made on 12 April 2013 and corresponded to KPMG Auditores, S.L., who accepted the appointment on 17 April 2013. On 9 May 2013, KPMG Auditores, S.L. has issued the official report on the Merger Project.

4.3. Directors' report on the Merger Project

In accordance with article 33 of the Structural Modifications Act, the directors of CaixaBank have drawn up this Merger Report, in which they

give details that explain and justify the Merger Project in legal and financial terms, making particular reference to the swap rate of the shares and the implications of the Merger for shareholders, creditors and workers.

For the corresponding intents and purposes, it is hereby recorded that, in accordance with article 33 of the Structural Modifications Act, the Board of Directors of Banco de Valencia has also drawn up and approved the official report by the directors on the Merger Project on today's date.

4.4. Announcement of the General Shareholders Meeting of Banco de Valencia

For the corresponding intents and purposes, it is hereby recorded that the Board of Directors of Banco de Valencia has today resolved to convene an Extraordinary General Shareholders Meeting to be held in Valencia on 12 June 2013 at first call or, should the necessary quorum not be reached, at second call on the next day, 13 June 2013.

The agenda of the General Shareholders Meeting of Banco de Valencia includes the following business:

1. Approval of the merger by takeover of Banco de Valencia, S.A. by CaixaBank, S.A., with the extinguishment of the company taken over and universal transfer of its equity in one block to the company taking over and, accordingly:
 - a) Approval of the Company's balance sheet closed at 31 December 2012 as the merger balance sheet.
 - b) Approval of the common merger project drawn up by the respective Boards of Directors of Banco de Valencia and CaixaBank, S.A. on 4 April 2013.
 - c) Approval of the merger by takeover of Banco de Valencia by CaixaBank, S.A. in accordance with the terms and conditions of the common merger project dated 4 April 2013.
 - d) Submission of the merger to the special taxation system provided in Chapter VIII of Title VII of the rewritten text of the Corporate Tax

Act, adopted by virtue of Royal Decree-Law 4/2004 of 5 March.

2. Authorisation and award of powers for the interpretation, correction, complementation, execution and development of the resolutions adopted by the Shareholders Meeting.

As specified in the Merger Project, with CaixaBank as the owner of shares in Banco de Valencia representing approximately 98.9% of its share capital, in accordance with article 51 of the Structural Modifications Act, the Merger is to be carried out without the need for submission to the General Shareholders Meeting of CaixaBank for approval, unless so required by shareholders representing at least one per cent of its share capital and in the term provided in law.

For said intent and purpose, in accordance with said article 51 of the Structural Modifications Act, together with the Merger Project, an announcement will be published on the corporate websites of CaixaBank and Banco de Valencia, sufficiently in advance of the date set for the General Shareholders Meeting of Banco de Valencia, as required in law, where said announcement will specify the following: (i) the right that corresponds to CaixaBank's shareholders and the companies' creditors to examine, at the place of business, the Merger documents listed in article 39.1 of the Structural Modifications Act, sections 1, 2, 3, 4 and 5; (ii) the right that corresponds to shareholders representing at least one per cent of the share capital to require a shareholders meeting of CaixaBank to approve the Merger; and (iii) the right that corresponds to the creditors of this company to oppose the Merger in the term of one month after publication of the project as provided in the Structural Modifications Act.

4.5. Merger agreements and publication of announcement

The Merger must be agreed and adopted by the General Shareholders Meeting of Banco de Valencia as convened for said intent and purpose in accordance with article 40 of the Structural Modifications Act. In whatsoever case, the effectiveness of the fusion is subject to the administrative authorisation specified in the foregoing section 3.3.3.

Where applicable, when the aforementioned merger agreement has been adopted, the text thereof will be published in the Official Journal of the

Companies Registry, in a popular daily newspaper in the province of Valencia and in another popular daily newspaper in the province of Barcelona, as required by article 43 of the Structural Modifications Act. Said announcements will contain the following: (a) the right awarded to shareholders and creditors to obtain the full text of the agreement that has been adopted and the Merger balance sheet; and (b) the creditors' right to oppose.

