CaixaBank

BUSINESS ACTIVITY AND RESULTS

JANUARY - MARCH

[2014]

Contents

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 quarter of 2014 and of 2013 and for the year 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".

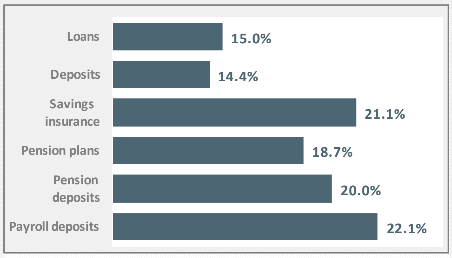
CaixaBank

LEADERSHIP IN RETAIL BANKING

	1Q14
Market share customer (individuals) penetration[1]	27.4%
Market share customer penetration as preferred bank[1]	22.7%
Customers (million)	13.6
Total Assets (€ million)	331,376

Market shares[1]

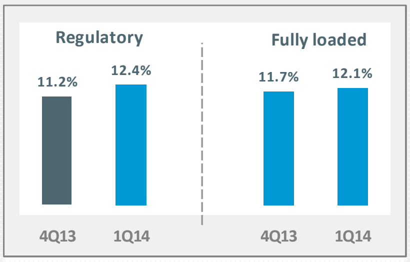
1Q14



FINANCIAL STRENGTH

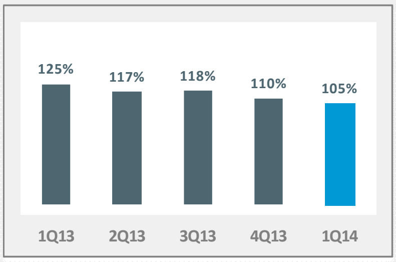
Solvency/ Common Equity Tier 1 BIS III

+116 bp / +37 bp 4Q13-1Q14



Liquidity/ Loan to deposits

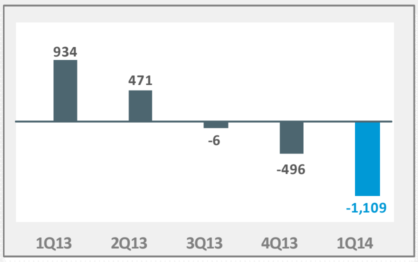
- 5 pp 4Q13-1Q14



NPL and net foreclosed available for sale assets[2]

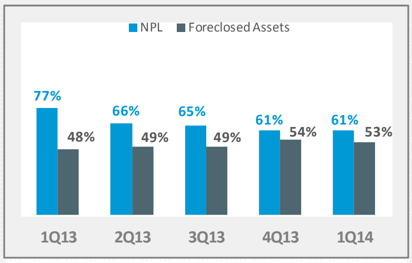
€ Million

€-1,109 M 4Q13-1Q14



NPL and net foreclosed available for sale assets coverage

0 pp / -1 pp 4Q13-1Q14

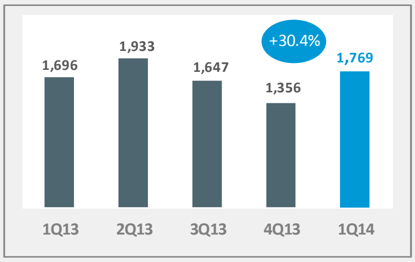


SUSTAINED INCOME GENERATION AND COST REDUCTION CAPACITY

Gross income

€ Million

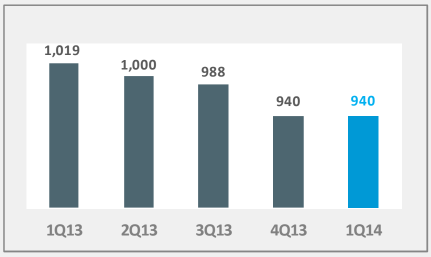
+4.3% 1Q13-1Q14



Recurring expenses (stripping out extraordinary costs)

€ Million

-7.8% 1Q13-1Q14



([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 the incorporation of Banco de Valencia in 1Q13 and the impact of new classification criteria for refinanced transactions in june 2013.

Key figures

€ million	January - March 2014	January - March 2013	Change
INCOME STATEMENT HEADINGS			
Net interest income	993	992	0.1%
Gross income	1,769	1,696	4.3%
Pre-impairment income	829	(82)	
Pre-impairment income stripping out extraordinary costs	829	677	22.5%
Profit attributable to the Group	152	335	(54.6%)

