The Board of Directors of CaixaBank, S.A. (hereinafter referred to as the “Company”), subject to the provisions of article 511 of the Royal Legislative Decree 1/2010, of 2 July, which approved the consolidated text of the Corporate Enterprise Act (the “Corporate Enterprise Act”) and 319 of the Registrar of Companies Regulations, applying by analogy the provisions of article 297.1.b) of the Corporate Enterprise Act, issues this report, in order to justify the proposal in the item 11 on the Agenda, regarding delegation to the Board of Directors, for a period of five years, of the powers to issue securities convertible into newly issued shares of the Company into outstanding shares of the Company, as well as warrants or other analogous securities that may directly or indirectly entitle subscription of shares of the Company, for a maximum amount of five billion (5,000,000,000) euros; of the power to establish the criteria for determining the rules and procedures of the conversion; of the possibility of increasing the share capital to the amount necessary, with powers, in the issuing of convertible securities, to exclude the pre-emptive subscription right of the Company’s shareholders. All this nullifies the delegation to issue convertible fixed income securities conferred by the thirteenth agreement of the General Shareholders’ Meeting on May 12, 2011.

The abovementioned securities may incorporate the possibility to be exchangeable for outstanding shares of the Company. For the sake of clarity, it must be noted that the delegation to issue fixed income securities exchangeable (i.e., not convertible into shares of the Company) by the Company’s shares, or other listed companies, either participated or not by Caixabank, shall be governed by the provisions of item 12 of the Agenda.

The dynamics of any company, and especially a big listed company, demand that its governmental and administrative bodies have, at all times, the most suitable instruments for an agile response to the needs of the company in every case, in view of market conditions. This flexibility and agility are particularly suitable in the current situation of tight credit with the changing market circumstances. This makes it advisable for the Company’s Board of Directors to have the means to appeal at all times to the various funding sources available to obtain the most advantageous financial conditions.

One of the financial instruments commonly used to capture stable external resources is the issuance of bonds in various modalities: simple debentures, subordinate bonds, exchangeable bonds, convertible bonds, etc. Besides the advantages of simple debentures, convertible or exchangeable bonds have additional significant advantages. They are favorable for the issuing company because they can be an efficient way of funding in terms of cost or issuances, eventually, of new capital. In addition, the mandatorily convertible debt instruments that meet certain requirements allow for optimization of the equity structure, also for the purposes of meeting capital and solvency requirements.

Convertible or exchangeable bonds may also be of interest to investors, as they have a mixed character between fixed income and variable income, since they incorporate the option, under certain conditions, of becoming shares of the Company. These advantages for investors are the ones that can potentially determine that they are attractive investment instruments from the standpoint of sound financial management. The Board of Directors
understands that the proposal for a resolution presented at the Company’s General Shareholders’ Meeting is motivated by the opportunity to provide the Board with the instruments that the Corporate Enterprise Act and other complementary legislation in force authorize, and that, without having to previously call and hold a General Shareholders’ Meeting, allows to pass the resolution to issue convertible and/or exchangeable securities, as well as warrants or other analogous securities that can directly or indirectly entitle to the subscription or acquisition of shares of the Company that - within the limits and in the terms, periods and conditions the General Shareholders’ Meeting decides- are deemed suitable for corporate interests.

As noted above, this proposal is carried out under the provisions of article 511 of the Corporate Enterprise Act and 319 of the Registrar of Companies Regulations, applying by analogy the provisions of article 297.1.b) of the Corporate Enterprise Act, which establish the possibility of delegation by the General Shareholders’ Meeting to the Board of Directors of the authority to issue ordinary debentures or bonds convertible into shares, warrants and other analogous securities conferring the authority to exclude the preferential subscription right.

The proposed agreement sets five billion (5,000,000,000) euros as the maximum amount for the issuance of which approval is sought. The Board of Directors considers this amount to be large enough to allow the Company to raise the necessary funds in the capital markets to develop the funding policy of the Company and its group.

The proposed resolution on delegation to the Board of Directors also includes the authority to increase share capital as required to meet the conversion, provided that this increase by delegation does not exceed half of the amount of share capital, as established in article 297.1.b) of the Corporate Enterprise Act. In this sense, the amount of the capital increases that are made under this delegation, where appropriate, and with the aim of meeting the conversion or exchange of bonds, warrants and other securities, will be considered as falling within the available limit at all times to increase the share capital.

The resolution on the delegation to the Board of Directors of the authority to issue convertible and/or exchangeable bonds as well as warrants and other analogous securities, distinguishes between convertible bonds, specifically regulated in the Corporate Enterprise Act, and warrants and any other security involving -in practice- a subscriber’s entitlement to conversion or exchange into shares of the Company. This distinction clarifies the different possible interpretations arising from the fact said securities are not specifically regulated in the Corporate Enterprise Act. The resolution requires the Board of Directors to act in issuing said securities ensuring strict compliance with applicable regulations for issuing convertible securities specifically regulated by the Corporate Enterprise Act applicable to them due to their nature, thereby preventing a possible interpretation that the absence of a specific regulation makes it unnecessary to comply with the requirements of said regulation on convertible bonds, to the extent that they are applicable to warrants, paying attention to its nature. In brief, the conditions of the aforementioned resolution, in practice, make all types of securities that involve entitlement to exchange or subscription of shares of the Company equal.