In accordance with article 44 of the Structural Modifications Act, with the publication of the last announcement, the official term of one (1) month will begin for the creditors of CaixaBank and Banco de Valencia to exercise their right to oppose the Merger, when their credits arose before the date on which the Merger Project was published on the corporate websites of both companies and insofar as said credits were not due at that time and until said credits are guaranteed. In accordance with article 44.2, paragraph two of the Structural Modifications Act, creditors whose credits have been already sufficiently guaranteed will not have said right to oppose.

4.6. Document equivalent to the prospectus

CaixaBank must provide the National Securities Market Commission with the document referred to in article 41.1(c) of Royal Decree 1310/2005 of 4 November, which partially implements Law 24/1988, governing the Securities Market in issues of admitting securities for trading on official secondary markets, public offers for sale or subscription and the prospectus required for these purposes.

The National Securities Market Commission must issue a resolution confirming that, within the framework of the Merger and in accordance with the aforementioned article 41.1(c) of Royal Decree 1310/2005, the documents submitted by CaixaBank are equivalent to the prospectus required as provided in the aforementioned Royal Decree.

4.7. Ministerial Order authorising the Merger

Further to section 3.3.3 of this Merger Report, following a report issued by the Bank of Spain, the Ministry of the Economy and Competitiveness will issue the corresponding Ministerial Order to authorise, where applica-

ble, the Merger in accordance with article 45(c) of the Bank Regulation Act of 1946 (according to the tenor given by Law 44/2002).

4.8. Award and registration of the deed of Merger

After the Merger agreement has been adopted, the announcements have been published and the legal term of one month has passed since the date on which the last announcement of the agreement whereby the Merger is approved has been published and after the aforementioned conditions precedent have been met, Banco de Valencia and CaixaBank will sign and execute the public deed of Merger before a Notary Public in accordance with the provisions of articles 45 of the Structural Modifications Act and 227 of the Companies Registry Regulations.

The deed will be submitted for registration with the Companies Registry of Barcelona. In whatsoever case, prior to filing the deed of Merger with the Companies Registry of Barcelona, the deed must include the annotation made by the Companies Registrar of Valencia whereby he/she declares that there are no registry circumstances preventing the Merger from being registered (in accordance with article 231 of the Companies Registry Regulations).

4.9. The swap

After the deed of Merger has been filed with the Companies Registry of Barcelona, the Banco de Valencia shares will be swapped for CaixaBank shares under the terms and conditions provided in the Merger Project and in section 3.2.2 of this Merger Report.

5. INFORMATION ON THE MERGER

- 5.1.** In accordance with article 39 of the Structural Modifications Act, before publishing the announcement of the General Shareholders Meeting of Banco de Valencia, the following documents on the Merger will be published on the corporate websites of CaixaBank and Banco de Valencia, together with the option for downloading and printing them:

- (i) The Merger Project.

- (ii) The reports issued by the directors of CaixaBank and Banco de Valencia on the Merger Project.
- (iii) The report issued by KPMG Auditores, S.L. as an independent expert appointed by the Companies Registry of Barcelona on the justification of the merger swap rate, the methods applied by the directors for the determination thereof, the explanation of whether or not they are adequate, giving the values to which they lead and, where applicable, the special valuation difficulties, or for the intents and purposes of and in accordance with the terms and conditions provided in article 34 of the Structural Modifications Act.
- (iv) The individual and consolidated annual accounts, management reports and audit reports on Banco de Valencia for the years closed at 31 December 2010, 31 December 2011 and 31 December 2012, together with the individual and consolidated annual accounts, management reports and audit reports of CaixaBank for the years closed at 31 December 2010 (the company was called Criteria CaixaCorp, S.A. at that time), 31 December 2011 and 31 December 2012.
- (v) The merger balance sheet of each of the companies involved in the merger, verified by their accounts auditors.
- (vi) The current bylaws of Banco de Valencia incorporated in a public deed.
- (vii) The full text of the current bylaws of CaixaBank, as the company taking over.
- (viii) The identities of the directors of the companies involved in the merger and the date from which they hold their posts.

