



CaixaBank

**BUSINESS ACTIVITY
AND RESULTS**

JANUARY - JUNE

[2014]

Contents

3 Key figures

5 Key Group information

7 Trends in results and business activity

7	Macroeconomic trends
9	Results
21	Business activity
25	Risk management
31	Liquidity
32	Capital management
34	Segment reporting

37 The CaixaBank share

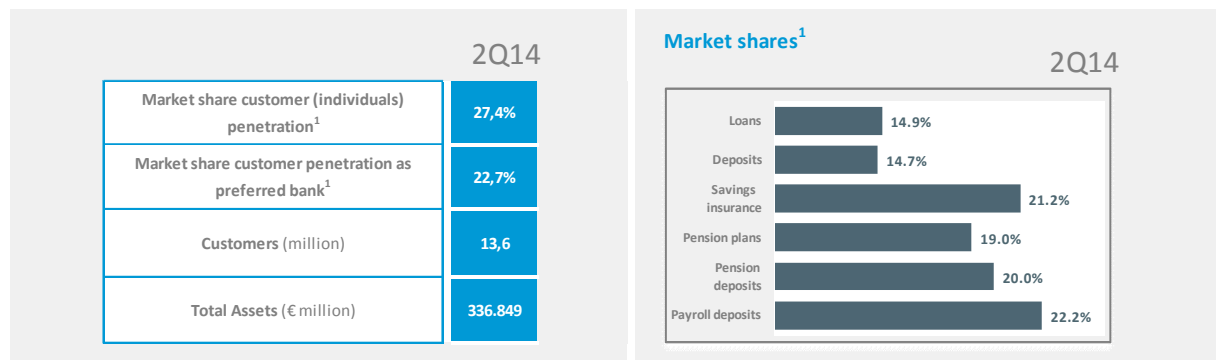
39 Significant events

40 Appendices

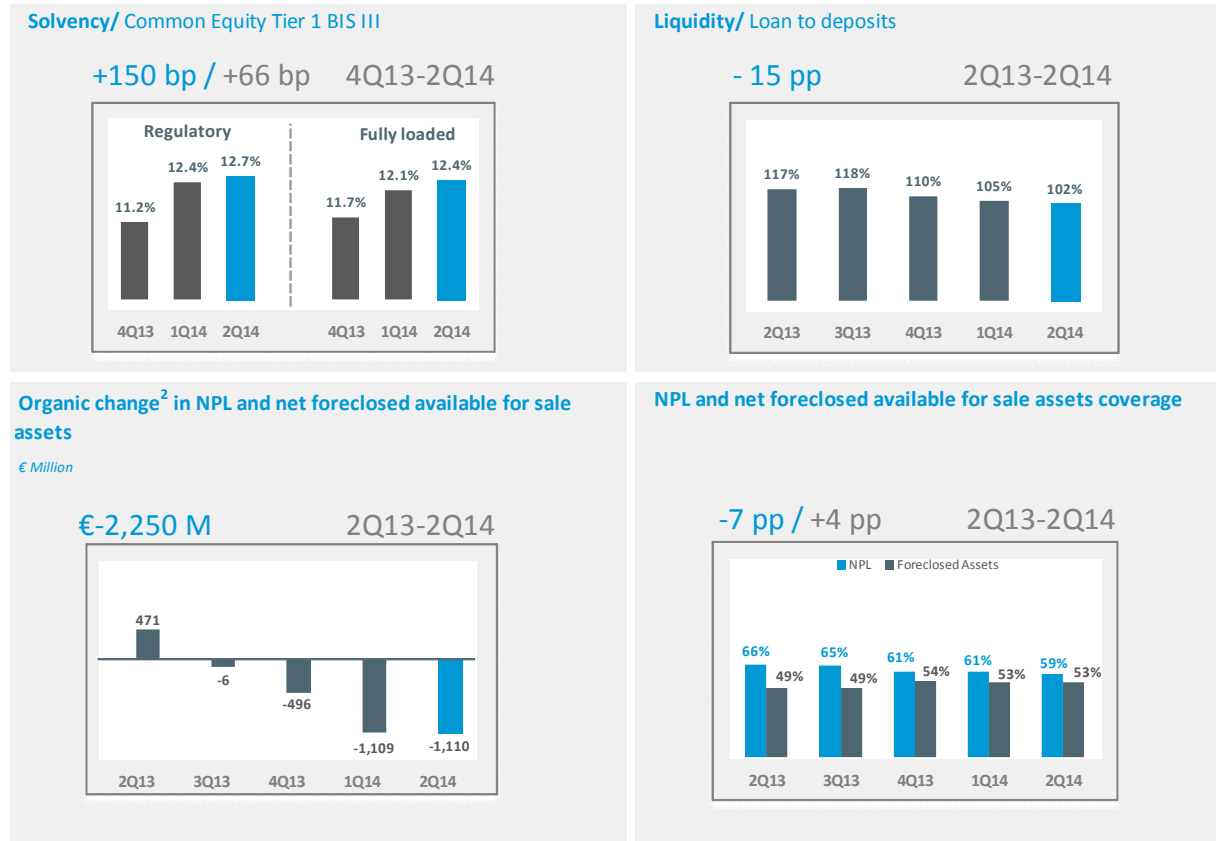
40	Investment portfolio
41	Banking investees and Ratings

Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statements and the consolidated balance sheets at the end of the first halves of 2014 and 2013, and the corresponding breakdowns of income statement and balance sheet items provided in this report, are presented in accordance with International Financial Reporting Standards (IFRS-EU), taking into account Bank of Spain Circular 4/2004 and subsequent modifications. Figures in millions are expressed either as “€ million” or “€ M”.

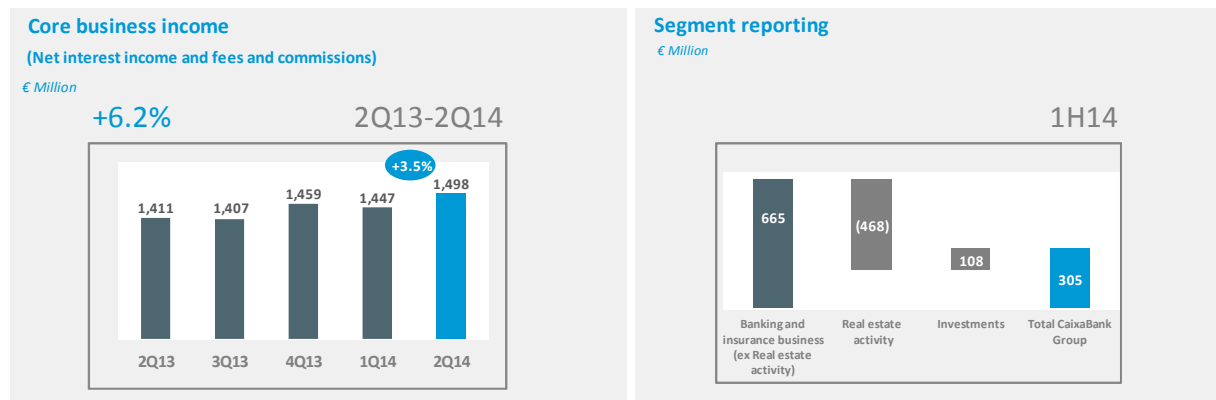
LEADERSHIP IN RETAIL BANKING



FINANCIAL STRENGTH



SUSTAINED INCOME GENERATION CAPACITY



(¹) Latest available information. Prepared in-house. Source: Bank of Spain, Social Security, INVERCO and ICEA. Lending and deposit market share corresponding to other resident sectors. Pension plans, include insured pension plans.

(²) Variation calculated stripping out impact of new classification criteria for refinanced transactions in June 2013.

Key figures

€ million	January - June		Change	2Q14	1Q14
	2014	2013			
INCOME STATEMENT					
Net interest income	2,015	1,959	2.9%	1,022	993
Gross income	3,603	3,629	(0.7%)	1,834	1,769
Pre-impairment income stripping out extraordinary costs	1,719	1,610	6.8%	890	829
Pre-impairment income	1,719	789	117.8%	890	829
Profit attributable to the Group	305	408	(25.3%)	153	152
BALANCE SHEET					
€ million					
Total assets	336,849	331,376	340,190	1.7%	(1.0%)
Equity	24,950	24,467	24,333	2.0%	2.5%
Total funds	309,337	309,233	303,604	0.0%	1.9%
<i>Retail funds</i>	270,209	264,620	259,244	2.1%	4.2%
<i>Wholesale funds</i>	39,128	44,613	44,360	(12.3%)	(11.8%)
Customer loans, gross	199,572	201,357	207,231	(0.9%)	(3.7%)
EFFICIENCY AND PROFITABILITY (last 12 months)					
Cost-to-income ratio (Total operating expenses/ gross income)	58.0%	58.9%	72.2%	(0.9)	(14.2)
Cost-to-income ratio stripping out extraordinary costs	57.7%	57.7%	59.5%	0.0	(1.8)
ROE (profit attributable to the Group/ average equity)	1.7%	1.4%	2.1%	0.3	(0.4)
ROA (net profit / average total assets)	0.1%	0.1%	0.1%	0.0	0.0
RORWA (net profit / Risk-weighted assets)	0.3%	0.3%	0.4%	0.0	(0.1)
ROTE (attributable profit / average tangible equity)	2.1%	1.7%	2.7%	0.4	(0.6)
RISK MANAGEMENT					
Non-performing loans	22,568	24,013	25,365	(1,445)	(2,797)
Non-performing loan (NPL) ratio	10.78%	11.36%	11.66%	(0.58)	(0.88)
Non-performing loan (NPL) ratio stripping out real estate developers	6.70%	6.80%	6.83%	(0.10)	(0.13)
Allowances for non-performing loans	13,303	14,668	15,478	(1,365)	(2,175)
NPL coverage ratio	59%	61%	61%	(2)	(2)
NPL coverage ratio including collateral	138%	140%	140%	(2)	(2)
NPL coverage ratio stripping out real estate developers	61%	64%	63%	(3)	(2)
Foreclosed available for sale real estate assets	6,747	6,412	6,169	335	578
Foreclosed available for sale real estate assets coverage ratio of which: <i>land coverage</i>	53%	53%	54%	(0)	(1)
	64%	64%	65%	(0)	(1)
LIQUIDITY					
Liquidity	63,478	65,003	60,762	(1,525)	2,716
Loan to deposits	101.8%	105.0%	109.9%	(3.2)	(8.1)
SOLVENCY - BIS III					
Common Equity Tier 1 (CET1)	12.7%	12.4%	11.2%	0.3	1.5
Tier Total	15.8%	15.5%	14.7%	0.3	1.1
Risk-Weighted Assets (RWA)	144,019	147,222	151,461	(3,203)	(7,442)
Surplus CET1	11,798	11,563	10,141	235	1,657
Surplus Tier Total	11,299	10,973	10,155	326	1,144
Leverage ratio	5.6%	5.7%	5.5%	(0.1)	0.1
Common Equity Tier 1 (CET1) fully loaded	12.4%	12.1%	11.7%	0.3	0.7
SHARE INFORMATION					
Share price (€/share)	4.507	4.670	3.788	(0.163)	0.719
Market capitalization	24,554	23,716	19,045	838	5,509
Number of shares outstanding ¹ (thousands) (Excluding treasury shares)	5,592,619	5,400,109	5,025,419	192,510	567,200
Book value per share - fully diluted (€/share)	4.46	4.41	4.43	0.05	0.03
Number of shares - fully diluted (thousands)	5,592,674	5,549,788	5,498,274	42,886	94,400
Net income attributable per share (EPS) (€/share) (12 months)	0.07	0.06	0.09	0.01	(0.02)
Average number of shares - fully diluted (thousands)	5,594,935	5,457,543	5,416,010	137,392	178,925
PER (Price/ Profit)	64.39	77.83	40.76	(13.44)	23.63
PBV (Market value/ book value)	1.01	1.06	0.86	(0.05)	0.16
BANKING BUSINESS AND RESOURCES (Units)					
Customers (millions)	13.6	13.6	13.6	0.0	0.0
CaixaBank Group Employees	31,574	31,682	31,948	(108)	(374)
Branches	5,695	5,716	5,730	(21)	(35)
ATMs	9,661	9,606	9,597	55	64

⁽¹⁾In March 2014 includes the 323,146,336 new shares issued to cover the conversion of Series I/2012 mandatorily convertible and/or exchangeable subordinated bonds. The shares began trading on the main market on April 14, 2014. In June 2014 includes the 149,484,999 new shares issued to cover the conversion of Series I/2011 mandatorily convertible subordinated bonds. The shares began trading on the main market on July 14, 2014.

Key Group information for the first half of 2014

COMMERCIAL ACTIVITY

Spanish retail banking leader CaixaBank offers a quality universal banking model which is personalized, innovative and specialized

- Its broad client base (13.6 million) and intense commercial activity underpin **strong market shares** in the **main products and services**.
 - **Market share customer penetration of 27.4%** among individual customers; for 22.7%, CaixaBank is their preferred bank¹.
 - Market share rose to 22.2% in payroll deposits and 20.0% in pension deposits¹.
 - Total lending market share stands at 14.9% and total deposits market share is 14.7%; market shares for insurance savings products and pension plans are 21.2% and 19.0% respectively¹.
- CaixaBank offers a **diversified range of specialized products and services to meet the needs of the various business segments**.

In 1H14, CaixaBank launched its **CaixaNegocio commercial strategy**, which seeks to attract and forge links with clients in this segment². A total of 140,972 new clients were secured during the period.

- In 2014, CaixaBank has been named “Best Retail Bank in Technology Innovation” for the second year running. Thanks to its **leadership in technology innovation**, the bank is sector leader in multi-channel management, with 5.3 million active **online banking** clients, 3.2 million active **mobile banking** clients and 13.3 million **total cards issued**, up 2.5% year on year.
- **CaixaBank assets totaled €336,849 million**.
- **Total funds** reached €309,337 million, up 5,733 million or 1.9% in 1H14.

Retail customer funds stood at €270,209 million, up €10,965 million or 4.2%. Demand deposits rose materially and off-balance sheet funds grew substantially by €3,091 million versus 2013.

- **Gross customer loans** stand at €199,572 million. The 3.7% drop registered in 1H14 was largely attributable to the 16.3% reduction in exposure to the real estate development sector and was also impacted by the broad-based deleveraging process,

which is showing signs of stabilizing. The reduction of the performing loan portfolio is a mere 2.6%

In 1H14, various agreements were signed to open credit lines for Spain’s production sector and a commercial strategy was implemented to promote consumer lending, evidence of CaixaBank’s steadfast commitment to backing its clients’ projects.