€ million	March 2014	December 2013	Change
BALANCE SHEET			
Total assets	331,376	340,190	(2.6%)
Equity	24,467	24,333	0.6%
Total funds	309,233	303,604	1.9%
Retail funds	*264,620*	*259,244*	*2.1%*
Wholesale funds	*44,613*	*44,360*	*0.6%*
Customer loans, gross	201,357	207,231	(2.8%)
EFFICIENCY AND PROFITABILITY *(last 12 months)*			
Cost-to-income ratio (Total operating expenses/ gross income)	58.9%	72.2%	(13.3)
Cost-to-income ratio stripping out extraordinary costs	57.7%	59.5%	(1.8)
ROE (attributable profit/ average equity)	1.4%	2.1%	(0.7)
ROA (net profit / average total assets)	0.1%	0.1%	0.0
RORWA (net profit / risk-weighted assets)	0.3%	0.4%	(0.1)
ROTE (attributable profit / average tangible equity)	1.7%	2.7%	(1.0)
RISK MANAGEMENT			
Non-performing loans	24,013	25,365	(1,352)
Non-performing loan (NPL) ratio	11.36%	11.66%	(0.30)
Non-performing loan (NPL) ratio stripping out real estate developers	6.80%	6.83%	(0.03)
Loan-loss provision	14,668	15,478	(810)
NPL coverage ratio	61%	61%	0
NPL coverage ratio including collateral	140%	140%	0
NPL coverage ratio stripping out real estate developers	64%	63%	1
Foreclosed available for sale real estate assets	6,412	6,169	243
Foreclosed available for sale real estate assets coverage ratio	53%	54%	(1)
of which: land coverage	64%	65%	(1)
LIQUIDITY			
Liquidity	65,003	60,762	4,241
Loan to deposits	105.0%	109.9%	(4.9)
SOLVENCY - BIS III			
Common Equity Tier 1 (CET1)	12.4%	11.2%	1.2
Tier Total	15.5%	14.7%	0.8
Risk-Weighted Assets (RWA)	147,222	151,461	(4,239)
Surplus CET1	11,563	10,141	1,422
Surplus Tier Total	10,973	10,155	818
Leverage ratio	5.7%	5.50%	0.2
Common Equity Tier 1 (CET1) fully loaded	12.1%	11.7%	0.4
SHARE INFORMATION			
Share price (€/share)	4.670	3.788	0.882
Market capitalization	23,716	19,045	4,671
Number of shares outstanding[1] *(thousands)* (Excluding treasury shares)	5,400,109	5,025,419	374,690
Book value per share - fully diluted (€/share)	4.41	4.43	(0.02)
Number of shares - fully diluted *(thousands)*	5,549,788	5,498,274	51,514
Net income attributable per share (EPS) (€/share) (12 months)	0.06	0.09	(0.03)
Average number of shares - fully diluted *(thousands)*	5,457,543	5,416,010	41,533
PER (Price/ Profit; times)	77.83	40.76	37.07
PBV (Market value/ book value) - fully diluted	1.06	0.86	0.20
BANKING BUSINESS AND RESOURCES (Units)			
Customers *(millions)*	13.6	13.6	0.0
CaixaBank Group Employees	31,682	31,948	(266)
Branches	5,716	5,730	(14)
ATMs	9,606	9,597	9

([1]) Includes 323,146,336 new shares issued to attend the conversion of Series I/2012 mandatorily convertible and/or exchangeable subordinated bonds. The shares began trading on the market on April 14, 2014.

Key Group information for 1Q 2014

COMMERCIAL ACTIVITY

Intense commercial activity underpins leadership position in retail banking

- CaixaBank provides service to **13.6 million clients through 5,716 branches, with total assets of €331,376 million.**
- **Leadership in Spanish retail banking sector** backed by intense commercial activity and a specialized offer by customer segment.
  - **Market share customer penetration of 27.4%** among individual customers; for 22.7%, CaixaBank is their preferred bank[1].
  - 22.1% market share in payroll deposits and 20.0% in pension deposits[1].
  - Total lending market share stands at 15.0%, whilst the market share for total deposits is 14.4%. Insurance saving products: 21.1% and pension plans: 18.7%[1].
- Caixabank's unwavering commitment to innovation has made it the **leader in online banking** (9.4 million clients) **and mobile banking** (4.0 million clients).
- **Total funds** reached €309,233 million (up 1.9% in 1Q14). Retail customer funds totaled €264,620 million (up €5,376 million, or 2.1%) with a diversified range of products adapted to the different customer segments.
- **Gross customer loans** stand at €201,357. The 2.8% drop is mainly attributable to the reduction in exposure to the real estate development sector (-7.1%) and the widespread deleveraging process.

  CaixaBank remains fully committed to backing its clients' projects; in the early months of 2014 various agreements were signed to open credit lines for the production sector.

  CaixaBank launched its ***CaixaNegocio* commercial strategy** which seeks to attract and forge links with clients in this segment[2]. A total of 98,046 new clients were secured in 1Q14.

FINANCIAL STRENGTHS

EXCELLENT LIQUIDITY POSITION

- **Group liquidity was €65,003 million** as at March 31, 2014, all of which is immediately available (19.6% of total assets).
- **The loan to deposit ratio decreased to 105%**, with improved financing structure and narrowed loan-deposit gap.
- **Successful placement of €1,000 million in 10-year mortgage-covered bonds.** 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.

STRONG SOLVENCY WITH RECURRING CAPITAL GENERATION

Common Equity Tier1 (CET1): 12.4%

- Strong capacity for capital generation has led to a 38bp increase in CET1.
- Increase in Basel III CET1 following the conversion of all Series I/2012 mandatorily convertible and/or exchangeable subordinated bonds in 1Q14.
- **Surplus CET1 capital: €11,563 million.**

CET1 fully loaded: 12.1% (11.7% as at December 31, 2013)

RISK MANAGEMENT: ENHANCED CREDIT QUALITY

Significant decrease in NPLs

- **€1,352 million reduction in NPLs.** The downward trend that began in 2H13 intensified in 1Q14.
- **NPL ratio** down 30bp. This reduction was largely attributable to the major drop in NPLs (-62bp), which offset the impact of deleveraging (+32bp).
- The drop in new NPL inflows was significant in 1Q14, -52% quarter on quarter.