In any case, in the resolution on delegation to the Board of Directors of the authority to issue convertible and/or exchangeable bonds as well as warrants and other analogous securities that may directly or indirectly entitle subscription or acquisition of shares of the Company, safeguard clauses have been established to prevent these securities’ subscription price from being lower than the face value of the shares they are convertible into, thereby avoiding incurring into the prohibition established in article 415 of the Corporate Enterprise Act, concerning the issuance of shares for a price below their face value.
The proposal for a resolution mentioned in the previous paragraph also establishes criteria for determining the rules and procedures of the conversion and/or exchange, while trusting the Board of Directors, in the case that the Board agrees to make use of the authorization of the General Shareholders’ Meeting, with the specification of these rules and procedures for each issue within the limits and in accordance with the criteria established by the General Shareholders’ Meeting. Thus, the Board of Directors will determine the specific conversion ratio. For that purpose, when it approves an issuance of convertible and/or exchangeable securities subject to delegation under the authorization granted by the General Shareholders’ Meeting, it will issue a report detailing the specific rules and procedures of the conversion that are applicable to that indicated issuance, which will also be subject to the corresponding auditors’ report referred to in articles 414 and 511 of the Corporate Enterprise Act.

Specifically, the proposal for a resolution that the Board subjects to the approval of the General Shareholders’ Meeting provides that the securities that are issued thereunder will be assessed on their face amount and the fixed rate shares (fixed or determinable) or variable rate shares determined in the corresponding resolution of the Board of Directors.

Thus, for the purposes of conversion and/or exchange, the fixed income securities will be valued on their face amount, and the shares at the exchange established by the Board of Directors in the resolution in which it makes use of this delegation, or at the determinable exchange on the date or dates specified in the Board’s resolution, with or without discount or premium.

Issuing convertible and/or exchangeable fixed income securities with a variable conversion and/or exchange rate may also be agreed upon. In that case, the shares’ price for the purposes of conversion and/or exchange will be determined by the Board of Directors. A premium or, where appropriate, a discount on the price per share arising from the criteria established may be included.

In this way, the Board considers that sufficient flexibility has been granted to set the shares’ value for the purpose of conversion depending on market conditions and other applicable considerations.

Similar criteria will be used, mutatis mutandis, and to the extent that they are applicable, for issuing bonds (or warrants) that are exchangeable into shares of other companies.

In the case of warrants on newly issued shares, the rules on convertible bonds set forth in the proposal will be applicable to the extent they are compatible with their nature.

In addition, as it is apparent from Article 415.2 of the Corporate Enterprise Act, the resolution on delegation to the Board of the authority to issue convertible securities establishes, for the purposes of conversion, that the face value of the bonds not be lower than the face value of the shares. Convertible bonds cannot be issued for an amount less than their face value either.

It also is stated that the authorization to issue convertible and/or exchangeable securities, as well as warrants and other analogous securities that may directly or indirectly entitle subscription or acquisition of shares of the Company includes, under the provisions of article 511 of the Corporate Enterprise Act, conferring on the Board of Directors the authority to exclude, wholly or partially, the pre-emptive subscription right of the shareholders, when so required for raising financial resources on the markets, or when otherwise justified by corporate interests.

The Board considers that suppression of the pre-emptive subscription right allows for a relative drop in the financial cost and the costs associated with the transaction (especially including the commissions of financial institutions involved in the issuance) compared to an issue with pre-emptive subscription rights, and has, at the same time, a less distorting effect
on the trading of the shares of the Company during the issuing period. In any case, in accordance with the provisions of article 511 of the Corporate Enterprise Act, if the Board decides to suppress the pre-emptive subscription right of the shareholders on the occasion of some or all issues it eventually decides to make under said delegation, at the same time it adopts the corresponding issuing agreement, it must issue a report detailing the specific corporate interest reasons that justify said measure, which will be the subject of a corresponding report by an account auditor who is different from the auditor of the Company appointed by the Registrar of Companies, referred to in article 414 of the Corporate Enterprise Act. These reports must be made available to the shareholders, and they must be communicated at the first General Shareholders’ Meeting held after the issuance resolution.

In conclusion, the agreement proposed to the General Shareholders’ Meeting gives room for maneuver and response capacity to the Board of Directors, and is justified by the flexibility and agility that it is necessary to act with in today’s financial markets, in order to make the most of times when market conditions are more favorable. It also enables CaixaBank to optimize its equity structure to better face the current situation of financial instability.

In Barcelona, on March 8, 2012