RESULTS

Attributable profit in 1H14 stood at €305 million

- Core income from the banking business saw a significant growth, with net interest income up 2.9% and fees and commissions up 4.5%. Costs were pared back, with a **6.8% increase in pre-impairment income** (stripping out extraordinary costs in 2013).
- 1H13 profit of €408 million included the impact of non-recurring items under various income statement headings.
- **The banking and insurance business profit, excluding the real estate activity, stood at €665 million** in 1H14.

Gross income stood at €3,603 million

- **Net interest income was €2,015 million, up 2.9% year on year**. Active management to drive down financing costs offset the impact of deleveraging.
- **Weaker results reported by investees** following the non-recurring impact of the contribution by Erste Group Bank.
- **Fees and commissions reached €930 million**. This reflected a year-on-year increase of 4.5%, driven mainly by increased income from off-balance sheet products.
- **Gains on financial assets and foreign exchange stood at €513 million** following management of balance sheet positions.

(¹) Latest information available. Prepared in-house. Source: Bank of Spain, Social Security, INVERCO and ICEA. Lending and deposit market share corresponding to other resident sectors. Pension plans, including insured pension plans. Penetration shares, source: FRS Inmark.
 (²) Businesses, self-employed, professionals, micro-enterprises and farming activity.

Pre-impairment income climbs 6.8% to €1,719 million

- **Recurring expenses were down 6.7%** year on year, thanks to substantial synergies and cost streamlining.
- In 2013, the groundwork was laid for a gradual recovery of efficiency and profitability: non-recurring operating expenses incurred through the Group restructuring process totaled €839 million in the year and €821 million in 1H13.

Reduction in cost of risk in 2014 and impact of non-recurring items in 1H13

- **Impairment losses on financial assets and others stood at €1,314 million, down 54.3% year on year.** In 1Q13 this included provisions of €902 million to fully comply with the requirements of Royal Decree Law 18/2012.
- In 1Q13, gains/(losses) on disposal of assets and others included the negative goodwill generated through the Banco de Valencia acquisition.

FINANCIAL STRENGTHS

LIQUIDITY

- **Liquidity was €63,478 million** as of June 30, 2014, all of which is immediately available (18.8% of total assets).
- Robust retail lending structure; **loan to deposit (LTD) ratio stands at 101.8%**

CAPITAL ADEQUACY

Common Equity Tier 1 (CET1): 12.7%

- High level of capital generation in 1H14, CET1 up 61 bp.
- The CET1 eligible equity surplus amounted to €11,798 million.

CET1 fully loaded: 12.4% (11.7% as of December 31, 2013)

RISK MANAGEMENT

NPLs fall for fourth consecutive quarter; NPL ratio down 88bp to 10.78%

- **NPLs down by €2,797 million in 1H following a €1,445 million drop in 2Q14.**
- **Significant decrease in new NPL inflows**, now 39.9% lower than the average of the previous half.
- **NPL ratio down for second consecutive quarter** to 10.78% with a total decrease of 88bp YTD, as a substantial 129bp drop in NPLs offsets the impact of deleveraging (+41bp).

Intense commercial activity: a key component in managing the foreclosed real estate portfolio

- The **net carrying amount of foreclosed real estate assets** available for sale stood at €6,747 million.
- **Properties rented or sold amounted to €1,213 million**, up 10% year on year.

Cautious risk coverage policy

- Loan-loss provisions totaled €13,303 million, **with a coverage ratio of 59%.**
- **The coverage ratio for foreclosed real estate assets stood at 53%.**

RATINGS

- The ratings assigned by Moody's (Baa3), Standard & Poor's (BBB-), Fitch (BBB) and DBRS (A low) make CaixaBank one of three Spanish banks rated investment grade by the four rating agencies.
- **In 2Q14, both Standard & Poor's and Fitch placed the company's rating on positive outlook.**

THE CAIXABANK SHARE

Positive performance in 2014 with gains of 19.0%

- On June 30, 2014, CaixaBank shares closed at **€4.507** (+19.0%), outperforming the Ibex 35 (+10.2%) and the Spanish financial sector average¹ (14.1%) over the same period.

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

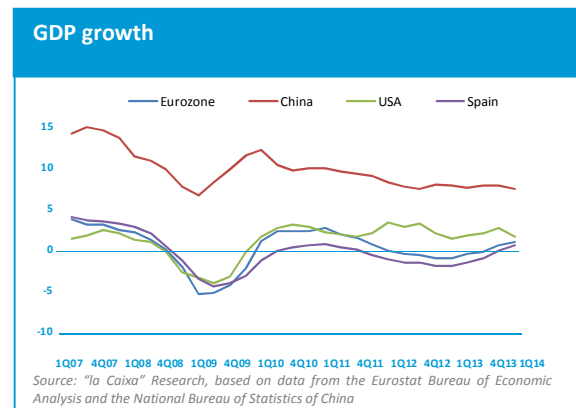
Trends in results and business activity

Macroeconomic trends

GLOBAL ECONOMIC CLIMATE AND MARKETS

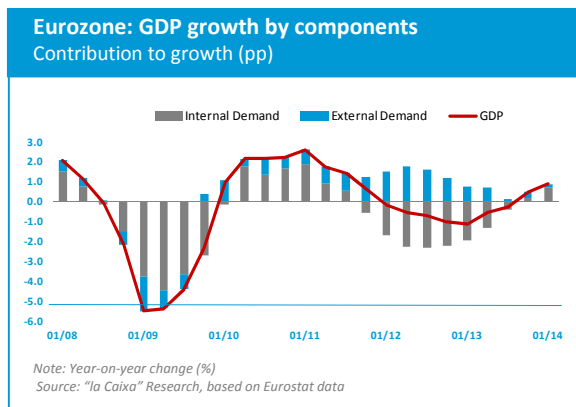
- Economic recovery now well-established
- Central banks maintain accommodative stance

At the halfway mark of 2014, the global economic climate is progressing as expected: after a weak first quarter, activity indicators have improved materially in 2Q and look set to go from strength to strength. Against the backdrop of an improving global economy, there is a certain degree of disparity between different countries and regions. China stands out among the emerging markets. After a shaky start to the year, the Chinese economy now appears to be picking up the pace, and the latest indicators point to an upturn in activity in the second quarter which is likely to continue. This improvement is partially thanks to the positive impact of the fiscal and monetary stimulus measures taken over recent months. As for the other major emerging economies, the general consensus is that the Asian countries are recovering, whilst the process has barely begun in Brazil and Turkey.



The US economy picked up in the second quarter after a sharp, unexpected dip in 1Q due mainly to temporary factors, including inclement weather conditions and a delay in the rollout of Obamacare. Recent economic indicators suggest the recovery is robust, thanks to resilient consumer spending and positive business sentiment. This upturn in activity is flanked by two more positive trends: solid 2Q labor market data, especially in terms of job creation, and prices which – for the moment – appear not to be coming under excessive upside pressure despite the higher-than-expected CPI. Should inflation deviate further, misgivings could arise over the slow monetary policy normalization strategy advocated by the Fed.

The situation in Europe is different; the economic recovery is progressing more slowly and there are major imbalances between countries. The most recent advanced activity and confidence indicators suggest that the rise in eurozone GDP could be slightly more pronounced in 2Q than in 1Q. However, there are still two causes for concern. First, the substantial differences in the speed of the economic recovery. Germany leads the group with increasingly solid, balanced growth, followed by some of the periphery countries where the economic recovery is now well-established, such as Spain, Ireland and perhaps Portugal. The figures for France and Italy, on the other hand, does not meet expectations. The second cause for concern is the unexpectedly moderate growth in prices despite the gradual improvement in domestic demand and normalization of the labor market. On the back of this situation, the ECB has acted to create a laxer monetary environment.

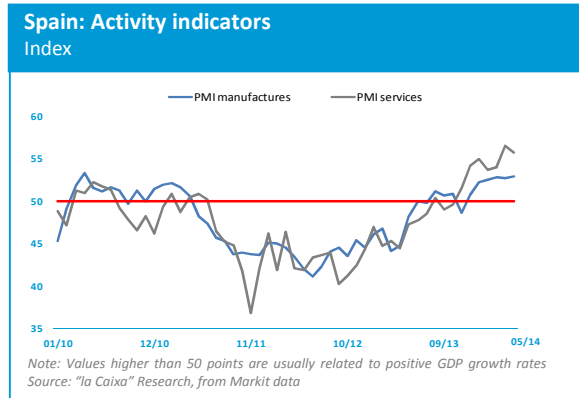


From an international perspective, the second quarter saw considerable fluctuations in the monetary policies of the main advanced economies. Both the Fed and the ECB have opted to maintain an accommodative stance, unlike the posture adopted recently by the Bank of England. The ECB in particular has implemented a broad, diverse package of monetary stimulus measures, including cuts to official interest rates and a further LTRO which targets lending to SMEs. These measures are aimed at relaxing monetary conditions, reactivating bank lending and mitigating the risk of deflation, in order to cement economic recovery in the eurozone. Across the pond, the Fed has chosen to maintain its strategy of slow monetary policy normalization, gradually tapering bond purchases and maintaining official interest rates well into 2015. The Bank of

England, on the other hand, has already hinted that a turning point in its monetary policy could be more imminent than the market expects.

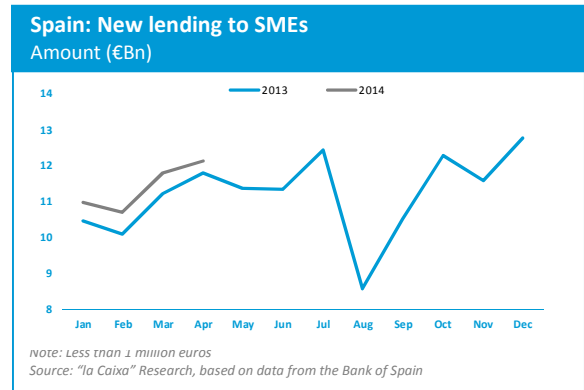
THE SPANISH ECONOMY

- Groundwork laid for more balanced, robust growth
- Positive growth outlook in Spain



In Spain, economic recovery picked up the pace in 1H14 on the back of domestic demand. The improvement in recent consumer spending, investment and employment indicators show that domestic demand continues to be the main driver behind the growing strength of the Spanish economy. This progress in domestic demand has led to a significant rise in imports, which has hampered the correction of the trade deficit. Exports are expected to recover stronger growth rates over the coming months thanks to the

robust performance of the tourism sector. In the face of this economic reactivation and that of tax revenues, the government presented a tax reform to ease the tax burden on companies and households and create a more transparent and efficient taxation system.



The Spanish banking sector is still operating in an adverse environment but this is gradually improving thanks to the consolidation of the economic recovery and the successful restructuring of the sector. Both of these factors have already had an influence on reactivating lending. This revived lending is expected to gain a foothold in the coming months, backed by greater confidence in the Spanish economy's growth prospects and in the solvency of its banking sector following the ECB's Asset Quality Review and stress tests. The LTRO to be carried out by the ECB, which would come with the condition of increasing lending to SMEs, will also underpin the aforementioned improvement in bank credit flows.

Results

Income statement

€ million	January - June		Change %
	2014	2013	
Financial income	4,350	4,769	(8.8)
Financial expenses	(2,335)	(2,810)	(16.9)
Net interest income	2,015	1,959	2.9
Dividends	102	99	3.2
Share of profit (loss) of entities accounted for using the equity method	122	341	(64.1)
Net fees and commissions	930	890	4.5
Gains on financial assets and exchange rate differences	513	441	16.2
Other operating income and expenses	(79)	(101)	(22.0)
Gross income	3,603	3,629	(0.7)
Recurring expenses	(1,884)	(2,019)	(6.7)
Extraordinary expenses		(821)	
Pre-impairment income	1,719	789	117.8
Pre-impairment income stripping out extraordinary costs	1,719	1,610	6.8
Impairment losses on financial assets and others	(1,314)	(2,876)	(54.3)
Gains/(losses) on disposal of assets and others	(102)	2,161	
Pre-tax income	303	74	311.3
Income tax	2	329	(99.5)
Profit for the period	305	403	(24.4)
Minority interest		(5)	
Profit attributable to the Group	305	408	(25.3)

Year-on-year performance

- Banking business maintains capacity for core income generation: net interest income grows 2.9% and fees and commissions increase by 4.5%
- Recurring expenses down 6.7%, reflecting synergies harnessed
- Pre-impairment income climbs 6.8%, stripping out non-recurring expenses from 2013
- Reduction in cost of risk and impact of non-recurring items in 2013

Net interest income stood at €2,015 million, up 2.9%, impacted by:

- A sharp drop in financial expenses:
 - Retail cost management, facilitating a cost reduction of 38bp over the past 12 months.
 - Decreased institutional issuances.
- Higher margins on new loans. The impact of mortgage portfolio repricing is no longer negative as of 2Q14.
- Reduction in income due to deleveraging of the loan portfolio.

- Solid 4.5% growth in fee and commission income to €930 million**, driven mainly by growth in mutual fund assets under management and an increase in life-risk insurance volumes.
- Contribution of investee earnings fell 49% to €224 million** following the non-recurring impact of the contribution by Erste Group Bank.
- The increase in **gains on financial assets and exchange rate differences to €513 million** is a reflection of the management of the Group's financial assets and liabilities.
- Other operating income and expenses** were impacted mainly by the rise in income from the insurance business and the larger contribution to the Deposit Guarantee Fund.
- Robust income levels – gross income stood at €3,603 million (-0.7%).**
- 6.7% drop in recurring expenses** thanks to efforts undertaken to optimize the Group's structure and harness synergies. **Total expenses** in 1H13 included €821 million in non-recurring expenses, largely from the CaixaBank employee restructuring agreement.
- Pre-impairment income grew by 6.8%** (excluding the impact of non-recurring expenses from 1H13) to **€1,719 million**.

- **Impairment losses on financial assets and others fell by 54.3%.** In 2013 this included recognition of the €902 million to fully comply with the provisioning requirements set out under Royal Decree Law 18/2012.
- **Gains (losses) on disposal of assets and others** includes results from asset sales as well as other write-downs. In 1Q13 it included the impact of the negative goodwill generated through the Banco de Valencia acquisition.
- With respect to **income tax**, virtually all income from investees has already been taxed within the investee company and is therefore net of taxes, as well as any deductions provided for in Spanish tax law, where applicable.
- The **attributable profit obtained by CaixaBank in 1H14 therefore stood at €305 million** (€408 million in 1H13).