([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.

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

- The **net carrying amount of foreclosed real estate assets** available for sale stood at €6,412 million.
- **Properties rented or sold amounted to €630 million**, up 71% year on year.
- The quality of the foreclosed real estate assets available for sale, **61% of which are completed buildings,** ensures that the properties can be easily rented or sold.

Solid provisions

- Loan-loss provisions totaled €14,668 million and the **coverage ratio remained stable at 61%.**
- **The coverage ratio for foreclosed real estate assets stood at 53.4%.**

RATINGS

- **CaixaBank is one of three Spanish banking entities rated "investment grade"** by the four rating agencies.
- Moody's affirmed its Baa3 rating while upgrading its outlook from negative to stable on April 4, 2014.

RESULTS

Attributable profit in 1Q14 stood at €152 million

- Performance in the first quarter of 2014 was supported by strong recurring revenue generation and a drop in operating expenses. Pre-impairment income increased 22.5% (stripping out extraordinary costs in 2013).
- 1Q13 results (€335 million) include the impact of non-recurring items under different income statement headings.

Gross income up 4.3% to €1,769 million

- **Net interest income stood at €993 million (up 0.1% year on year).** Active management to drive down financing costs offset the impact of deleveraging and NPLs on financial income.
- **Robust fee income of 454 million (+1.8% year on year).** Increased contribution by off-balance sheet products fees.
- **Gains on financial assets and foreign exchange for 1Q14 were €221 million** (€114 million in 1Q13).

22.5% growth in pre-impairment income to €829 million and reduction in recurring expenses

- The intense **process to optimize the Group's structure** in 2013 has laid the foundations for a gradual improvement in efficiency.
- **Recurring expenses were down 7.8%** year on year, thanks to substantial synergies and cost streamlining.
- **Pre-impairment income was €829 million, up 22.5% year on year** (excluding non-recurring operating expenses incurred in 2013 through the restructuring process, which totaled €839 million on the year and €759 million in 1Q13).

Non-recurring impacts in 1Q13

- **Impairment losses on financial assets and others stood at €650 million, down 66.7% 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.

THE CAIXABANK SHARE

Positive performance in 1Q14 with an increase of 23.3%

- CaixaBank closed the session on March 31, 2014 at €4.670 per share (+23.3%), substantially outperforming the Spanish financial sector average[1], which gained 7.6% 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

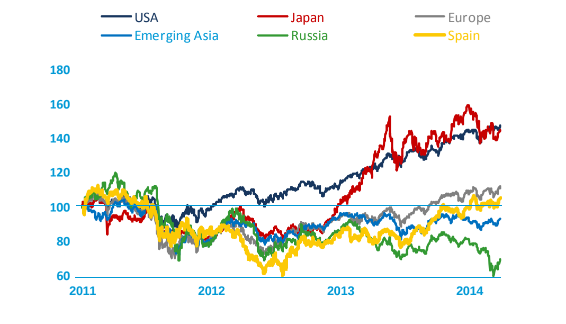
GLOBAL AND MARKET TRENDS

- Global economic recovery underway, but uncertainties remain in some emerging markets
- Financial markets showing signs of strength

Indicators show that the **upturn in global economic activity** continued in 1Q14, albeit with major differences from country to country.

The economic recovery is consolidating in Europe and in Spain. Growth appears to be gaining a foothold in the US, but the labor market has not yet made a full recovery. In Japan, the impact of April's VAT hike remains to be seen. Consumer spending and investment will likely grow in 1Q in anticipation of the tax hike, and could subsequently taper off.

Performance of the main global stock markets
Index (Jan 2011=100)



Source: "la Caixa" Research, based on Bloomberg data.

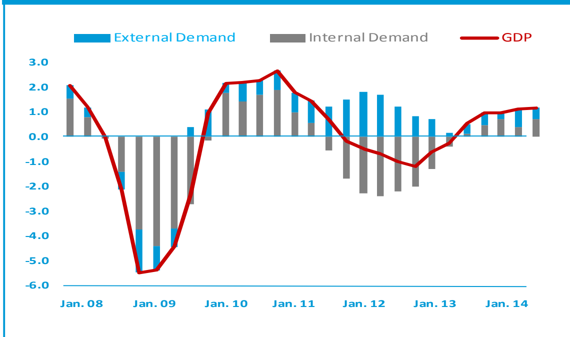
There have been uncertainties in some emerging countries since the beginning of the year. Brazil, for example, has fallen further, with persistent inflationary pressures and slowing economic growth. China has shown signs of an economic slowdown; early indicators including industrial output, retail sales and others for the initial months of 2014 are lower than the 2013 average. However, we will need to wait a few months before delving into a more detailed evaluation of the Asian giant's economic performance. Ongoing reforms as well as the confirmation at the Annual Parliamentary Session of a 7.5% growth target and the substantial room for maneuver in terms of monetary and fiscal policy are supporting factors with regard to the short- and medium-term outlook. Russia's political conflict with Ukraine will dampen growth in 2014 but so far has not generated major financial tensions outside its closest geographical area. This shows that investors are still clearly differentiating emerging markets based on their macro fundamentals.