6. FINANCIAL ASPECTS OF THE MERGER PROJECT

6.1. Merger balance sheets and annual accounts

Section 9.1 of the Merger Project specifies that, for the intents and purposes of article 36.1 of the Structural Modifications Act, the balance sheets that were considered as the merger balance sheets were those

closed by CaixaBank and Banco de Valencia at 31 December 2012, corresponding to the annual accounts for the year 2012.

The aforementioned balance sheet of CaixaBank was drawn up by the Board of Directors of CaixaBank on 21 February 2013 and duly verified by its accounts auditor. It was adopted by the Ordinary General Shareholders Meeting of CaixaBank on 25 April 2013. The balance sheet of Banco de Valencia was drawn up by the company's Provisional Administrator on 4 February 2013 and duly verified by its accounts auditor. It was adopted by the Ordinary General Shareholders Meeting of Banco de Valencia on 14 March 2013.

In accordance with article 31.10 of the Structural Modifications Act, section 10 of the Merger Project recorded the fact that, in order to determine the terms and conditions of the Merger, consideration has been given to the annual accounts of CaixaBank and Banco de Valencia for the year closed at 31 December 2012.

6.2. Date of the book effects of the Merger

For the intents and purposes of article 31.7 of the Structural Modifications Act, section 7 of the Merger Project provides that the transactions carried out by Banco de Valencia will be considered as completed for book effects on the account of CaixaBank as from the date on which said transactions were entered into the consolidated balance sheet of CaixaBank (1 January 2013), in accordance with accounting legislation applicable to banks.

6.3. Swap rate

6.3.1 Introduction

In accordance with article 25 of the Structural Modifications Act, the swap rate must be determined in accordance with the real value of the respective equities of CaixaBank and Banco de Valencia. Accordingly, in merger the swap rate reflects an agreement reached by and between the merging companies when the Merger Project is signed, in accordance with the real value of each one.

Furthermore, one particularity of this Merger is that the swap has a fundamental effect on the shareholders of Banco de Valencia who have the right to the swap and who constitute only 1.015% of its share capital. Therefore, this excludes CaixaBank's shares and Banco de Valencia's bought-back shares, which are not included in the swap. The number of own shares to be given to the shareholders of Banco de Valencia by CaixaBank is relatively low and has no dilution effects for CaixaBank's shareholders.

After agreeing the swap rate, the board of directors of each entity taking part in the merger has to evaluate, independently, the reasonability for the entity and its shareholders of the agreed swap rate (requesting, if it considers it necessary, the opinions of financial experts), where it corresponds to the independent expert appointed by the Companies Registry to give an opinion, among other things, on whether or not the swap rate is justified for both the entities taking part in the merger.

As specified in section 2 of the Merger Project, the swap rate of the Merger, which has been determined according to the real (or reasonable) value of their respective equities, will be one (1) share in CaixaBank for every four hundred and seventy-nine (479) shares in Banco de Valencia, with no provisions for whatsoever additional compensation in money.

6.3.2 Valuation methods used to establish the swap rate

The valuation methods used to value the equity of Banco de Valencia and CaixaBank in order to set the swap rate have been different.

For CaixaBank, as a listed company with adequate liquidity and floating capital, the stock market share price has been used. Valuation referenced to share prices is the method that is usually considered as preferential for determining the real value in the case of listed securities. By way of example, article 504.2 of the Capital Companies Act, to determine the reasonable value of the shares that are to be issued in increases in capital with exclusion of the right to preferential subscription, presumes that it is the result of the stock market share price, unless justified otherwise.

For Banco de Valencia, despite the fact that it is also a listed company, the share price value was not recommendable for setting the valuation to

establish the swap rate owing to the extraordinary circumstances affecting the bank since its intervention in November 2011, which ended with the acquisition of 98.9% of its capital from the FROB by CaixaBank at the price of one euro after the corresponding tender.