Quarterly performance

- **Strong income generation: gross income up 3.7%, with net interest income growth of 2.9% and a 4.8% increase in fees and commissions**
- **Pre-impairment income up 7.4%**

Main trends 1Q14 to 2Q14:

- **Gross income of €1,834 million, up 3.7%.**
 - **Net interest income** was marked by the reduction in the cost of maturity deposits (down 20bp), reflected by the 18bp improvement in customer spread, which allowed the company to absorb the increasingly limited impact of loan portfolio deleveraging and return to a situation of positive quarter-on-quarter growth.
 - **Positive sustained growth in fee and commission income (+4.8%).**
 - **The trend in income from equity investments** was impacted by the seasonality of the recognition of attributed results. In 2Q14, the weaker result attributed to Erste Group Bank and the recognition of the Telefónica dividend were of particular importance.
 - **Gains on financial assets and foreign exchange** stood at €292 million.
- **Pre-impairment income up 7.4% to €890 million.**

Quarterly income statement

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Financial income	2,298	2,274	2,258	2,151	2,199
Financial expenses	(1,331)	(1,297)	(1,239)	(1,158)	(1,177)
Net interest income	967	977	1,019	993	1,022
Dividends	97	5	3	1	101
Share of profit (loss) of entities accounted for using the equity method	136	124	(126)	149	(27)
Net fees and commissions	444	430	440	454	476
Gains on financial assets and exchange rate differences	327	160	78	221	292
Other operating income and expenses	(38)	(49)	(58)	(49)	(30)
Gross income	1,933	1,647	1,356	1,769	1,834
Recurring expenses	(1,000)	(988)	(940)	(940)	(944)
Extraordinary expenses	(62)	(11)	(7)		
Pre-impairment income	871	648	409	829	890
<i>Pre-impairment income stripping out extraordinary costs</i>	<i>933</i>	<i>659</i>	<i>416</i>	<i>829</i>	<i>890</i>
Impairment losses on financial assets and others	(925)	(573)	(880)	(650)	(664)
Gains/(losses) on disposal of assets and others	(62)	(70)	(321)	(53)	(49)
Pre-tax income	(116)	5	(792)	126	177
Income tax	185	44	835	26	(24)
Profit for the period	69	49	43	152	153
Minority interest	(4)	(1)	(2)		
Profit attributable to the Group	73	50	45	152	153

Quarterly earnings metrics as a % of ATAs

Data expressed as % of ATAs (annualized)	2Q13	3Q13	4Q13	1Q14	2Q14
Financial income	2.63	2.63	2.63	2.63	2.67
Financial expenses	(1.52)	(1.50)	(1.44)	(1.42)	(1.43)
Net interest income	1.11	1.13	1.19	1.21	1.24
Dividends	0.11	0.01	0.00	0.00	0.12
Share of profit (loss) of entities accounted for using the equity method	0.16	0.14	(0.15)	0.18	(0.03)
Net fees and commissions	0.51	0.50	0.52	0.55	0.58
Gains on financial assets and exchange rate differences	0.37	0.19	0.09	0.27	0.35
Other operating income and expenses	(0.04)	(0.06)	(0.07)	(0.06)	(0.04)
Gross income	2.21	1.91	1.59	2.15	2.22
Recurring expenses	(1.14)	(1.15)	(1.10)	(1.14)	(1.14)
Extraordinary expenses	(0.07)	(0.01)	(0.01)		
Pre-impairment income	1.00	0.75	0.47	1.01	1.08
<i>Pre-impairment income stripping out extraordinary costs</i>	<i>1.07</i>	<i>0.76</i>	<i>0.48</i>	<i>1.01</i>	<i>1.08</i>
Impairment losses on financial assets and others	(1.06)	(0.67)	(1.03)	(0.79)	(0.80)
Gains/(losses) on disposal of assets and others	(0.07)	(0.08)	(0.38)	(0.06)	(0.06)
Pre-tax income	(0.13)	(0.00)	(0.93)	0.16	0.22
Income tax	0.21	0.05	0.98	0.03	(0.03)
Profit for the period	0.08	0.05	0.05	0.19	0.19
Minority interest	0.00	(0.00)	(0.00)	0.00	0.00
Profit attributable to the Group	0.08	0.05	0.04	0.19	0.19
<i>€ Million</i>					
Average total net assets	350,255	343,652	341,242	331,188	330,176

Gross income

Gross income climbs to €3,603 million.

NET INTEREST INCOME

- Net interest income grew to €2,015 million, up 2.9% year on year and quarter on quarter
- Cost of new production of maturity deposits down 0.77% in 2Q14 thanks to intense commercial management
- Material 18bp improvement in customer spread and 3bp increase in balance sheet spread
- Tapering of loan portfolio deleveraging

In a macro environment of very low interest rates, **net interest income stood at €2,015 million**, up +2.9% on 1Q14 and 1H14 alike. The trend in net interest income was impacted by the upwards shift in retail activity prices, which helped offset the increasingly limited impact of loan portfolio deleveraging.

The positive trend in the **customer spread** that began in the second half of 2013 continued, with an 18bp increase over the quarter to 2.01%, reflecting the active management of the return on retail activity.

- This improvement was mainly a result of the powerful drive to manage retail customer fund costs, which fell by 14bp over the quarter to 1.07%.

- The quarter was marked by intense commercial management of maturity deposits, with an **even greater improvement in the cost of new production in this quarter** (0.77% in 2Q14 versus 1.10% in 1Q14), **and a slight drop in volumes**. This has driven the cost of maturity deposits down by 20bp to 1.84%.
- 3.08% return on lending (up 4bp over the quarter) thanks to the end of **the negative impact of repricing of the mortgage portfolio** and to the fact that rates on new loans (front book) remain far higher than the average portfolio rate (back book).
- Tapering of loan portfolio deleveraging; reduction in 2Q of 1.9%, compared with the 3.7% drop in 1Q.

The improvement in customer spread was partially channeled to the **balance sheet spread**, which reached 1.24% (up 3bp quarter on quarter).

Active management of wholesale funding and the fixed income portfolio helped offset the impact on volumes derived from the deleveraging of the loan portfolio.

- The ratio of financial income as a percentage of average net total assets increased by 4bp over the quarter to 2.67%.
- The ratio of financing costs to average net total assets stands at 1.43%.

The combined impact of all of these factors is reflected by the **improvement in net interest income thanks mainly to increased financial income**.

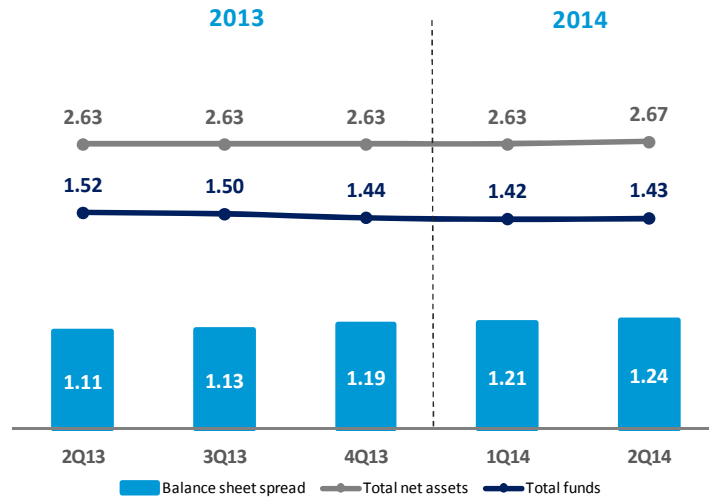
Quarterly cost and income

€ million	1Q14			2Q14		
	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial Institutions	8,615	6	0.27	6,835	6	0.37
Loans (a)	184,185	1,382	3.04	180,672	1,389	3.08
Securities portfolio	41,579	357	3.48	44,155	373	3.39
Other assets with returns ¹	35,631	404	4.60	36,477	428	4.70
Other assets	61,178	2		62,037	3	
Total average assets (b)	331,188	2,151	2.63	330,176	2,199	2.67
Financial Institutions	35,338	(75)	0.87	28,704	(72)	1.01
Retail customer funds (c)	164,176	(488)	1.21	168,659	(451)	1.07
<i>Demand deposits</i>	<i>76,854</i>	<i>(50)</i>	<i>0.26</i>	<i>82,300</i>	<i>(55)</i>	<i>0.27</i>
<i>Maturity deposits</i>	<i>87,322</i>	<i>(438)</i>	<i>2.04</i>	<i>86,359</i>	<i>(396)</i>	<i>1.84</i>
<i>Term deposits</i>	<i>81,881</i>	<i>(399)</i>	<i>1.98</i>	<i>81,091</i>	<i>(357)</i>	<i>1.76</i>
<i>Retail repurchase agreements and marketable debt securities</i>	<i>5,441</i>	<i>(39)</i>	<i>2.96</i>	<i>5,268</i>	<i>(39)</i>	<i>3.01</i>
Wholesale marketable debt securities & other	43,761	(235)	2.18	42,551	(234)	2.21
Subordinated liabilities	4,893	(37)	3.11	4,893	(39)	3.23
Other funds with cost ¹	36,302	(321)	3.59	39,156	(380)	3.89
Other funds	46,718	(2)		46,213	(1)	
Total average funds (d)	331,188	(1,158)	1.42	330,176	(1,177)	1.43
Net interest income	993			1,022		
Customer spread (%) (a-c)	1.83			2.01		
Balance sheet spread (%) (b-d)	1.21			1.24		

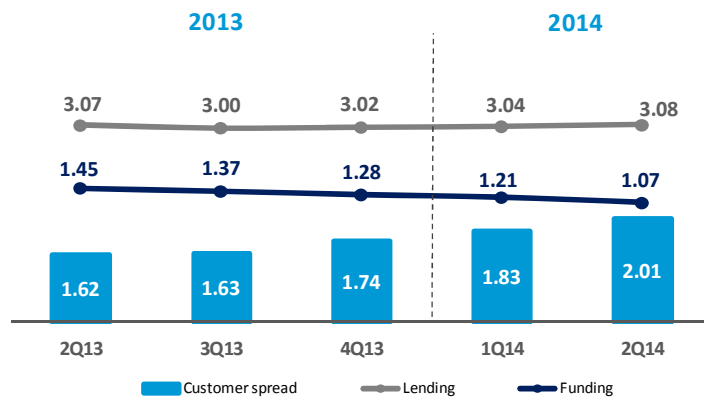
€ million	1Q13			2Q13			3Q13			4Q13		
	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial Institutions	14,348	12	0.34	8,018	7	0.36	7,498	8	0.42	9,465	7	0.29
Loans (a)	210,705	1,683	3.21	202,737	1,553	3.07	195,243	1,475	3.00	191,331	1,457	3.02
Securities portfolio	40,867	387	3.84	41,483	355	3.43	45,596	405	3.52	42,633	380	3.54
Other assets with returns ¹	29,640	385	5.27	33,282	381	4.60	32,664	383	4.65	34,464	411	4.73
Other assets	70,021	4		64,735	2		62,651	3		63,349	3	
Total average assets (b)	365,581	2,471	2.74	350,255	2,298	2.63	343,652	2,274	2.63	341,242	2,258	2.63
Financial Institutions	57,763	(134)	0.94	51,943	(120)	0.92	46,822	(108)	0.92	46,076	(106)	0.91
Retail customer funds (c)	158,189	(605)	1.55	158,369	(572)	1.45	161,006	(557)	1.37	162,448	(523)	1.28
<i>Demand deposits</i>	<i>68,639</i>	<i>(36)</i>	<i>0.21</i>	<i>70,777</i>	<i>(39)</i>	<i>0.22</i>	<i>72,949</i>	<i>(37)</i>	<i>0.20</i>	<i>75,156</i>	<i>(44)</i>	<i>0.23</i>
<i>Maturity deposits</i>	<i>89,550</i>	<i>(569)</i>	<i>2.58</i>	<i>87,592</i>	<i>(533)</i>	<i>2.44</i>	<i>88,057</i>	<i>(520)</i>	<i>2.35</i>	<i>87,293</i>	<i>(479)</i>	<i>2.18</i>
<i>Term deposits</i>	<i>80,367</i>	<i>(485)</i>	<i>2.45</i>	<i>80,355</i>	<i>(469)</i>	<i>2.34</i>	<i>82,356</i>	<i>(474)</i>	<i>2.28</i>	<i>81,386</i>	<i>(437)</i>	<i>2.13</i>
<i>Retail repurchase agreements and marketable debt securities</i>	<i>9,183</i>	<i>(84)</i>	<i>3.69</i>	<i>7,237</i>	<i>(64)</i>	<i>3.58</i>	<i>5,701</i>	<i>(46)</i>	<i>3.28</i>	<i>5,906</i>	<i>(42)</i>	<i>2.90</i>
Wholesale marketable debt securities & other	51,364	(324)	2.56	51,017	(259)	2.03	49,356	(272)	2.19	45,335	(248)	2.17
Subordinated liabilities	6,161	(82)	5.38	4,721	(55)	4.69	4,154	(43)	4.12	4,535	(35)	3.05
Other funds with cost ¹	33,407	(331)	4.02	33,598	(325)	3.88	32,809	(313)	3.79	33,819	(324)	3.81
Other funds	58,697	(3)		50,607			49,505	(4)		49,029	(3)	
Total average funds (d)	365,581	(1,479)	1.64	350,255	(1,331)	1.52	343,652	(1,297)	1.50	341,242	(1,239)	1.44
Net interest income	992			967			977			1,019		
Customer spread (%) (a-c)	1.66			1.62			1.63			1.74		
Balance sheet spread (%) (b-d)	1.10			1.11			1.13			1.19		

(¹) Includes assets and liabilities from insurance subsidiaries.