THE EUROZONE AND SPAIN

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

Things are looking up for Europe and Spain in 2014. Economic indicators for the eurozone in 1Q14 continue to depict a **scenario of gradual recovery**. Domestic demand, particularly investment, looks somewhat more solid than expected. The European periphery countries are also recovering slightly faster than estimated. Portuguese economic indicators are particularly sound, and the Troika's financial aid program in the country is likely to conclude in June.

Eurozone: contribution of demand to GDP growth
Year-on-year change (%)

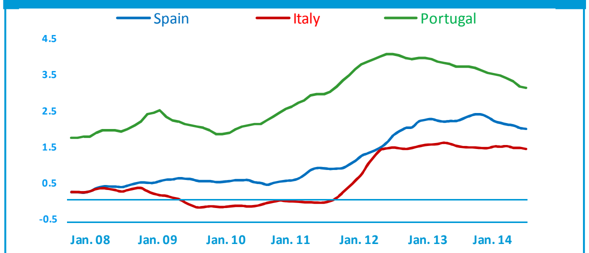


Source: "la Caixa" Research, based on Eurostat data.

Given this gradual recovery, the ECB has continued to choose not to act, although it has recognized that inflation will remain low for a long time and highlighted that it will not hesitate to intervene if the risk of deflation intensifies. Despite its apparent inaction, the ECB's discourse has become increasingly preoccupied in terms of the risk of deflation. The Bundesbank Chairman and ECB Governing Council member Jens Weidmann announced that the ECB would not rule out buying up sovereign and corporate debt to reactivate the economy to avoid deflation risks. The ECB is gradually bringing credibility to its plans to implement a US-style quantitative easing program.

At the same time, recent efforts to **shore up the financial integration of the eurozone**, including the Single Resolution Mechanism, demonstrate the ongoing commitment by European institutions to continue to work towards greater integration. Negotiations between the European Council of Ministers and the European Parliament have resulted in modifications to the initial proposal. The time limit for the contribution of the €55 billion to the single bank resolution fund has been cut from 10 to 8 years and mutualization will be faster (60% of contributions in first two years, 100% after 8 years). Also, the decision-making process has been simplified and during the transition period, the fund will be able to access the markets. The contribution by each entity to the fund will be based on risk-weighted assets and the weighting of wholesale funding, though the details are yet to be decided. This agreement is a crucial linchpin for the banking union process, as is the single supervision to be undertaken by the European Central Bank as of November this year. These measures are making way for the gradual creation of a more solid economic and monetary union, which is vital for re-establishing the transmission mechanism of monetary policy and putting an end to the fragmentation of financial markets.

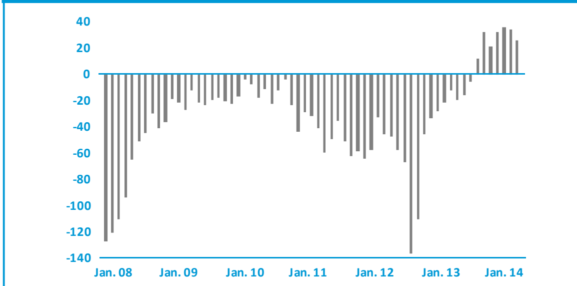
Interest rate spread on corporate loans compared to core euro countries
(three months moving average, %)



Notes: Core includes Austria, Germany, Finland, France and Netherlands. Loans interest rate under one million euros.
Source: "la Caixa" Research, based on ECB data.

The Spanish economy closed the first quarter of the year with encouraging signs that point to an acceleration of growth. Investment in particular has progressed well in the early months of the year on the back of economic activity data: both the Purchasing Managers' Index (PMI) and the Industrial Production Index have continued to evolve extremely well. Whilst growth in household spending appears to have dropped off in the early part of the year, the improvement in consumer confidence should help bring about an upturn in spending. Another key factor likely to drive retail spending is the ongoing recovery of the labor market. Since September, 2013 net job creation rates have been positive (seasonally adjusted).

Evolution of employment
Monthly change (thousands)



Note: Data corrected for seasonal variations.
Source: "la Caixa" Research, based on data from the Ministry of Employment and Social Security.

The improvement in competitiveness has been fundamental to the internationalization of the Spanish economy in recent years. As a result, in just five years exports of goods and services have gone from 25% to 34% of GDP. The recent drop in labor costs also suggests that the increase in competitiveness is now consolidating.

In this context, GDP is expected to grow by about 1.0% in 2014 which will allow for an increase in net employment. The landscape is also looking smoother in terms of risk; the latest report by the European Commission on macroeconomic imbalances highlights the significant progress made by the Spanish economy towards correcting its own. There is still a long way to go, but the country is better positioned to see the recovery process continue to gain ground over the course of the year. The tax reform announced recently should also help underpin growth. The reform seeks to implement an efficient tax framework which will help adjust the budget deficit and stimulate growth.