The share price of Banco de Valencia has remained since 1 March last, due to the technical-stock market limitations, in a situation that prevents them from trading below one cent, its face value, as this is the minimum monetary unit. This circumstance results in an imbalance between the sale and the purchase orders, and in the stock market price not being an adequate reference with respect to the value of Banco de Valencia. Additionally, its face value is higher than its book value, since there are still accounting losses remaining in the company's balance sheet pending to be compensated against share capital.

Therefore, by discarding the share price of Banco de Valencia and as it is a merger between banks, the theoretical book value has been used as the most suitable valuation method after the share price. This method values the bank according to its equity as shown in the liabilities of the balance sheet.

6.3.3 Valuation of Banco de Valencia and CaixaBank for the Merger swap rate

The valuation of CaixaBank, according to the share price on 3 April 2013, the day prior to the date when the Merger Project was signed, stood at €11,898 million (2.650 per share -slightly below the average share price of the months prior to said date), with no premium or deduction applied to said value.

The theoretical book value of Banco de Valencia at 31 December 2012 was €2233 million (i.e., after deducting the €2235 million in book losses pending compensation on said date and net valuation adjustments for the amount of €12 million). This value was increased by €309 million corresponding to the positive equity effect, net of taxes, resulting from the processing of subordinated and hybrid instruments by the FROB on 11 February 2013. Accordingly, Banco de Valencia was valued at €2542 million (€0.00553 per share), without the application of premiums or deductions to said theoretical book value (in valuation terminology: the multiple applied to the book value is 1x).

Consequently, based on the valuation of CaixaBank (€11,898 million) and that of Banco de Valencia (€2542 million), according to the aforementioned methodologies, and taking into account the shares in circulation of each company, the Merger swap equation determines that CaixaBank has to award the shareholders of Banco de Valencia who have a right to the swap one of its own shares for every 479 shares in Banco de Valencia.

The shares issued by CaixaBank after the date of the Merger Project for the conversion of necessarily convertible debentures that are in circulation will not alter the previously established swap rate.

6.3.4 Verification methods

The Board of Directors has verified the valuations that have been applied and their methodologies as described in the foregoing sections with comparable cases and other valuation methods.

On average, Spanish entities are listed with a deduction applied to their book value of 36% (multiple of 0.64x) and the average for European banks is 50% (multiple of 0.50x). According to these figures, if the average book value deduction of Spanish banks had been applied to Banco de Valencia, the swap rate would have been 749 shares of Banco de Valencia for 1 share of CaixaBank and 959 shares of Banco de Valencia for 1 share of CaixaBank if the European bank average had been applied. Accordingly, it is important to take into account that the CaixaBank share price used for the swap rate (€2.65 per share) implies a deduction of 48% from its book value at 31 December 2012 (multiple of 0.52x of the book value), which totalled €22,705 million (€5.06 per share). In the hypothetical case of the theoretical book value of CaixaBank having been used without a deduction to determine the swap rate, it would have given a ratio of 1 share of CaixaBank for every 915 shares of Banco de Valencia.

In terms of transactions in Spain that can be compared with the Merger, the average is a deduction of 39% of the book value (multiple of 0.61x): last year's merger between CaixaBank and Banca Cívica resulted in a deduction from the book value of the latter totalling 64% (multiple of 0.36x) and, in the recent merger between Banco Santander, S.A. and Banco Español de Crédito, S.A., the reduction applied to the book value of

the latter was 52% (multiple of 0.48x). According to these figures, if the average deduction from the book value used in the recent mergers of Spanish banks had been applied to Banco de Valencia, the swap rate would have been 786 shares of Banco de Valencia for 1 share of Caixa-Bank.

CaixaBank drew up a valuation of Banco de Valencia using the dividend deduction method and taking into account the synergies of it belonging to the CaixaBank group. The deduction of dividends is the method based on the value of the dividends Banco de Valencia could share out in the future after covering the needs for capital each year and deducted from its current value. This method is highly technical but it is necessarily based on uncertain future facts and on important elements that are to a certain extent subjective (such as the deduction rate). According to this method, Banco de Valencia had a value of between €1800 and 2300 million.