Balance sheet spread as a % of ATAs

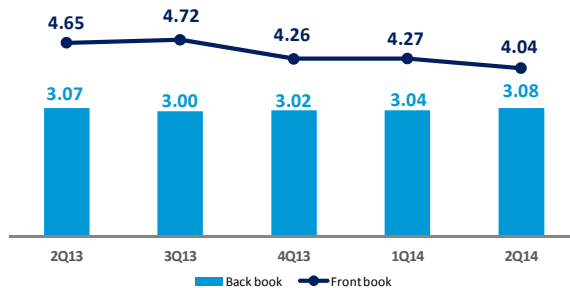


Customer spread (%)

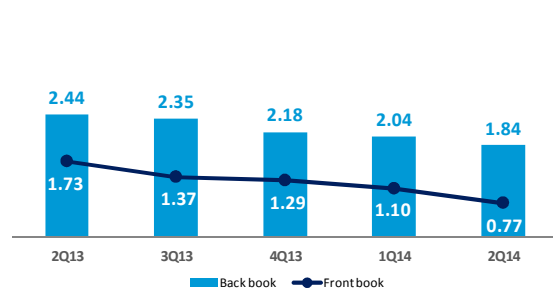


Note: Cost of demand deposits, term deposits, loans and repurchase agreements in connection with retail banking activity, does not include the cost of institutional issuances or subordinated liabilities

Loan rates (back versus front book)



Maturity deposit rates (back versus front book)



FEES AND COMMISSIONS

Continued growth in fee and commission income backed by a broad, diversified range of products and services, intense commercial activity and the company's unwavering commitment to innovation. The most relevant **year-on-year trends (+4.5%)** are as follows:

- **Banking services, securities and other fees** stood at €662 million. These include fees from transactions, including the impact of reduced activity in trade bills, cheques and orders, as well as risk activities, fund management, payment methods and securities.

- **Insurance and pension plan fees** registered a 30.1% growth thanks to successful commercial campaigns with targeted products for different client segments in 2014.
- **Mutual fund** fees grew 31.5% as a result of increased assets under management and the positive market performance.

The **4.8% quarter-on-quarter increase** reflects sustained growth in fees generated on off-balance sheet products (up 6.7%) and the increase in income from one-off securities transactions.

Fees and commissions

€ million	January - June		Change	
	2014	2013	absolute	%
Banking services, securities and other fees	662	685	(23)	(3.3)
Insurance and pension plans	160	123	37	30.1
Investment funds	108	82	26	31.5
Net fees and commissions	930	890	40	4.5

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Banking services, securities and other fees	336	319	320	325	337
Insurance and pension plans	65	66	71	78	82
Investment funds	43	45	49	51	57
Net fees and commissions	444	430	440	454	476

INCOME FROM EQUITY INVESTMENTS

Income from equity investments totaled **€224 million** in 1H14. The trend was impacted by the seasonality of investee results and dividend payouts. A dividend payout by Telefónica was recognized in 2Q 2014 and 2013.

Results from companies accounted for using the equity method include CaixaBank's share of profits of associates. The 64.1% year-on-year decline was attributable mainly to the non-recurring impact of the result attributable to Erste Group Bank.

On July 3, 2014, Erste Group Bank announced an increase in the cost of risk as a result of higher provisions in Hungary and Romania which will require the recognition of allowances and write-downs leading to a loss of between €1,400-1,600 million in 2014. CaixaBank has recognized a loss accordingly in 1H14 based on the estimated impact in relation to the position held.

Impact in 4Q13 on Repsol's contribution of the compensation agreement related to the nationalization of 51% of YPF.

Income from equity investments

€ million	January - June		Change	
	2014	2013	absolute	%
Dividends	102	99	3	3.2%
Share of profit (loss) of entities accounted for using the equity method	122	341	(219)	(64.1%)
Income from equity investments	224	440	(216)	(49.0%)

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Dividends	97	5	3	1	101
Share of profit (loss) of entities accounted for using the equity method	136	124	(126)	149	(27)
Income from equity investments	233	129	(123)	150	74

GAINS ON FINANCIAL ASSETS AND FOREIGN EXCHANGE

Gains on financial assets and foreign exchange stood at €513 million.

Market opportunities have allowed for capital gains derived mainly from the available-for-sale financial assets and the hedging of issuances. 1Q14 includes the capital gains from the sale of the company's entire stake in Bolsas y Mercados Españoles (€47 million).

OTHER OPERATING INCOME AND EXPENSES

- Uninterrupted growth in **income from the insurance business** (up 21.3% year on year and 7.6% quarter on quarter) with an increase in life-risk insurance sales.

- Year-on-year increase (stable in the 1Q) in the **contribution to the Deposit Guarantee Fund** stemming mainly from the recognition in the second half of 2014 of the amount accrued on one seventh of the second tranche of the extraordinary contribution of 3 per thousand of the calculation base (guaranteed deposits before deductions as at December 31, 2012).

The amount payable for 2013 was recognized in the fourth quarter results.

- Other operating income and expenses** includes, among other items, rental income and expenses incurred through the management of the foreclosed real estate portfolio as well as operating income and expenses from non real estate subsidiaries.

Other operating income and expenses

€ million	January - June		Change	
	2014	2013	absolute	%
Income and expenses from insurance activity	66	54	12	21.3
Contribution to the Deposit Guarantee Fund	(166)	(143)	(23)	15.6
Other income and operating expenses	21	(12)	33	
Other operating income and expenses	(79)	(101)	22	(22.0)

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Income and expenses from insurance activity	36	25	20	32	34
Contribution to the Deposit Guarantee Fund	(71)	(72)	(88)	(83)	(83)
Other income and operating expenses	(3)	(2)	10	2	19
Other operating income and expenses	(38)	(49)	(58)	(49)	(30)

Pre-impairment income and expenses

- Pre-impairment income climbs 6.8% year on year, and 7.4% quarter on quarter
- 6.7% reduction in recurring costs
- Improving efficiency is a strategic priority

Pre-impairment income reached **€1,719 million**, up 6.8% year on year excluding non-recurring expenses registered in 1H13. Key drivers of this increase:

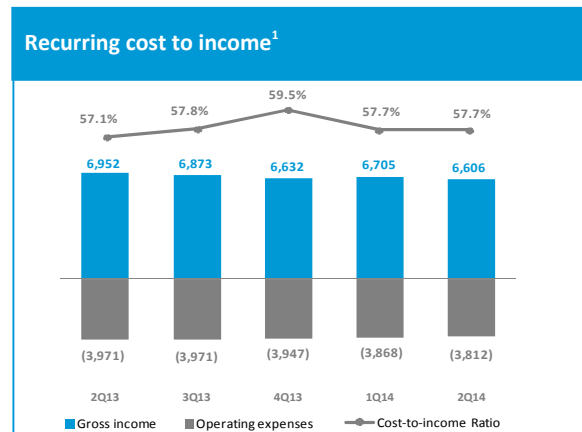
- Strong **income generation capacity** – gross income totaled €3,603 million with continued growth in core income from the banking business. Net interest income grew 2.9% and fees and commissions increased 4.5%.
- Recurring costs driven down by 6.7%** as a result of the intense process to optimize the Group's structure and cost streamlining.
 - In 2013, the **key milestones of the restructuring process were reached**: branch network optimization, restructuring of CaixaBank employees and integration of the Banca Cívica and Banco de Valencia IT platforms. These measures helped lay the foundations for enhanced efficiency.
 - The net reduction in the number of employees by 374 in 1H14 was largely attributable to the gradual departure schedule outlined in the restructuring plan.

- Synergies harnessed allowed for cost savings of €310 million** in 1H14, out of total estimated annual synergies for 2014 of €654 million.

Total **non-recurring expenses**, linked essentially to CaixaBank's employee restructuring plan in 2013, were €839 million, of which €821 million were recognized in 1H13.

The 7.4% **quarter-on-quarter increase** in pre-impairment income was the result of 3.7% gross income growth and stable operating costs.

The **recurring cost to income ratio**¹ is down 180bp on 4Q13. Increasing efficiency is a strategic priority – the goal is to maximize profitability whilst continuing to offer the quality service CaixaBank is known for.



(¹) Income and expenses for the last 12 months are used in the analysis of quarter-on-quarter changes in the cost to income ratio.

Pre-impairment income

€ million	January - June		Change	
	2014	2013	absolute	%
Gross income	3,603	3,629	(26)	(0.7)
Recurring expenses	(1,884)	(2,019)	135	(6.7)
Extraordinary expenses		(821)	821	
Pre-impairment income	1,719	789	930	117.8
<i>Pre-impairment income stripping out extraordinary costs</i>	<i>1,719</i>	<i>1,610</i>	<i>109</i>	<i>6.8</i>
<i>Recurring Cost-to-income ratio (%) (last 12 months)</i>	<i>57.7</i>	<i>57.1</i>	<i>0.6</i>	
<i>Cost-to-income ratio (%) (last 12 months)</i>	<i>58.0</i>	<i>69.6</i>	<i>(11.6)</i>	

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Gross income	1,933	1,647	1,356	1,769	1,834
Recurring expenses	(1,000)	(988)	(940)	(940)	(944)
Extraordinary expenses	(62)	(11)	(7)		
Pre-impairment income	871	648	409	829	890
<i>Pre-impairment income stripping out extraordinary costs</i>	<i>933</i>	<i>659</i>	<i>416</i>	<i>829</i>	<i>890</i>
<i>Recurring Cost-to-income ratio (%) (last 12 months)</i>	<i>57.1</i>	<i>57.8</i>	<i>59.5</i>	<i>57.7</i>	<i>57.7</i>
<i>Cost-to-income ratio (%) (last 12 months)</i>	<i>69.6</i>	<i>70.6</i>	<i>72.2</i>	<i>58.9</i>	<i>58.0</i>

Operating expenses

€ million	January - June		Change	
	2014	2013	absolute	%
Personnel expenses	(1,291)	(2,134)	843	(39.5)
General expenses	(409)	(497)	88	(17.7)
General and administrative expenses	(1,700)	(2,631)	931	(35.4)
Depreciation and amortization	(184)	(209)	25	(11.6)
Total operating expenses	(1,884)	(2,840)	956	(33.7)
<i>Total recurring expenses</i>	<i>(1,884)</i>	<i>(2,019)</i>	<i>135</i>	<i>(6.7)</i>
<i>Total extraordinary expenses</i>		<i>(821)</i>	<i>821</i>	

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Personnel expenses	(714)	(658)	(630)	(638)	(653)
General expenses	(243)	(234)	(213)	(209)	(200)
General and administrative expenses	(957)	(892)	(843)	(847)	(853)
Depreciation and amortization	(105)	(107)	(104)	(93)	(91)
Total operating expenses	(1,062)	(999)	(947)	(940)	(944)
<i>Total recurring expenses</i>	<i>(1,000)</i>	<i>(988)</i>	<i>(940)</i>	<i>(940)</i>	<i>(944)</i>
<i>Total extraordinary expenses</i>	<i>(62)</i>	<i>(11)</i>	<i>(7)</i>		

Resources

	Jun. 30, 2014	Mar. 31, 2014	Quarterly change	Dec. 31, 2013	Annual Change
Branches	5,695	5,716	(21)	5,730	(35)
Employees	31,574	31,682	(108)	31,948	(374)

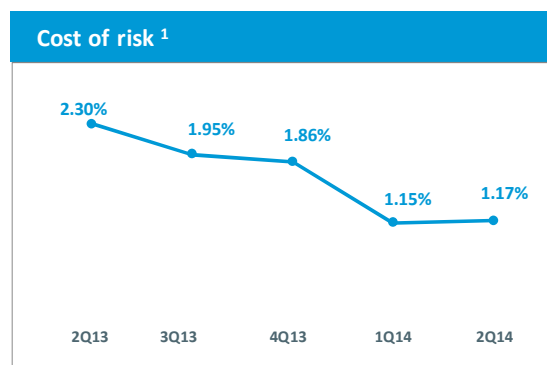
Impairment losses on financial and other assets

- Maintained reduction in cost of risk
- Trend impacted by the recognition of non-recurring items in 2013

In 1H14, **impairment losses on financial and other assets** stood at €1,314 million. The volume of write-downs and allowances recognized fell significantly, by 54.3% year on year, given the impact of non-recurring items in 2013. 1Q13 included the recognition of €902 million to fully comply with real estate developer risk provisioning requirements set out under Royal Decree Law 18/2012.

The improved risk landscape and efforts made in previous quarters in terms of write-downs and increased risk coverage generated a 69bp **reduction in the cost of risk** to 1.17% in 1H14.

Other charges to provisions primarily reflects the coverage of obligations and other asset impairment losses.



Impairment losses

€ million	January - June		Change	
	2014	2013	absolute	%
Specific allowance for insolvency risk	(1,213)	(1,754)	541	(30.9)
Extraordinary allowances (Royal Decree Law: 18/2012)		(902)	902	
Allowances subtotal	(1,213)	(2,656)	1,443	(54.3)
Disposal / Charge to generic provisions	(8)	(8)		
Insolvency allowances	(1,221)	(2,664)	1,443	(54.2)
Other charges to provisions	(93)	(212)	119	(56.2)
Impairment losses on financial and other assets	(1,314)	(2,876)	1,562	(54.3)

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Specific allowance for insolvency risk	(871)	(630)	(742)	(608)	(605)
Allowances subtotal	(871)	(630)	(742)	(608)	(605)
Disposal / Charge to generic provisions	(8)	(3)	(2)	(3)	(5)
Insolvency allowances	(879)	(633)	(744)	(611)	(610)
Other charges to provisions	(46)	60	(136)	(39)	(54)
Impairment losses on financial and other assets	(925)	(573)	(880)	(650)	(664)

(¹) Ratio of total annualized loan-loss provisions to total gross customer loans and contingent risk.