The latest news shows that there are grounds for optimism regarding 2014. That said, the need to deleverage the economy and the occasional volatility linked to emerging markets show that the path to recovery is progressing but not without risk.

Results

Income statement

€ million	January - March 2014	January - March 2013	Change %
Financial income	2,151	2,471	(12.9)
Financial expenses	(1,158)	(1,479)	(21.7)
Net interest income	**993**	**992**	**0.1**
Dividends	1	2	(30.1)
Share of profit (loss) of entities accounted for using the equity method	149	205	(27.3)
Net fees and commissions	454	446	1.8
Gains on financial assets and exchange rate differences	221	114	93.3
Other operating income and expenses	(49)	(63)	(22.5)
Gross income	**1,769**	**1,696**	**4.3**
Recurring expenses	(940)	(1,019)	(7.8)
Extraordinary expenses		(759)	
Pre-impairment income	**829**	**(82)**	
Pre-impairment income stripping out extraordinary costs	***829***	***677***	***22.5***
Impairment losses on financial assets and others	(650)	(1,951)	(66.7)
Gains/(losses) on disposal of assets and others	(53)	2,223	
Pre-tax income	**126**	**190**	**(33.9)**
Income tax	26	144	(81.3)
Profit for the period	**152**	**334**	**(54.3)**
Minority interest		(1)	
Profit attributable to the Group	**152**	**335**	**(54.6)**

Yearly performance

- Strong income generation capacity: 4.3% growth in gross income
- Recurring expenses down 7.8%, reflecting synergies harnessed
- Pre-impairment income rose to €829 million (+22.5% excluding non-recurring expenses in 2013)
- Non-recurring impacts in 2013

Key highlights on the year-on-year income statement:

- **Net interest income stood at €993 million, up 0.1%,** impacted by:
  - A sharp drop in financial costs following retail savings management, with a reduction of 34bp over the past 12 months.
  - Higher margins on new loans and a drop in the impact of mortgage portfolio repricing compared to recent quarters.
  - Reduction in income from the deleveraging of the loan portfolio and reduction of expenses due to the decrease of institutional issuances.
- **Net fee and commission income** rose 1.8% to €454 million, driven by growth in mutual fund assets under management and an increase in life-risk insurance volumes.
- **Income from equity investments** stood at €150 million.
- Increased contribution of **gains on financial assets and foreign exchange**: €221 million. Performance was impacted by capital gains in 1Q14, mainly from the sale of the stake in *Bolsas y Mercados Españoles*[1] and available-for-sale fixed income assets.
- Positive performance of **other operating income and expenses.** Increase in income from the insurance business offset the larger contribution to the Deposit Guarantee Fund required under Royal Decree Law 21/2012[2].
- **Strong income generation: gross income up 4.3% year on year to €1,769 million.**
- Hefty 7.8% drop in **recurring expenses** thanks to efforts undertaken to optimize the Group's structure resulting in the harnessing of synergies. **Total expenses** in 1Q13 included €759 million in non-recurring expenses, largely from the CaixaBank employee restructuring agreement.

(1) See section Significant events in 1Q14 for more information.
(2) Extraordinary contribution of 3‰ of the basis for calculation. Further information in Other operating income and expenses.

- **Pre-impairment income grew by 22.5%** (excluding the impact of non-recurring expenses from 1Q13) to **€829 million**.
- **Impairment losses on financial assets and others** stood at €650 million, down 66.7%. In 2013 this included recognition of the €902 million to fully comply with the provisioning requirements set out under the 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 as such is net of taxes, as well as any deductions provided for in Spanish tax law, where applicable.
- The **attributable profit obtained by CaixaBank in 1Q14 therefore stood at €152 million** (€335 million in 1Q13).

Quarterly performance

- Strong income generation: gross income up 30.4%
- Pre-impairment income climbs to €829 million
- Decrease in write-downs and allowances

Main trends 4Q13 to 1Q14:

- **Gross income of €1,769 million, up 30.4%.**
  - **Net interest income** was marked by the reduction in the cost of maturity deposits (down 14bp), reflected by the improvement in customer spread (up 9bp). Deleveraging of the loan portfolio and decreased fixed income exposure were the main headwinds in terms of net interest income performance.
  - **Net fee and commission income** grew by 3.3%. Positive growth of fees related to insurance activity (+10.5%), mutual funds (+5.2%) and banking services (+1.4%).
  - **Income from equity investments** totaled €150 million. Recognition in 4Q13 of the impact on Repsol of the compensation agreement related to the nationalization of 51% of YPF.
  - **Gains on financial assets and foreign exchange** reached €221 million underpinned by the sale of the total stake in *Bolsas y Mercados Españoles* and active management of the Group's financial assets to take advantage of market opportunities.
- **Pre-impairment income up 102.2% to €829 million.**
- Reduction in **impairment losses on financial assets and others.** Substantial loan-loss provisions registered in 4Q13.
- **Gains (losses) on disposal of assets and others** was impacted by the recognition in 4Q13 of significant provisions to increase the coverage of the foreclosed real estate portfolio and by capital gains stemming mainly from the sale of 51% of the real estate management business (€255 million gross) and of the non-life insurance business from Banca Cívica and Banco de Valencia to SegurCaixa Adeslas (€79 million gross).
- 4Q13 **income tax** recognized the impact of the definitive tax treatment of the negative goodwill following the acquisition of Banco de Valencia, which respects the double taxation avoidance principles.