6.3.5 Considerations on the value of CaixaBank and Banco de Valencia for the established swap rate

The valuation of €2542 million given to Banco de Valencia on the basis of its theoretical book value, without the application of a deduction, implies valuing Banco de Valencia with an implicit premium of around 40% in respect of the share prices of other Spanish and European banks or the values paid in recent transactions between banks.

It may be considered that this implicit premium reflects the value Banco de Valencia is expected to generate in CaixaBank after its legal business has been integrated operatively in it, beyond synergies that affect costs and other efficiencies estimated in the aforementioned dividend deduction model, which, as such, considered Banco de Valencia as a subsidiary of CaixaBank without integrating its legal business on an operative scale.

This implicit premium, which can be seen in the number of shares of CaixaBank that are given to the shareholders of Banco de Valencia according to the established swap rate, is estimated to be reasonable in the context of the Merger insofar as, in practice, only CaixaBank's bought-back shares will be given (therefore, with no dilution effects). Said shares will represent a maximum of 0.2% of its share capital and be given to shareholders of Banco de Valencia (many of whom are customers) who

have the right to the swap and constitute only 1.015% of its share capital, since CaixaBank has the remaining shares and after the bought-back shares of Banco de Valencia, which are not included in the share swap, have been deducted.

At the request of the Board of Directors of Banco de Valencia, Rothschild, S.A. issued a fairness opinion prior to the signing of the Merger Project addressed to the aforementioned Board of Directors and stating that the established swap rate is reasonable from a financial point of view for the shareholders of Banco de Valencia different from CaixaBank.

6.3.6 Conclusions

As a result of the foregoing, the Board of Directors considers that the agreed swap rate is sufficient and adequately justified and is reasonable for the shareholders of CaixaBank.

6.4. Book value of the assets and liabilities of Banco de Valencia that are to be transferred to CaixaBank

In compliance with article 31.9 of the Structural Modifications Act, section 9 of the Merger Project specifies that the assets and liabilities transferred to CaixaBank by Banco de Valencia will be booked in CaixaBank's accounts for the amount that would correspond thereto in the consolidated balance sheet of CaixaBank.

7. IMPLICATIONS OF THE MERGER FOR SHAREHOLDERS, CREDITORS AND WORKERS

7.1. Implications for shareholders

As a result of the Merger, the shareholders of Banco de Valencia different from CaixaBank will lose said status and will be incorporated as shareholders of CaixaBank. This will be carried out by awarding the shareholders of Banco de Valencia (different from CaixaBank) shares in CaixaBank in proportion to their respective stake in the share capital of Banco de Valencia in accordance with the established swap rate (see section 6.1 above). The swap will be carried out under the terms and conditions provided in section 3 above and, therefore, does not require

any special action by the shareholders of Banco de Valencia.

As from when the Merger becomes effective, Banco de Valencia will be extinguished and its equity will be integrated in CaixaBank and, as a result, the rules of corporate governance by which Banco de Valencia was governed will no longer be effective. The Company Bylaws that will govern CaixaBank (and which, therefore, will regulate the relations between the current shareholders of Banco de Valencia and those of CaixaBank and both with the latter company) will be as published on CaixaBank's website (www.caixabank.com), without prejudice to the provisions of section 3.2.7 of this Merger Report

Finally, it must be pointed out that the Merger implies the award to the shareholders of Banco de Valencia the rights and duties that correspond to them by law and by the Company Bylaws owing to their status as shareholders in equal conditions with the current shareholders of CaixaBank. In particular, the shareholders of Banco de Valencia will have the right to take part in CaixaBank's profits as from the date on which they become shareholders of CaixaBank under the same terms and conditions as the other holders of shares in CaixaBank in circulation on said date.

7.2. Implications for creditors

The Merger will involve the universal transfer to CaixaBank, in one single act, of all the assets, rights and obligations that make up Banco de Valencia's equity. All the legal relations of Banco de Valencia, which include those with its creditors, will remain effective even though the ownership will have been transferred to CaixaBank (except for those in which the change of owner gives rise to their extinction, which will no longer be effective). Consequently, CaixaBank will be the debtor of the obligations assumed by Banco de Valencia with its creditors.