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

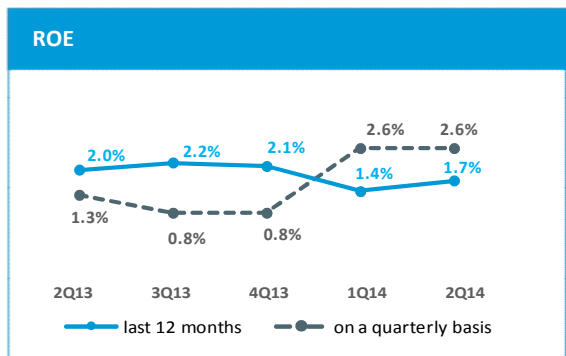
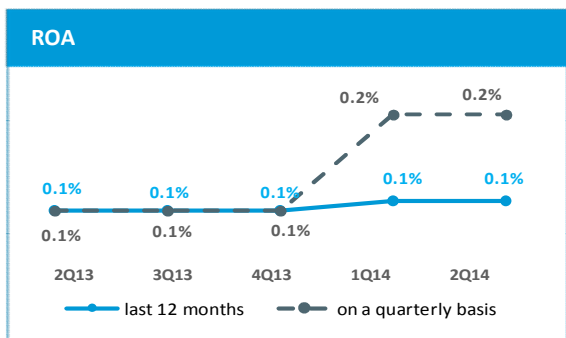
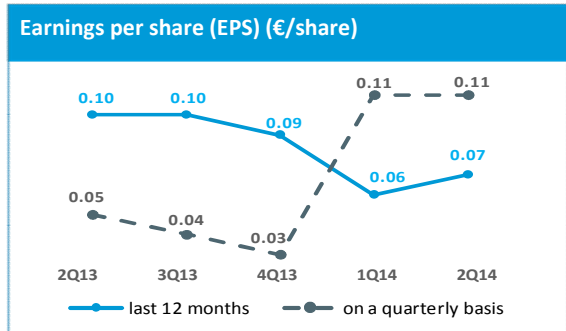
Gains/(losses) on disposal of assets and others primarily comprises gains on non-recurring transactions completed during the period and results and write-downs on the real estate portfolio.

- Hefty 30.2% year-on-year increase in sales of foreclosed assets in 1H14 to €702 million following a major commercial drive.
- In 1H13 this heading included the impact of the negative goodwill generated through the Banco de Valencia acquisition.

Net profit attributable to the Group totaled €305 million. Key factors in 1H14 are:

- **Positive trend in core income from the banking business:** net interest income grew 2.9% and fees and commissions increased by 4.5%
- **Pre-impairment income up 6.8%**, (excluding non-recurring expenses in 1Q13); **recurring expenses driven down by 6.7%**.
- **Decreased write-downs and allowances.**

Gradual recovery of profitability is a key priority for the year. **Quarterly isolated profitability indicators for 2014** reflect an improvement on 2013.



Business activity

Balance sheet

As of June 30, 2014, total assets stood at €336,849 million.

Highlights of the performance of assets and liabilities associated with retail activities are as follows:

- **Gross customer lending, using management criteria, was €199,572 million, down 3.7%** over the first half, reflecting the deleveraging process and decreased exposure to the real estate developer sector.
- Using management criteria, **on-balance sheet retail customer funds** (mainly customer deposits, subordinated retail debt securities and marketable

retail debt securities) **grew to €176,962 million, up 5.1% in 1H14**, thanks to intense commercial activity and a diversified range of products adapted to the various client segments.

- **Growth in liabilities under insurance contracts.**

Balance sheet items associated with treasury and ALM activities were affected by the management of fixed income on-balance sheet assets, the reduction of the balance drawn on the credit facility with the ECB in 1H14 and decreased wholesale funding.

Balance sheet

€ million	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Annual Change
Cash and Central Banks	5,002	2,933	6,968	3,032	2,583	(4,385)
Trading portfolio	9,634	8,817	10,002	8,724	10,147	145
Available-for-sale financial assets	56,503	57,790	56,450	59,802	65,496	9,046
Loans	219,825	212,820	206,846	199,728	199,497	(7,349)
<i>Deposits at credit institutions</i>	5,813	5,465	5,891	5,983	5,990	99
<i>Customer loans</i>	209,265	203,290	198,079	190,885	190,610	(7,469)
<i>Debt securities</i>	4,747	4,065	2,876	2,860	2,897	21
Investment portfolio at maturity	17,429	17,470	17,831	17,056	15,809	(2,022)
Non-current assets held for sale	6,461	6,571	6,215	6,876	7,133	918
Investment portfolio	9,168	9,098	8,774	8,901	8,791	17
Property and equipment	5,071	5,281	5,518	5,677	5,872	354
Intangible assets	3,895	3,874	3,629	3,632	3,626	(3)
Other assets	18,001	18,021	17,957	17,948	17,895	(62)
Total assets	350,989	342,675	340,190	331,376	336,849	(3,341)
Liabilities	327,221	318,328	315,857	306,909	311,899	(3,958)
Trading portfolio	8,939	7,511	7,891	7,791	9,687	1,796
Financial liabilities at amortized cost	274,571	265,168	262,379	251,314	252,923	(9,456)
<i>Deposits by credit institutions and Central Banks</i>	47,036	47,785	41,232	28,333	27,832	(13,400)
<i>Customer deposits</i>	175,846	169,366	175,162	177,273	183,079	7,917
<i>Marketable debt securities</i>	43,587	40,333	37,938	37,695	33,382	(4,556)
<i>Subordinated debt securities</i>	4,083	4,065	4,809	4,820	4,832	23
<i>Other financial liabilities</i>	4,019	3,619	3,238	3,193	3,798	560
Insurance liabilities	29,533	30,813	32,028	34,909	36,407	4,379
Provisions	4,742	4,315	4,321	4,180	4,098	(223)
Other liabilities	9,436	10,521	9,238	8,715	8,784	(454)
Equity	23,768	24,347	24,333	24,467	24,950	617
Shareholders' equity	23,683	23,776	23,646	23,711	23,669	23
Profit attributable to the Group	408	458	503	152	305	(198)
Equity adjustments by valuation	85	571	687	756	1,281	594
Total liabilities and equity	350,989	342,675	340,190	331,376	336,849	(3,341)

Loans and advances to customers

- Strong market shares for the main financing products (total lending market share: 14.9%)
- Slow down in deleveraging in 2Q14
- Diversified portfolio: 75% dedicated to retail lending (individuals and SMEs)

CaixaBank defended its strong market shares¹ for the main financing products: 14.9% total loans, 15.9% mortgages and 17.6% factoring and reverse factoring, evidence of the entity's firm commitment to backing its clients' projects and reinforcing the country's productive system.

Gross customer loans and advances stood at €199,572 million, down 3.7% overall in 1H14, and **down 2.6% for performing loans.** This was impacted mainly by the sector-wide deleveraging process and the reduction in exposure to the real estate developer sector (-16.3%).

The **0.9% quarter-on-quarter drop** shows a clear stabilization of the deleveraging, with the following **highlights by segment:**

- Lending to individuals** remained stable over the quarter. The downward trend in balances on loans for home purchases continued; in this segment, the increase in new loans is not enough to offset portfolio redemptions. The change in lending under

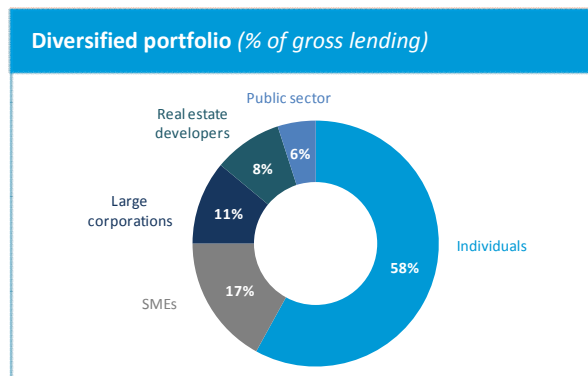
the category of Other is an effect of seasonal factors and the increase in new consumer loans, following the launch of various commercial drives.

- The economic cycle continues to impact **loans to non real estate companies**, which fell 2.8%, although deleveraging shows signs of slowing.

CaixaBank signed various corporate financing agreements in 1H14, giving rise to new credit lines.

- Loans to real estate developers** down 9.9% (16.3% YTD) following intensive management of problematic assets in this portfolio.

CaixaBank's **portfolio is highly diversified**, with 75% dedicated to retail lending (individuals and SMEs).



Loans and advances to customers

€ million	Jun. 30, 2014	2Q14 Change %	Mar. 31, 2014	1Q14 Change %	Dec. 31, 2013	Annual Change %
Loans to individuals	115,866	0.0	115,825	(1.6)	117,760	(1.6)
Home purchases	85,493	(1.1)	86,440	(1.2)	87,508	(2.3)
Other	30,373	3.4	29,385	(2.9)	30,252	0.4
Loans to business	72,885	(3.6)	75,602	(4.7)	79,305	(8.1)
Non-real estate businesses	54,775	(2.8)	56,369	(3.9)	58,667	(6.6)
Real estate developers	16,731	(9.9)	18,569	(7.1)	19,980	(16.3)
"la Caixa" Banking Foundation and Real estate subsidiaries	1,379	107.7	664	0.9	658	109.6
Public sector	10,821	9.0	9,930	(2.3)	10,166	6.4
Loans and advances, gross	199,572	(0.9)	201,357	(2.8)	207,231	(3.7)
<i>Of which:</i>						
Performing loans	177,434	(0.2)	177,755	(2.5)	182,258	(2.6)
Non-performing loans (NPLs)	22,138	(6.2)	23,602	(5.5)	24,973	(11.4)
Provisions	(12,790)	(9.6)	(14,145)	(5.5)	(14,976)	(14.6)
Loans and advances, net*	186,782	(0.2)	187,212	(2.6)	192,255	(2.8)
Memorandum items:						
Contingent Liabilities	9,714	(2.5)	9,967	(3.2)	10,299	(5.7)

(* As at June 30, 2014, does not include other financial assets amounting to €3,828 million, comprising counterparty entities, assets under the asset protection scheme, and reverse repos, registered on the public balance sheet under loans and advances to customers.

Funds

- Retail customer funds grow 4.2% and total funds rise 1.9%, with:
 - Diversified range of products and services adapted to different client segments
 - Intensive management of margins on new production
- Larger market shares in main deposit products, total share of deposits stands at 14.7%¹

Total funds managed amounted to €309,337 million, up €5,733 million (+1.9%) YTD following strong commercial activity.

Retail funds stand at €270,209 million (up 4.2% in 2014) with a broad range of products adapted to the various client segments, evidencing the strength of the business.

- **Growth in demand and term deposits to €170,342 million, up 5.3% in 2014 and 3.1% in 2Q14.**
 - Demand deposits, worth €91,061 million, grew 10.9% in 2Q14 due partially to seasonal impacts, and to the management of other retail maturities and redemptions.
 - Term deposits stood at €79,281 million, a result of intensive management of margins on new

transactions and the broad, diversified range of off-balance sheet assets for clients.

- 2.0% growth in liabilities under insurance contracts in 1H14. **Market share of 21.2%¹ in insurance savings products.**
- **Off-balance sheet retail funds** (mutual funds and pension plans), which offer an alternative investment option for clients' savings, **have grown considerably, €3,091 million YTD:**
 - **Substantial 16.9% increase in mutual fund assets under management.** CaixaBank has a 14.3%¹ market share, making it the market leader by number of fund investors.
 - Pension plans up +7.4% with a market share of 19.0%¹.
 - The performance of "Other accounts" in 2Q14 reflects the impact of the redemption of subordinated bonds issued by "la Caixa" (now "la Caixa" Banking Foundation).
- **Wholesale funding stood at €39,128 million,** impacted by the issuance of €1,000 million in mortgage-covered bonds² in 1Q14 and by maturities, which were mainly concentrated in the second quarter.

Funds

€ Million	Jun. 30, 2014	2Q14 Change %	Mar. 31, 2014	1Q14 Change %	Dec. 31, 2013	Annual change %
Financial liabilities	218,826	(0.3)	219,536	1.3	216,804	0.9
Retail customer funds	176,962	3.1	171,560	1.9	168,374	5.1
Demand deposits	91,061	10.9	82,090	2.0	80,482	13.1
Term deposits	79,281	(4.4)	82,907	2.1	81,216	(2.4)
Debt securities (retail)	3,016	1.9	2,959	(3.8)	3,075	(1.9)
Subordinated liabilities (retail)	3,604	0.0	3,604	0.1	3,601	0.1
Reverse repurchase agreements and other accounts	2,736	(18.6)	3,363	(17.4)	4,070	(32.8)
Institutional issues *	39,128	(12.3)	44,613	0.6	44,360	(11.8)
Liabilities under insurance contracts	31,451	0.6	31,263	1.4	30,831	2.0
On-balance sheet funds **	250,277	(0.2)	250,799	1.3	247,635	1.1
Mutual funds, managed accounts and SICAVs	32,662	10.0	29,700	6.3	27,952	16.9
Pension plans	18,034	3.9	17,364	3.4	16,797	7.4
Other accounts ***	8,364	(26.4)	11,370	1.3	11,220	(25.5)
Off-balance sheet funds	59,060	1.1	58,434	4.4	55,969	5.5
Total funds	309,337	0.0	309,233	1.9	303,604	1.9
Retail funds	270,209	2.1	264,620	2.1	259,244	4.2
Wholesale funds	39,128	(12.3)	44,613	0.6	44,360	(11.8)

(*) Includes: €1,289 million in subordinated bonds and €8,973 million in multi-issuer covered bonds classified on the public balance sheet as term savings at June 30, 2014.

(**) Excludes counterparties (€2,466 million at June 30, 2014) on the public balance sheet under customer deposits.

(***) Includes, among other items, financial assets sold to retail customers, including subordinated bonds issued by the "la Caixa" (now "la Caixa" Banking Foundation).

Loan to deposit (LTD) ratio

LTD ratio

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Loans and advances, net	196,745	191,815	185,037	180,093	180,087
Loans and advances gross	220,967	215,312	207,231	201,357	199,572
Allowance for impairment losses	(16,566)	(16,133)	(14,976)	(14,145)	(12,790)
Brokered loans ¹	(7,656)	(7,364)	(7,218)	(7,119)	(6,695)
Retail customer funds - On balance sheet	167,902	163,040	168,374	171,560	176,962
Demand deposits	78,130	73,959	80,482	82,090	91,061
Term deposits	81,956	82,502	81,216	82,907	79,281
Debt securities (retail)	4,200	2,976	3,075	2,959	3,016
Subordinated liabilities (retail)	3,616	3,603	3,601	3,604	3,604
Loan to Deposits	117.2%	117.6%	109.9%	105.0%	101.8%
Loan-deposit gap	(28,843)	(28,775)	(16,663)	(8,533)	(3,125)

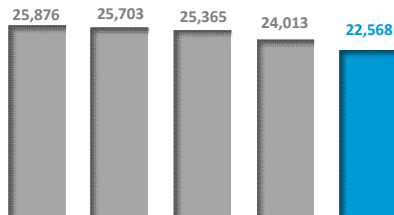
⁽¹⁾ Loans financed with funds from public institutions (Instituto Oficial de Crédito and the European Investment Bank).