Quarterly income statement

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Financial income	2,471	2,298	2,274	2,258	2,151
Financial expenses	(1,479)	(1,331)	(1,297)	(1,239)	(1,158)
Net interest income	**992**	**967**	**977**	**1,019**	**993**
Dividends	2	97	5	3	1
Share of profit (loss) of entities accounted for using the equity method	205	136	124	(126)	149
Net fees and commissions	446	444	430	440	454
Gains on financial assets and exchange rate differences	114	327	160	78	221
Other operating income and expenses	(63)	(38)	(49)	(58)	(49)
Gross income	**1,696**	**1,933**	**1,647**	**1,356**	**1,769**
Recurring expenses	(1,019)	(1,000)	(988)	(940)	(940)
Extraordinary expenses	(759)	(62)	(11)	(7)	
Pre-impairment income	**(82)**	**871**	**648**	**409**	**829**
Pre-impairment income stripping out extraordinary costs	***677***	***933***	***659***	***416***	***829***
Impairment losses on financial assets and others	(1,951)	(925)	(573)	(880)	(650)
Gains/(losses) on disposal of assets and others	2,223	(62)	(70)	(321)	(53)
Pre-tax income	**190**	**(116)**	**5**	**(792)**	**126**
Income tax	144	185	44	835	26
Profit for the period	**334**	**69**	**49**	**43**	**152**
Minority interest	(1)	(4)	(1)	(2)	
Profit attributable to the Group	**335**	**73**	**50**	**45**	**152**

Quarterly earnings metrics as a % of ATAs

Data expressed as % of ATAs (annualized)	1Q13	2Q13	3Q13	4Q13	1Q14
Financial income	2.74	2.63	2.63	2.63	2.63
Financial expenses	(1.64)	(1.52)	(1.50)	(1.44)	(1.42)
Net interest income	**1.10**	**1.11**	**1.13**	**1.19**	**1.21**
Dividends	0.00	0.11	0.01	0.00	0.00
Share of profit (loss) of entities accounted for using the equity method	0.22	0.16	0.14	(0.15)	0.18
Net fees and commissions	0.49	0.51	0.50	0.52	0.55
Gains on financial assets and exchange rate differences	0.12	0.37	0.19	0.09	0.27
Other operating income and expenses	(0.07)	(0.04)	(0.06)	(0.07)	(0.06)
Gross income	**1.87**	**2.21**	**1.91**	**1.59**	**2.15**
Recurring expenses	(1.11)	(1.14)	(1.15)	(1.10)	(1.14)
Extraordinary expenses	(0.83)	(0.07)	(0.01)	(0.01)	0.00
Pre-impairment income	**(0.08)**	**1.00**	**0.75**	**0.47**	**1.01**
Pre-impairment income stripping out extraordinary costs	***0.76***	***1.07***	***0.76***	***0.48***	***1.01***
Impairment losses on financial assets and others	(2.13)	(1.06)	(0.67)	(1.03)	(0.79)
Gains/(losses) on disposal of assets and others	2.43	(0.07)	(0.08)	(0.38)	(0.06)
Pre-tax income	**0.22**	**(0.13)**	**(0.00)**	**(0.93)**	**0.16**
Income tax	0.16	0.21	0.05	0.98	0.03
Profit for the period	**0.38**	**0.08**	**0.05**	**0.05**	**0.20**
Minority interest	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Profit attributable to the Group	**0.38**	**0.08**	**0.05**	**0.04**	**0.20**
€ Million					
Average total net assets	365,581	350,255	343,652	341,242	331,188

Gross income

Gross income rose 4.3% year on year to reach €1,769 million.

NET INTEREST INCOME

- Net interest income stood at €993 million, up 0.1% compared to 1Q13
- Intense commercial management of maturity deposits. Clear reduction in the cost of new production of maturity deposits (1.10% in 1Q14)
- Improvement in customer spread (+9bp) and increase in balance sheet spread (+2bp)
- Credit deleveraging impacted net interest income performance

In a macro environment of very low interest rates, **net interest income stood at €993 million,** up 0.1% on 1Q13. Net interest income in 4Q13 was €1,019 million.

The positive trend in prices in retail activity and the ongoing deleveraging of both the loan portfolio and the fixed income portfolio impacted net interest income in 1Q14.

The positive trend in **customer spread** that began in the second half of 2013 continued, with a 9bp increase over the quarter to 1.83%, 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 7bp over the quarter to 1.21%.
- 4Q13 was marked by intense commercial management of maturity deposits, with an **even greater improvement in the cost of new production in this quarter** (1.10% in 1Q14 vs. 1.29% in 4Q13), **coupled with higher volumes**. Overall, this has driven the cost of maturity deposits down to 2.04% (-14bp).
- 3.04% return on lending (+2bp over the quarter) thanks to the ongoing **reduction in the negative impact of repricing of the mortgage portfolio** and stable rates (+1bp over the quarter) on new loans (front book) which remain far higher than the average portfolio rate (back book).

The improvement in customer spread was partially channeled to the **balance sheet spread**, which reached 1.21% (up 2bp quarter on quarter).