With the publication of the announcement of the Merger agreement, the creditors of CaixaBank and Banco de Valencia whose credits meet the requirements provided in article 44 of the Structural Modifications Act may, in the term of one month, exercise their right to oppose in accordance with the terms and conditions provided in said article 44; all without prejudice to the right they may have in accordance with article 51 of the Structural Modifications Act, as specified in section 4.4 of this

Merger Report.

7.3. Implications for workers

Section 11 of the Merger Project provides the possible consequences of the Merger on employment, together with its possible impact on gender in the bodies of administration and the effect, where applicable, of the Merger on the social responsibility of CaixaBank. Accordingly, the Merger Project complies with the provisions of article 31.11 of the Structural Modifications Act.

7.3.1. Impact on employment

As provided in section 11 of the Merger Project, on 27 and 28 November 2012, the Bank of Spain and the European Commission, respectively, approved the Plan for the Resolution of Banco de Valencia within the framework of the tender for the restructuring of said bank issued by the FROB, whereby Banco de Valencia was awarded to CaixaBank.

In accordance with the Merger Project, (i) the economic and financial situation of Banco de Valencia, with heavy losses last year, and (ii) the difficult viability of said company's project on its own, both circumstances valued in the aforementioned Plan for the Resolution of Banco de Valencia, impose a mandatory reduction of capacity and an adjustment of employment that must correspond to the project for integrating Banco de Valencia into CaixaBank, which will give rise to necessary redundancies, especially in central services and in the expansion zone. Consequently, the employment of workers who form part of Banco de Valencia's staff has been and will be affected by the necessary adjustment that has been imposed and by the undertakings assumed by virtue of said Resolution Plan.

Based on said requirements and after the mandatory consultation period, on 5 February 2013, Banco de Valencia reached an agreement with the workers' representatives for the collective dismissal procedure that began in January 2013 and affects 795 workers.

Furthermore, prior to the commencement of the sale of Banco de Valencia, an agreement was reached with the workers' representatives for

the implementation of an initial redundancy plan that reduced staff by 360 workers. Furthermore, it is hereby recorded that, although the Merger is not expected to have direct consequences for employment at CaixaBank, said bank has recently reached an agreement with its workers' representatives to restructure staff through a redundancy plan that is expected to affect 2600 workers.

In whatsoever case, as specified in section 11 of the Merger Project, in accordance with article 44 of the rewritten text of the Workers' Statute Act, adopted by Royal Decree-Law 1/1995 of 24 March, which regulates the case of corporate succession, CaixaBank will subrogate to the labour obligations and rights of Banco de Valencia's workers who are associated with the economic units constituted by the equity that is being merged.

The integration of the staff of both banks will be carried out in accordance with legal procedures in each case and, in particular, with the rights to information and consultation that correspond to the workers' representatives. The Merger will also be notified to the necessary public bodies, especially to the General Treasury of the Social Security.

As a fact occurred after execution of the Merger Project, it is hereby expressly stated that, on 18 April 2013, the representatives of CaixaBank and Banco de Valencia entered into a Labour Agreement for the Integration of Banco de Valencia with the union representatives, whereby the labour conditions of the employees moving from Banco de Valencia to CaixaBank as a consequence of the merger were agreed, pursuant to article 44.9 of the Spanish Workers Statute, and thereby finalizing the consultation period commenced by the parties for such purposes with an agreement.

7.3.2. Impact of gender on the Board of Directors

As specified in the Merger Project, no changes or impact of gender on the composition of the board of directors of CaixaBank is expected as a result of the Merger.

7.3.3. Impact on CaixaBank's social responsibility

As for the effect of the Merger on CaixaBank's social responsibility, as specified in the Merger Project, the Merger is not expected to have any impact on CaixaBank's social responsibility policy.

And, based on the foregoing considerations and reiterating the content of the Merger Project, in fulfilment of article 33 of the Structural Modifications Act, this Merger Report has been approved by the Board of Directors of CaixaBank in its meeting of 9 May 2013.