Risk Management

Credit risk quality

NPLs (€ million) ¹

Non-performing loans



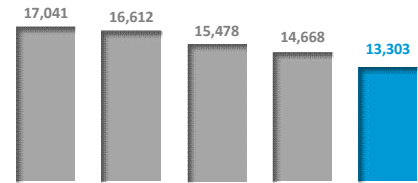
	2Q13	3Q13	4Q13	1Q14	2Q14
NPL ratio	11.17%	11.40%	11.66%	11.36%	10.78%
NPL ratio excluding real estate developers	6.41%	6.69%	6.83%	6.80%	6.70%

NPL TRENDS

- Quality of loan portfolio improves: non-performing balances fall for fourth consecutive quarter
- In 1H14:
 - Non-performing balances reduced by €2,797 million
 - NPL ratio cut by 88bp to 10.78%
- **The downward trend in NPLs that began in 2H13 intensified during this period.**
 - NPLs fell by €2,797 million in 1H14 (€1,445 million in 2Q14).
- **The NPL ratio dropped for the second consecutive quarter: falling 88bp to 10.78% in 1H14.** This reduction was largely thanks to the major drop in NPLs (-129bp), which offset the impact of the deleveraging process (+41bp).

Coverage (€ million) ¹

Provisions



	2Q13	3Q13	4Q13	1Q14	2Q14
Coverage ratio	66%	65%	61%	61%	59%
Coverage ratio excluding real estate developers	61%	58%	63%	64%	61%

- This decrease in NPLs was also impacted by the drop in **new NPL inflows**, down 39.9% on the average of the previous half year, and active management of NPL derecognition.
- **The NPL ratio in loans for home purchases dropped to 4.29%.**
- **Stripping out the real estate developer segment, the NPL ratio was 6.70%** (down 13bp over the first half).

REFINANCING

At June 30, 2014, refinanced transactions totaled €22,684 million. Of this amount, €9,203 million (41% of the portfolio) is classified as non-performing and €2,555 million (11% of the portfolio) as substandard.

Provisions associated with these transactions stand at €4,398 million (€3,873 million for NPLs and €525 million for substandard loans).

(¹) Taking into account loans and contingent liabilities.

Breakdown of NPL ratio

	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014
Loans to individuals	5.67%	5.72%	5.52%	5.40%	5.30%
Home purchases	4.70%	4.54%	4.41%	4.32%	4.29%
Other	8.37%	9.11%	8.73%	8.56%	8.16%
Loans to business	20.98%	21.59%	23.06%	22.77%	21.76%
Non-real estate businesses	9.41%	10.29%	10.94%	11.21%	11.29%
Real estate developers	50.59%	51.53%	59.39%	58.68%	57.80%
Public sector	1.54%	1.39%	1.84%	1.36%	1.26%
NPL Ratio (loans and contingent liabilities)	11.17%	11.40%	11.66%	11.36%	10.78%
<i>NPL ratio ex-developers</i>	<i>6.41%</i>	<i>6.69%</i>	<i>6.83%</i>	<i>6.80%</i>	<i>6.70%</i>

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

million	2Q13	3Q13	4Q13	1Q14	2Q14
Opening balance	22,525	25,876	25,703	25,365	24,013
Exposures recognized as non-performing (NPL-inflows)	3,357	3,211	4,021	1,913	2,435
Impact of the reclassification of refinanced transactions	3,287				
Derecognitions from non-performing exposures	(3,293)	(3,384)	(4,359)	(3,265)	(3,880)
<i>Of which written off</i>	<i>(354)</i>	<i>(361)</i>	<i>(775)</i>	<i>(542)</i>	<i>(581)</i>
Closing balance	25,876	25,703	25,365	24,013	22,568

COVERAGE

- Robust coverage ratio: 59%
- Conservative risk coverage policies

Loan-loss provisions totaled €13,303 million.

This **solid level of coverage** is a result of the sizeable efforts made in provisions and write-downs and the application of conservative criteria in integrations.

The recognized value of the collateral securing the lending portfolio reduces the provisionable base for NPLs by almost half.

In 1H14, loan-loss provisions were reduced mainly as a result of the cancellation of debt incurred through the acquisition and foreclosure of real estate assets and the reduction in provisions associated with written-off assets.

NPL provisions

€ million	Specific provision	Generic provision	Total
Balance at Dec. 31, 2013	15,430	48	15,478
Insolvency allowances	1,213	8	1,221
Amounts used	(2,801)		(2,801)
Transfers and other changes	(593)	(2)	(595)
Balance at Jun. 30, 2014	13,249	54	13,303

NPL specific provisions

€ million	2Q13	3Q13	4Q13	1Q14	2Q14
Opening balance	17,368	16,977	16,565	15,430	14,619
Specific allowances	871	630	742	608	605
Amounts used	(1,024)	(880)	(1,591)	(1,142)	(1,659)
Transfers and other changes ¹	(238)	(162)	(286)	(277)	(316)
Closing balance	16,977	16,565	15,430	14,619	13,249

(¹) Primarily transfers to real estate asset provisions.

Loans to real estate developers

- Exposure down 16.3% in 2014

- Proportion of lending to real estate developers within the total loan portfolio down 126bp to 8.4% as of June 2014

- Total provisions place coverage ratio on non-performing balances at 56.7%

- In 1H14, loans to real estate developers were cut by €3,249 million, or 16.3%.
- Strong collateral with 62% of the portfolio secured by completed buildings.
- Specific coverage for non-performing and substandard assets in this segment stands at 52.3%.**
- The coverage ratio for the total portfolio is 33%.**

Loans to real estate developers

€ million	Jun. 30, 2014	Weight %	Mar. 31, 2014	Weight %	Quarterly Change	Dec. 31, 2013	Weight %	Annual change
Without mortgage collateral	1,748	10.4	2,006	10.8	(258)	2,097	10.5	(349)
With mortgage collateral	14,983	89.6	16,563	89.2	(1,580)	17,883	89.5	(2,900)
Completed buildings	10,315	61.7	11,130	59.9	(815)	11,801	59.1	(1,486)
Homes	7,501	44.8	8,106	43.7	(605)	8,619	43.1	(1,118)
Other	2,814	16.8	3,024	16.3	(210)	3,182	15.9	(368)
Buildings under construction	1,569	9.4	1,847	9.9	(278)	2,100	10.5	(531)
Homes	1,336	8.0	1,548	8.3	(212)	1,815	9.1	(479)
Other	233	1.4	299	1.6	(66)	285	1.4	(52)
Land	3,099	18.5	3,586	19.3	(487)	3,982	19.9	(883)
Developed land	1,146	6.8	1,271	6.8	(125)	1,406	7.0	(260)
Other	1,953	11.7	2,315	12.5	(362)	2,576	12.9	(623)
Total	16,731	100	18,569	100	(1,838)	19,980	100	(3,249)

NPLs and coverage for real estate development risk

€ million	Jun. 30, 2014				Dec. 31, 2013			
	Non-performing	Substandard	Provisions M€	Coverage %	Non-performing	Substandard	Provisions M€	Coverage %
Without mortgage collateral	1,237	77	1,163	88.5	1,564	68	1,526	93.5
With mortgage collateral	8,434	730	4,320	47.1	10,302	988	5,416	48.0
Completed buildings	5,073	548	2,146	38.2	5,875	715	2,531	38.4
Homes	3,624	262	1,538	39.6	4,222	420	1,831	39.4
Other	1,449	286	608	35.0	1,653	295	700	35.9
Buildings under construction	958	68	589	57.4	1,317	79	799	57.2
Homes	848	62	531	58.4	1,165	76	710	57.2
Other	110	6	58	50.0	152	3	89	57.4
Land	2,403	114	1,585	63.0	3,110	194	2,086	63.1
Developed land	885	31	531	58.0	1,034	82	655	58.7
Other	1,518	83	1,054	65.8	2,076	112	1,431	65.4
Total	9,671	807	5,483	52.3	11,866	1,056	6,942	53.7

Breakdown by type of collateral

Jun. 30, 2014

€ million	Gross amount	Excess over value of collateral ¹	Specific provisions	% provision of risk
Non-performing	9,671		5,204	53.8
Mortgage	8,434	3,911	4,069	48.2
Personal	1,237		1,135	91.8
Substandard	807		279	34.6
Total	10,478		5,483	52.3

Dec. 31, 2013

€ million	Gross amount	Excess over value of collateral ¹	Specific provisions	% provision of risk
Non-performing	11,866		6,597	55.6
Mortgage	10,302	4,315	5,103	49.5
Personal	1,564		1,494	95.5
Substandard	1,056		345	32.7
Total	12,922		6,942	53.7

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

Financing for home purchases

▪ NPL ratio in this segment was down for the third consecutive quarter

▪ This portfolio accounts for 43% of total gross lending.

- Low NPL ratio (4.29% at June 30, 2014).
- **Non-performing balances fell by €194 million in 1H14.**

Financing for home purchases

€ million	Gross amount				
	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014
Without mortgage collateral	967	952	888	830	806
<i>Of which: non-performing</i>	15	13	8	8	8
With mortgage collateral	89,354	87,880	86,620	85,610	84,687
<i>Of which: non-performing</i>	4,227	4,019	3,853	3,725	3,659
Total	90,321	88,832	87,508	86,440	85,493

Loan-to-value breakdown¹

€ million	Jun. 30, 2014					TOTAL
	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	
Gross amount	15,863	28,231	32,927	6,905	761	84,687
<i>Of which: non-performing</i>	217	721	1,879	684	158	3,659

(¹) Loan-to-Value calculated in accordance with the appraisals available at the moment of underwriting. Updated for non-performing loans as per the criteria established in Bank of Spain Circular 4/2004.

Foreclosed real estate assets available for sale

- Intense commercial activity is key to managing the foreclosed real estate assets
- Coverage¹: 53.3%

The intense activity of BuildingCenter, CaixaBank's real estate subsidiary, enabled sales and rentals of real estate assets for a total of €1,213 million in 1H14, up 10% year on year.

The quality of the foreclosed real estate assets available for sale, 58% of which are completed buildings, ensures that the properties can be easily rented or sold.

The underlying principle guiding the management of problematic assets is to help borrowers to meet their obligations. When the borrower no longer appears to

be reasonably able to fulfill these obligations, the mortgaged asset is acquired.

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

The coverage ratio includes initial write-downs of canceled debt and the provisions recognized subsequent to the foreclosure of the properties.

In addition, CaixaBank's rental portfolio (registered as investment real estate for accounting purposes) stood at €2,285 million net of provisions at June 30, 2014.

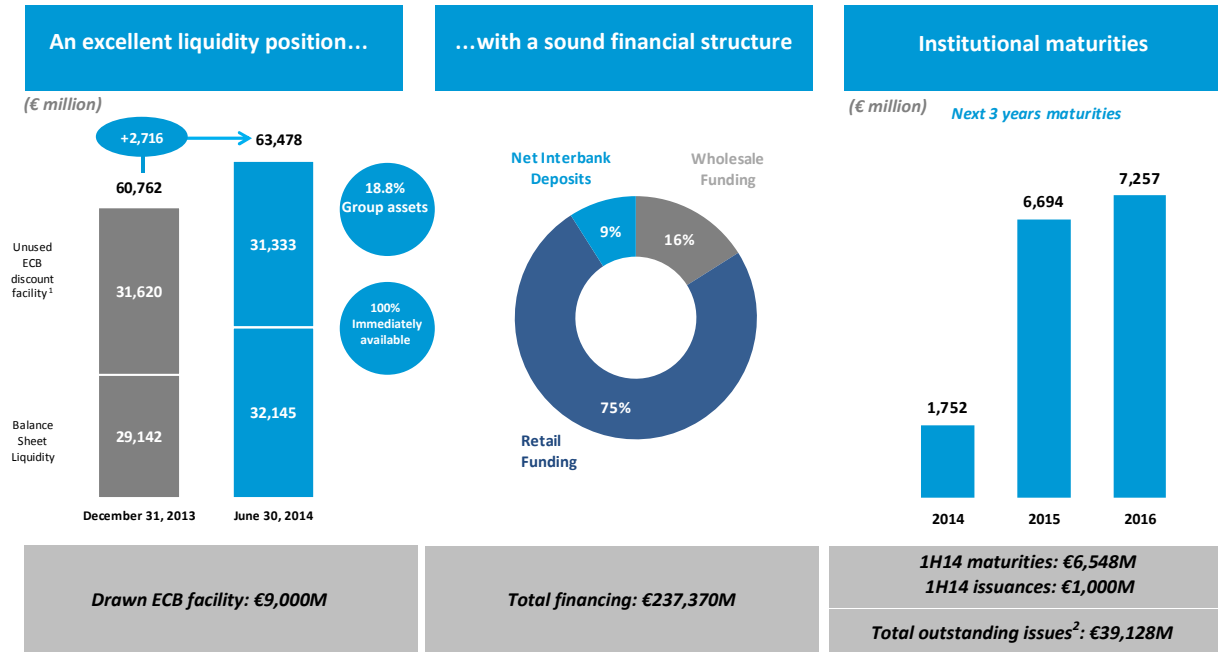
The rental portfolio occupancy rate is 88%.

Foreclosed real estate assets available for sale and associated coverage

€ million	Jun. 30, 2014			Dec. 31, 2013		
	Net carrying amount	Coverage ¹	Coverage %	Net carrying amount	Coverage ¹	Coverage %
Property acquired related to loans to construction companies and real estate developments	4,868	(6,045)	55.4	4,466	(5,585)	55.6
Completed buildings	2,647	(2,202)	45.4	2,601	(2,210)	45.9
Homes	2,064	(1,719)	45.4	2,047	(1,756)	46.2
Other	583	(483)	45.3	554	(454)	45.0
Buildings under construction	299	(442)	59.6	261	(391)	60.0
Homes	273	(410)	60.0	204	(323)	61.3
Other	26	(32)	55.2	57	(68)	54.4
Land	1,922	(3,401)	63.9	1,604	(2,984)	65.0
Developed land	1,066	(1,495)	58.4	856	(1,225)	58.9
Other	856	(1,906)	69.0	748	(1,759)	70.2
Property acquired related to mortgage loans to homebuyers	1,287	(1,097)	46.0	1,234	(1,050)	46.0
Other foreclosed assets	592	(557)	48.5	469	(480)	50.6
Total	6,747	(7,699)	53.3	6,169	(7,115)	53.6

⁽¹⁾ Difference between canceled debt and carrying amount of net real estate assets.