- The ratio of financing costs to average net total assets fell to 1.42%, down 2bp over the quarter.
- At the same time, the ratio of financial income as a percentage of average net total assets remained stable at 2.63%.

The impact on volumes derived from deleverage of the loan portfolio and reduced fixed income exposure, with a combined quarter-on-quarter drop of 3.5% in average balances, led to a decrease in financial income. The narrowed loan-deposit gap allowed for a reduction in wholesale financing and the partial repayment of the LTRO (€6,480 million in 1Q14), resulting in lower financing costs.

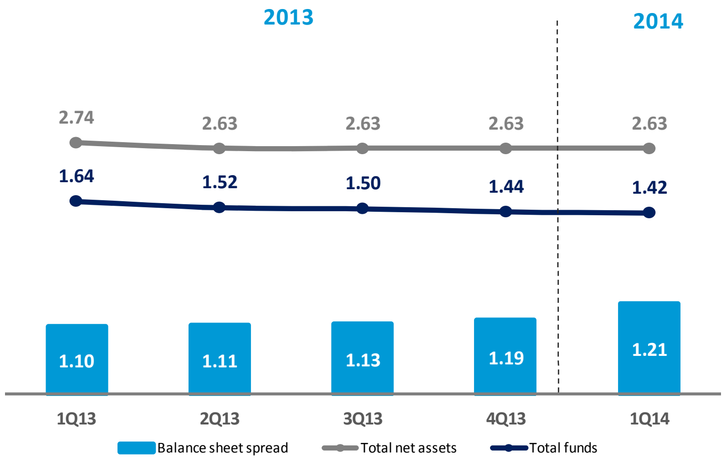
Quarterly cost and income

€ million		1Q14 Average balance	1Q14 Income or expense	1Q14 Average rate %
Financial Institutions		8,615	6	0.27
Loans	(a)	184,185	1,382	3.04
Securities portfolio		41,579	357	3.48
Other assets with returns[1]		35,631	404	4.60
Other assets		61,178	2	
Total average assets	**(b)**	**331,188**	**2,151**	**2.63**
Financial Institutions		35,338	(75)	0.87
Retail customer funds	(c)	164,176	(490)	1.21
Demand deposits		76,854	(50)	0.26
Maturity deposits		87,322	(438)	2.04
Term deposits		81,881	(399)	1.98
Retail repurchase agreements and marketable debt securities		5,441	(39)	2.96
Wholesale marketable debts securities & other		43,761	(235)	2.18
Subordinated liabilities		4,893	(37)	3.11
Other funds with cost [1]		36,302	(321)	3.59
Other funds		46,718	(2)	
Total average funds	**(d)**	**331,188**	**(1,158)**	**1.42**
Net interest income			**993**	
Customer spread (%)	**(a-c)**		**1.83**	
Balance sheet spread (%)	**(b-d)**		**1.21**	

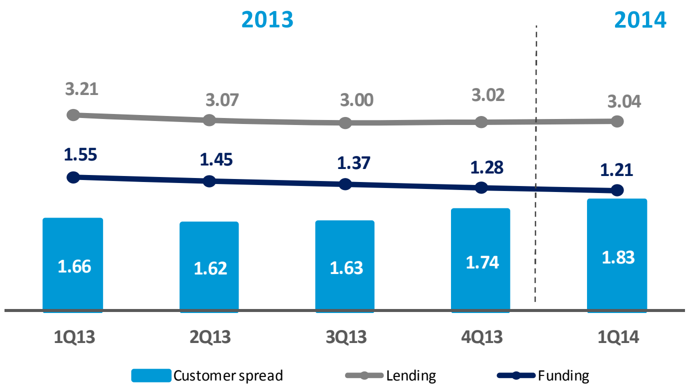
€ million		1Q13 Average balance	1Q13 Income or expense	1Q13 Average rate %	2Q13 Average balance	2Q13 Income or expense	2Q13 Average rate %	3Q13 Average balance	3Q13 Income or expense	3Q13 Average rate %	4Q13 Average balance	4Q13 Income or expense	4Q13 Average rate %
Financial Institutions		14,348	12	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
Demand deposits		*68,639*	*(36)*	*0.21*	*70,777*	*(39)*	*0.22*	*72,949*	*(37)*	0.20	*75,156*	*(44)*	*0.23*
Maturity deposits		*89,550*	*(569)*	*2.58*	*87,592*	*(533)*	*2.44*	*88,057*	*(520)*	2.35	*87,293*	*(479)*	*2.18*
Term deposits		*80,367*	*(485)*	*2.45*	*80,355*	*(469)*	*2.34*	*82,356*	*(474)*	2.28	*81,386*	*(437)*	*2.13*
Retail repurchase agreements and marketable debt securities		*9,183*	*(84)*	*3.69*	*7,237*	*(64)*	*3.58*	*5,701*	*(46)*	3.28	*5,906*	*(42)*	*2.90*
Wholesale marketable debts 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