Liquidity



- Liquidity: €63,478 million
- Early repayment of €6,480 million to the European Central Bank (ECB) in 1H14
- Issuance of €1,000 million in 10-year mortgage-covered bonds

▪ **Liquidity was up €2,716 million in 1H14**, thanks to the optimization of liquid assets and organic generation of balance sheet liquidity. The balance available on the ECB facility was reduced by €287 million following the early redemption of retained mortgage-covered bonds for €5,000 million in order to boost the entity's issuance capacity. **Liquidity increased despite wholesale maturities of €6,548 million versus new issuances of €1,000 million and the early repayment to the ECB of €6,480 million.**

- **Placement of €1,000 million in 10-year mortgage-covered bonds** with demand of over €2,600 million. This is CaixaBank's first 10-year mortgage-covered bond issuance in the markets since 2007.³
- **Early repayment of €6,480 million** to the European Central Bank in 1H14. Since the beginning of 2013, taking into account the inclusion of Banco de Valencia, a total of €25,084 million has been repaid.
- On June 30, 2014, balance sheet liquidity (€32,145 million) was over three times higher than the amount drawn on the ECB facility (€9,000 million). Wholesale maturities still pending in 2014 stand at €1,752 million.
- Available capacity to issue mortgage- and public sector-covered bonds currently stands at €5,922 million.

Information on collateralization of mortgage-covered bonds

€ million	Jun. 30, 2014	
Mortgage covered bonds issued	a	50,716
Loans and credits (collateral for covered bonds)	b	131,509
Collateralization	b/a	259%
Overcollateralization	b/a - 1	159%
Mortgage covered bond issuance capacity ⁴		4,555

⁽¹⁾ As of December 31, 2013, includes €3,636 million in assets to be contributed to the ECB facility. These assets were contributed in January 2014.

⁽²⁾ Excluding treasury stock.

⁽³⁾ Further information in Significant events.

⁽⁴⁾ CaixaBank also has the capacity to issue public sector-covered bonds totaling €1,367 million, based on the public sector portfolio with a 70% limit.

Capital management

- Common Equity Tier 1 (CET1) BIS III: 12.7%
- CET1 BIS III (fully loaded): 12.4%

At June 2014, CaixaBank's **Common Equity Tier 1 (CET1) BIS III stood at 12.7%**, in line with the progressive implementation for this year. Of the increase of 150bp, 61bp was capital generation and 89bp originated from the conversion of Series I/2012 and Series I/2011 mandatorily convertible subordinated bonds in March and June 2014 respectively.

Total eligible equity (Tier Total) was 15.8%, up 114bp on January 1, 2014.

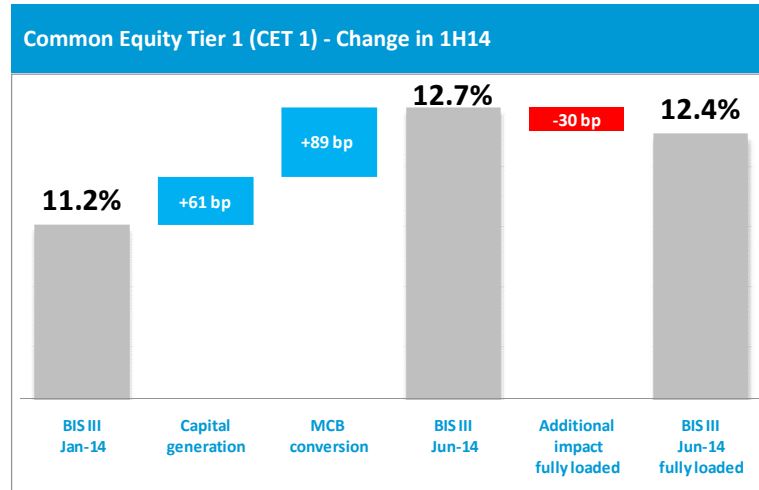
Under the new Basel III standards, the CRR sets out a minimum CET1 ratio of 4.5% in 2014, and 8% for Tier Total. At the close of 1H14, CaixaBank boasts a surplus

over the minimum requirement of €11,798 million in Tier 1 capital (CET1) and of €11,299 million in Tier Total (up 11.3% YTD).

Risk-weighted assets (RWA) amounted to €144,019 million, a €7,442 million reduction, mainly as a result of the drop in lending activity although this impact was reduced in the second quarter.

On a fully-loaded Basel III basis, CaixaBank has a **CET1 ratio of 12.4%**, which is €7,682 million higher than the fully loaded minimum requirement of 7%.

CaixaBank's leverage ratio, a capital requirement introduced by the CRR, stood at 5.6% (5.5% fully loaded) at June 30, taking into account the modifications proposed by the Basel Committee on Banking Supervision, BCBS in January 2014.



Key solvency indicators

€ million	BIS III (Regulatory)			BIS III (Fully Loaded)	
	Jan. 01, 2014	Mar. 31, 2014	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2014
CET1 instruments	21,467	22,663	23,394	24,435	24,935
Deductions	(4,510)	(4,475)	(5,115)	(6,705)	(7,209)
CET1	16,957	18,188	18,279	17,730	17,726
TIER 1 additional instruments	1,886	738	-	-	-
Deductions	(647)	(610)	-	-	-
TIER 1	18,196	18,316	18,279	17,730	17,726
TIER 2 instruments	4,404	4,718	4,786	4,718	4,781
Deductions	(328)	(284)	(245)	-	-
TIER 2	4,076	4,434	4,541	4,718	4,781
Eligible capital (Tier Total)	22,272	22,750	22,820	22,448	22,507
Risk-weighted assets	151,461	147,222	144,019	146,890	143,480
CET1 Surplus	10,141	11,563	11,798	7,448	7,682
Surplus Equity Funding	10,155	10,973	11,299	7,025	7,442
<i>CET1 Ratio</i>	11.2%	12.4%	12.7%	12.1%	12.4%
<i>Tier 1 Ratio</i>	12.0%	12.4%	12.7%	12.1%	12.4%
<i>Tier Total Ratio</i>	14.7%	15.5%	15.8%	15.3%	15.7%
<i>Leverage Ratio</i>	5.5%	5.7%	5.6%	5.5%	5.5%

Segment reporting

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

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

It includes dividend income and/or results from companies accounted for using the equity method, net of financing costs.

In the first quarter, capital was assigned to this business in accordance with new Basel III capital requirements, in line with Common Equity Tier 1 (CET1) BIS III fully loaded regulatory capital use. This takes into account both the consumption of capital by risk weighted assets, with an internal target of 10%, in line with market standards, and the total deductions applicable to this business.

The banking and insurance business finances the equity investment business according to a long-term rate plus a credit spread and has been adjusted to market conditions.

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

The table below shows the income statements for the Group's businesses at June 2013 and 2014. Figures for 2013 are presented for comparative purposes only and have been re-stated to include the modifications implemented in 2014 with respect to the preparation criteria.

CaixaBank Group income statement, by business segment

€ million	Banking & insurance			Investments			Total CaixaBank Group		
	January-June		%	January-June		%	January-June		%
	2014	2013		Change	2014		2013	Change	
Net interest income	2,170	2,196	(1.2)	(155)	(237)	(35.0)	2,015	1,959	2.9
Dividends and share of profit (loss) of entities accounted for using the equity method	56	29	92.7	168	411	(59.0)	224	440	(49.0)
Net fees	930	890	4.5				930	890	4.5
Gains on financial assets and other operating income and expenses	387	332	16.6	47	8	496.7	434	340	27.6
Gross income	3,543	3,447	2.8	60	182	(67.0)	3,603	3,629	(0.7)
Recurring expenses	(1,883)	(2,018)	(6.7)	(1)	(1)	(13.7)	(1,884)	(2,019)	(6.7)
Extraordinary expenses		(821)						(821)	
Pre-impairment income	1,660	608	173.0	59	181	(67.4)	1,719	789	117.8
Pre-impairment income stripping out extraordinary expenses	1,660	1,429	16.2	59	181	(67.4)	1,719	1,610	6.8
Impairment losses on financial assets and others	(1,314)	(2,876)	(54.3)				(1,314)	(2,876)	(54.3)
Gains/losses on disposal of assets and others	(120)	2,101		18	60	(70.3)	(102)	2,161	
Pre-tax income	226	(167)	(234.5)	77	241	(68.0)	303	74	311.3
Income tax	(29)	252	(111.5)	31	77	(60.0)	2	329	(99.5)
Profit for the period	197	85	134.5	108	318	(66.0)	305	403	(24.4)
Minority interest		(5)						(5)	
Profit attributable to the Group	197	90	121.3	108	318	(66.0)	305	408	(25.3)
<i>Average equity (half year)</i>	<i>20,583</i>	<i>19,043</i>	<i>8.1</i>	<i>3,065</i>	<i>4,072</i>	<i>(24.7)</i>	<i>23,648</i>	<i>23,115</i>	<i>2.3</i>
<i>Total Assets</i>	<i>325,989</i>	<i>340,225</i>	<i>(4.2)</i>	<i>10,860</i>	<i>10,764</i>	<i>0.9</i>	<i>336,849</i>	<i>350,989</i>	<i>(4.0)</i>
<i>ROE (half year)</i>	<i>1.9%</i>	<i>1.0%</i>	<i>0.9</i>	<i>7.1%</i>	<i>15.7%</i>	<i>(8.6)</i>	<i>2.6%</i>	<i>3.6%</i>	<i>(1.0)</i>
<i>NIM / Assets</i>	<i>1.3%</i>	<i>1.3%</i>	<i>0.0</i>	<i>(2.9%)</i>	<i>(4.4%)</i>	<i>1.6</i>	<i>1.2%</i>	<i>1.1%</i>	<i>0.1</i>
<i>Efficiency (half year)</i>	<i>53.1%</i>	<i>82.3%</i>	<i>(29.2)</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>52.3%</i>	<i>78.3%</i>	<i>(26.0)</i>

Additionally in 2014, information for the banking and insurance business is presented separately from the **real estate business**, as these assets receive special treatment. The real estate business includes:

- Loans managed by a business unit operating mainly through specialized real estate loan centers.

- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.

- Other real estate assets and subsidiaries.

A breakdown of the main banking and insurance business indicators at June 30 is shown in the table below:

Banking and insurance business income statement

€ million	January-June 2014		
	Banking & insurance ex real estate activity	Real estate activity	Total Banking & insurance
Net interest income	2,167	3	2,170
Dividends and share of profit (loss) of entities accounted for using the equity method	55	1	56
Net fees	926	4	930
Gains on financial assets and other operating income and expenses	461	(74)	387
Gross income	3,609	(66)	3,543
Recurring expenses	(1,830)	(53)	(1,883)
Pre-impairment income	1,779	(119)	1,660
Impairment losses on financial assets and others	(883)	(431)	(1,314)
Gains/losses on disposal of assets and others		(120)	(120)
Pre-tax income	896	(670)	226
Income tax	(231)	202	(29)
Profit attributable to the Group	665	(468)	197
<i>Average equity (half year)</i>	<i>18,731</i>	<i>1,852</i>	<i>20,583</i>
Total Assets	304,068	21,921	325,989
ROE (half year)	7.2%	(51.1%)	1.9%
NIM / Assets	1.4%	0.0%	1.3%
Efficiency (half year)	50.7%	--	53.1%
Non-performing loan ratio	6.5%	60.1%	10.8%
NPL coverage ratio	61.5%	55.9%	58.9%

2014 quarterly business performance

€ million	Banking & insurance ex real estate activity				Real estate activity			Investments			Total CaixaBank Group		
	1Q	2Q	% change	1H	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Net interest income	1,079	1,088	0.8	2,167	(10)	13	3	(76)	(79)	(155)	993	1,022	2,015
Dividends and share of profit (loss) of entities accounted for using the equity method	20	35	75.0	55	(1)	2	1	131	37	168	150	74	224
Net fees	452	474	4.9	926	2	2	4				454	476	930
Gains on financial assets and other operating income and expenses	153	308	101.3	461	(33)	(41)	(74)	52	(5)	47	172	262	434
Gross income	1,704	1,905	11.8	3,609	(42)	(24)	(66)	107	(47)	60	1,769	1,834	3,603
Recurring expenses	(913)	(917)	0.4	(1,830)	(26)	(27)	(53)	(1)		(1)	(940)	(944)	(1,884)
Pre-impairment income	791	988	24.9	1,779	(68)	(51)	(119)	106	(47)	59	829	890	1,719
Impairment losses on financial assets and others	(459)	(424)	(7.6)	(883)	(191)	(240)	(431)				(650)	(664)	(1,314)
Gains/losses on disposal of assets and others	6	(6)			(59)	(61)	(120)		18	18	(53)	(49)	(102)
Pre-tax income	338	558	65.1	896	(318)	(352)	(670)	106	(29)	77	126	177	303
Income tax	(76)	(155)	103.9	(231)	95	107	202	7	24	31	26	(24)	2
Profit attributable to the Group	262	403	53.8	665	(223)	(245)	(468)	113	(5)	108	152	153	305
ROE	5.7%	8.7%	3.0	7.2%	(47.6%)	(54.8%)	(51.1%)	15.3%	(0.7%)	7.1%	2.6%	2.6%	2.6%
NIM / Assets	1.5%	1.4%	(0.0)	1.4%	(0.2%)	0.2%	0.0%	(2.9%)	(2.9%)	(2.9%)	1.2%	1.2%	1.2%
Efficiency	53.6%	48.2%	(5.4)	50.7%	--	--	--	--	--	--	53.1%	51.5%	52.3%

Banking and insurance (excl. real estate)

Profit attributable to the banking and insurance business (excluding the real estate business) totaled €665 million in 1H14. Highlights in the quarter include:

- Strong performance of core revenues:
 - Net interest income grew by 0.8%, driven by the on-going reduction in the cost of maturity deposits, offsetting the loss of revenue from deleveraging and NPLs.
 - Fees and commissions grew strongly at 4.9%, mainly on the back of the good performance of off-balance sheet funds.
- Strong other income generation capacity on financial transactions and increase in results from companies accounted for using the equity method, due to the good performance of the non-life insurance business (SegurCaixa Adeslas).
- Reduction in impairment losses.

Real estate business

Highlights include:

- Ongoing reduction in exposure to the real estate developer sector. Net loans managed by the real estate business totalled €10,801 million at June 30, a drop of 16% in the year.
- The NPL ratio in the sector stood at 60.1%, with a coverage ratio of 55.9%.
- Foreclosed real estate assets held for sale were €6,747 million, net.
- The intense commercial activity performed by BuildingCenter stands out in 1H14. In the first six months of the year, CaixaBank's real estate subsidiary sold or rented properties for the amount of €1,213 million, an increase of 10% year on year.

The coverage ratio for available-for-sale foreclosed assets stood at 53.3%.

Real estate assets for rental were €2,285 million, net of provisions, with an occupancy rate of 88%.

Real estate business balance sheet

€ million	Jun. 30, 2014
Assets	21,921
Loans to real estate developers, net	10,801
<i>Loans to real estate developers, gross</i>	16,307
<i>Provisions</i>	(5,506)
Foreclosed real estate assets available for sale	6,747
Rental portfolio	2,285
Other	2,088
Liabilities	21,921
Deposits by real estate developers and other liabilities	832
Intra-group financing	19,311
Assigned capital (regulatory criteria B3 FL)	1,778

During the first half, the real estate business generated a net loss of €468 million. The quarter-on-quarter comparison reflects:

- Improved net interest income in the second quarter due to increased recoveries of non-performing loans and written-off debt.
- Other operating income and expenses include rental and other income from real estate activities.
- Impairment losses in the first quarter are impacted by the coverage made in 4Q13 to cover risks associated with this portfolio.

Equity investment business

Profit attributable to the equity investment business stood at €108 million in the first half of the year. The quarter-on-quarter comparison reflects:

- Income from investees in the second quarter includes the dividend paid by Telefónica and the impact of the loss announced by Erste Group Bank.
- Gains on financial transactions in the first quarter include the capital gain from the sale of Bolsas y Mercados Españoles.

The CaixaBank share

Share price performance

- CaixaBank shares performed well in 1H14, with gains of 19.0%

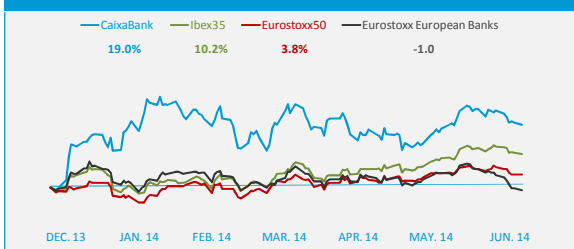
Stock markets continued to climb in the first half of 2014, fuelled by improved economic outlooks, the ECB's expansionary monetary policy and increased demand for risk assets. The EURO STOXX 50 gained 3.8% over the period, whilst the Ibex 35 rose by 10.2%. The Spanish index benefited from the economic upturn, the restructuring of the country's banking system and the tightening of the sovereign credit spread.

CaixaBank shares gained 19.0% in 1H14, closing at €4.507 per share on June 30, 2014. CaixaBank shares rallied faster than the Spanish financial sector average¹, which gained 14.1% during the period, and also outperformed the Eurostoxx European Banks sector index, which fell 1.0%.

2014 has seen a consolidation of the significant increase in trading volumes registered since November 2013 as a result of increased free float and stronger investor interest in the shares.

In the second quarter, investor sentiment remained buoyed by the now well-established economic recovery and forecasts of a long-term lax monetary scenario, though with less conviction and remarkably low levels of stock market volatility.

CaixaBank shares versus the main Spanish and European indexes in 1H14



Shareholder remuneration

- Compelling shareholder remuneration

The CaixaBank Optional Scrip Dividend program entails remunerating shareholders through a bonus issue. This remuneration program allows shareholders to choose between three options: receive newly-issued bonus shares, receive cash by selling their subscription rights on the market, or receive cash by selling their rights to CaixaBank at a price to be determined by the latter. Shareholders may also choose to combine these three options in any way.

CaixaBank paid shareholders a total of €0.20 per share for the last 12 months, split into quarterly payments through this program.

On June 20, 2014, the payout of €0.05 per share for 1H14 was made effective.

In this latest Optional Scrip Dividend program, the bonus shares had a take-up of 75%.

Shareholder remuneration for the past 12 months is as follows:

Concept	€/share	Listing date ⁽¹⁾	Payment date ⁽²⁾
Optional Scrip Dividend	0.05	June 3, 2014	June 20, 2014
Optional Scrip Dividend	0.05	March 4, 2014	March 21, 2014
Optional Scrip Dividend	0.05	November 26, 2013	December 13, 2013
Optional Scrip Dividend	0.05	October 1, 2013	October 18, 2013

(1) Date subscription rights commenced trading.

(2) Settlement date for rights sold to the company itself.

Key performance indicators for the CaixaBank share at June 30, 2014

Market capitalization (€ M)	24,554
Number of outstanding shares ¹	5,592,619

Share price (€/share)

Share price at the beginning of the period (December 31, 2013)	3.788
Share price at closing of the period (June 30, 2014)	4.507
Maximum price ²	4.836
Minimum price ²	3.757

Trading volume (number of shares, excluding special transactions)

Maximum daily trading volume	29,377,775
Minimum daily trading volume	4,472,184
Average daily trading volume	11,694,956

Stock market ratios

Net Profit (€M) (12 months)	399
Average number of outstanding shares - fully diluted ³	5,594,935
Net income attributable per Share (EPS) (€/share)	0.07
Equity (€M)	24,950
Number of outstanding shares at June 30, 2014 - fully diluted ⁴	5,592,674
Carrying amount per share (€/share) - fully diluted	4.46
PER	64.39
P/BV (Market value/ book value) - fully diluted	1.01
Dividend Yield⁵	4.4%

(1) Number of shares, in thousands, excluding treasury stock. Includes the 149,484,999 new shares issued to cover the conversion of Series I/2011 mandatorily convertible subordinated bonds. The shares began trading on the main market on July 14, 2014.

(2) At close of trading session.

(3) Includes the weighted effect following the full conversion of subordinated bonds, mandatorily convertible and/or exchangeable into CaixaBank shares for a value of € 15 million originating from Banco de Valencia, as well as the deduction of the average number of treasury shares in the period.

(4) The number of shares, in thousands, includes the total shares to be issued on conversion of the subordinated bonds, mandatorily convertible and/or exchangeable into CaixaBank shares for a value of € 15 million originating from Banco de Valencia. Treasury shares at June 30, 2014 have been deducted.

(5) Calculated by dividing the yield for the last 12 months (€0.20 /share) by the closing price at the end of the period (€4.507/share).

Significant events in 1H14

Sale of the stake in Bolsas y Mercados Españoles

On January 16, 2014, an accelerated bookbuilding process was undertaken for 4,189,139 shares in Bolsas y Mercados Españoles, holding company of Mercados y Sistemas Financieros, S.A., which represented around 5.01% of the company's share capital and CaixaBank's entire stake. The shares were placed solely among institutional and/or qualified investors.

The transaction was worth a total of €124 million and generated consolidated gross capital gains of €47 million.

Issuance of €1,000 million in mortgage-covered bonds

Successful placement of €1,000 million in 10-year mortgage-covered bonds in March 2014. This issuance received a resounding response from institutional investors (88% foreign), generating demand of over €2,600 million.

The coupon rate was set at 2.625% and the issue cost (80bp over the mid-swap rate) meant CaixaBank was able to finance itself 67bp below the rate paid by the Spanish Treasury over the same period.

Mandatory conversion to CaixaBank shares of all Series I/2012 mandatorily convertible subordinated bonds

On February 27, 2014, CaixaBank's Board of Directors ratified the mandatory conversion and/or exchange of all such bonds. The conversion and/or exchange, which was obligatory for all bondholders, took place on March 30, 2014.

The reference price of CaixaBank shares for the purposes of the conversion/exchange was set at €3.65.

CaixaBank covered the conversion and/or exchange by issuing 323,146,336 new shares.

The Board of Directors also agreed to announce the payment of the coupon on the bonds corresponding to the first quarter of 2014 (nominal annual coupon of 7% on the par value of the bonds).

Mandatory conversion to CaixaBank shares of all Series I/2011 mandatorily convertible subordinated bonds

On May 29, 2014, CaixaBank's Board of Directors ratified the mandatory conversion of all such bonds. The conversion, which was obligatory for all bondholders, took place on June 30, 2014.

The reference price of CaixaBank shares for the purposes of the conversion was set at €4.97.

CaixaBank covered the conversion and/or exchange by issuing 149,484,999 new shares.

The Board of Directors also agreed to announce the payment of the coupon on the bonds corresponding to the second quarter of 2014 (nominal annual coupon of 7% on the par value of the bonds).

Process to convert "la Caixa" into a banking foundation and transfer its stake in CaixaBank to Criteria CaixaHolding

In accordance with Law 26/2013 on Savings Banks and Banking Foundations, and following approval on May 22, 2014 by the "la Caixa" Annual General Assembly, on June 16, 2014, the public deed converting Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", into a Banking Foundation was recorded in the Registry of Foundations, giving rise to the company's effective conversion and the consequent termination of indirect financial activity by "la Caixa" through CaixaBank, S.A. The new Banking Foundation is called "la Caixa", Banking Foundation and will be supervised by the Bank of Spain with regard to its shareholding interest in CaixaBank as set forth in the Law governing Savings Banks and Banking Foundations.

The conversion of "la Caixa" into a banking foundation is being carried out as part of the restructuring of the "la Caixa" Group. This restructuring will involve the dissolution and liquidation of the current "la Caixa" Foundation and the segregation in favor of Criteria CaixaHolding – a wholly-owned subsidiary of "la Caixa" – of the stake held by "la Caixa" in CaixaBank (58.9% as of June 30, 2014). The Banking Foundation will therefore hold an interest in CaixaBank through Criteria, along with the debt instruments issued to date by "la Caixa".


The "la Caixa" Banking Foundation will perform the following main activities: management of all the "Obra Social" Welfare Projects and management, through its interest in Criteria CaixaHolding, of its stake in CaixaBank and of the Group's investments in non-financial sectors (mainly Gas Natural and Abertis).

The restructuring of "la Caixa" Group is forecast for completion in 4Q14.

Appendices

Investment portfolio

CaixaBank's investment portfolio at June 30, 2014, is as follows (main investees):

 CaixaBank				
LISTED - SERVICES	Telefónica	5.2%	INTERNATIONAL BANKING¹	
	Repsol	11.8%		
SPECIALIZED FINANCIAL SERVICES	InverCaixa	100%		INSURANCE
	Finconsum	100%		
	Credifimo	100%		
	Nuevo Micro Bank	100%		
	CaixaCard	100%		
	CaixaRenting	100%	REAL ESTATE AND OTHER SERVICES	
	GestiCaixa	100%		
	Self Trade Bank	49.0%		
	Comercia Global Payments	49.0%		
	CaixaBank Electronic Money (EDE)	100%		
	Telefónica Consumer Finance	50%		
	44.1%	Banco BPI		
	20.7%	Boursorama		
	9.0%	GF Inbursa		
	17.7%	The Bank of East Asia		
	9.1%	Erste Group Bank		
	100%	VidaCaixa		
	100%	AgenCaixa		
	49.9%	SegurCaixa Adeslas		
	100%	Building center		
	49.0%	Servihabitat Serv. Inmob.		
	12.4%	SAREB		
	100%	SILK Aplicaciones		
	100%	e-la Caixa		
	100%	GDS Cusa		
	100%	Caixa Emprendedor XXI		

⁽¹⁾ A breakdown of the carrying amount of banking investees is provided on the following page.

Banking investees

Consolidated carrying amount of banking investees and share price at June 30, 2014:

€ million	% Participation	Consolidated carrying amount ¹	Of which: Goodwill ²	€ / share
GF Inbursa	9.01	799	301	1.33
The Bank of East Asia	17.67	1,565	471	3.80
Erste Group Bank	9.12	804		20.51
Banco BPI	44.10	992		1.54
Boursorama	20.68	182	66	10.00
		4,342	838	

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

(²) Goodwill, net of write-downs.

Ratings

The CaixaBank Group's ratings are as follows:

Agency	Long-Term	Short-Term	Outlook
Standard&Poor's ¹	BBB-	A-3	Positive
Fitch ²	BBB	F2	Positive
Moody's ³	Baa3	P-3	Stable
DBRS	A (low)	R-1 (low)	Negative

(1) On June 4, 2014, Standard & Poor's affirmed its rating and upgraded the outlook from stable to positive.

(2) On July 1, 2014, Fitch affirmed its rating and upgraded the outlook from negative to positive.

(3) On May 29, 2014, Moody's affirmed its rating and outlook.

Disclaimer

This presentation of results is exclusively for information purposes and does not aim to provide financial advice or to offer any type of financial service or product. In particular, this information should not be taken as a guarantee of future results.

This report features data supplied by third parties generally considered to be reliable information sources. However, the accuracy of the data has not been verified. This report features estimates at the date of preparation that refer to a number of issues affecting CaixaBank (hereinafter, the Company). Specifically, the financial information regarding investees has been prepared primarily on the basis of estimates made by the Company. None of the directors, executives or employees of CaixaBank are obliged, either explicitly or implicitly, to ensure that these contents are accurate or complete, or to keep them updated or correct them in the event that any deficiencies, errors or omissions are detected. Moreover, in reproducing these contents via any medium, CaixaBank may introduce any changes it deems suitable and may partially or completely omit any portions of this document. CaixaBank assumes no liability for any discrepancies with this version. The contents of this disclaimer should be taken into account by any persons or entities that may have to take decisions or prepare or disseminate opinions relating to securities issued by CaixaBank and, in particular, by the analysts and investors handling this document. All such parties are urged to consult the public documentation

and information CaixaBank submits to the Spanish securities market regulator (Comisión Nacional del Mercado de Valores, CNMV). This document contains unaudited financial information.

This document has not been filed with the CNMV for approval or registration. In any event, its contents are regulated by the Spanish law applicable at time of writing. This report is not addressed to any person or legal entity located in any other jurisdiction. Consequently, it may not necessarily comply with the prevailing standards or legal requisites of other jurisdictions.

Without prejudice to applicable legal requirements or to any other limitations imposed by the CaixaBank Group permission to use the contents of this presentation or the signs, trademarks and logos it contains is expressly denied. This prohibition extends to any reproduction, distribution, transmission to third parties, public communication or conversion, in any medium, for commercial purposes, without the prior express consent of the respective proprietary title holders. Failure to observe this restriction may constitute a legal infraction sanctionable under prevailing legislation.

The financial information relating to investees is based mainly on estimates.



Best Retail Bank for
Technology Innovation
in the World 2013 & 2014



Bank of the Year
2013 in Spain



Most Innovative Bank
in the World 2013
Best Product and
Service Innovation 2013



FTSE4Good