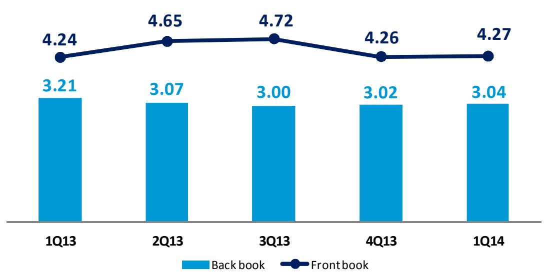


Customer spread (%)

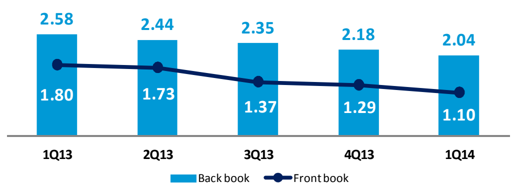


Note: Cost of demand deposits, term deposits, loans and repurchase agreements in connection with retail banking activity, does not include the cost of institutional issuances or subordinated liabilities.

Loan rates (back vs. front book)



Maturity deposit rates (back vs. front book)



FEES AND COMMISSIONS

CaixaBank's leadership position in the retail banking sector and its broad, diversified range of products and services kept **fee income high, up 1.8% at €454 million.** The most relevant **year-on-year** trends are as follows:

- **Banking services, securities and other fees** stood at €325 million. These include fees from transactions, risk activities, fund management, payment methods and securities.
- Continued growth in **insurance and pension plan fees** (+34.0%) thanks to intense commercial activity and targeted products for different client segments.
- **Mutual fund** fees grew 31.4%, on the back of increased assets under management and the positive market performance.

The **3.3% quarter-on-quarter increase** reflects sustained growth of fees generated on off-balance sheet products (+8.3%) and the increase in banking service fees (+1.4%).

Fees and commissions

€ million	January - March 2014	January - March 2013	Change absolute	Change %
Banking services, securities and other fees	325	349	(24)	(6.9)
Insurance and pension plans	78	58	20	34.0
Investment funds	51	39	12	31.4
Net fees and commissions	**454**	**446**	**8**	**1.8**

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Banking services, securities and other fees	349	336	319	320	325
Insurance and pension plans	58	65	66	71	78
Investment funds	39	43	45	49	51
Net fees and commissions	**446**	**444**	**430**	**440**	**454**

INCOME FROM EQUITY INVESTMENTS

Income from equity investments amounted to **€150 million** in 1Q14.

CaixaBank keeps advancing its strategic goals through stakes in sector leaders and international diversification.

Results from companies accounted for using the equity method include CaixaBank's share of profits of associates. The quarterly comparison is marked by the seasonality of investee results and by the impact on Repsol in 4Q13 of the compensation agreement related to the nationalization of 51% of YPF.

Income from equity investments

€ million	January - March 2014	January - March 2013	Change absolute	Change %
Dividends	1	2	(1)	(30.1)
Share of profit (loss) of entities accounted for using the equity method	149	205	(56)	(27.3)
Income from equity investments	**150**	**207**	**(57)**	**(27.3)**

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Dividends	2	97	5	3	1
Share of profit (loss) of entities accounted for using the equity method	205	136	124	(126)	149
Income from equity investments	**207**	**233**	**129**	**(123)**	**150**

GAINS ON FINANCIAL ASSETS AND FOREIGN EXCHANGE

Gains on financial assets and foreign exchange contributed €221 million as a result of successfully taking advantage of market opportunities.

The results from 1Q14 include capital gains from the sale of the entire stake in *Bolsas y Mercados Españoles* (€47 million) and the results of the disposal of available-for-sale fixed income assets.

OTHER OPERATING INCOME & EXPENSES

- Uninterrupted growth in **income from the insurance business** (+76.8% year on year, +57.0% quarter on quarter) with an increase in life-risk insurance sales.
- Increased **contribution to the Deposit Guarantee Fund** stemming basically from the application of Royal Decree Law 21/2012. The regulation requires an extraordinary contribution of 3 per mil of the basis for calculation (guaranteed deposits before deductions as at December 31, 2012).

  The amount payable for 2013 was recognized in the fourth quarter results. 1Q14 figures recognize the proportional part of the total payable for 2014.
- **Other operating income and expenses** includes, among others, rental income and expenses incurred through foreclosed asset management.

Other operating income and expenses

€ million	January - March 2014	January - March 2013	Change absolute	Change %
Income and expenses from insurance activity	32	18	14	76.8
Contribution to the Deposit Guarantee Fund	(83)	(72)	(11)	15.6
Other income and operating expenses	2	(9)	11	
Other operating income and expenses	**(49)**	**(63)**	**14**	**(22.5)**

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Income and expenses from insurance activity	18	36	25	20	32
Contribution to the Deposit Guarantee Fund	(72)	(71)	(72)	(88)	(83)
Other income and operating expenses	(9)	(3)	(2)	10	2
Other operating income and expenses	**(63)**	**(38)**	**(49)**	**(58)**	**(49)**

Pre-impairment income and expenses

- Pre-impairment income stood at €829 million, up +22.5% year on year
  - Gross income improved by 4.3%
  - 7.8% reduction in recurring costs
- Improved efficiency in 1Q14 as a strategic priority

Pre-impairment income reached €829 million, up 22.5% year on year excluding non-recurring expenses registered in 1Q13. Key drivers of this increase:

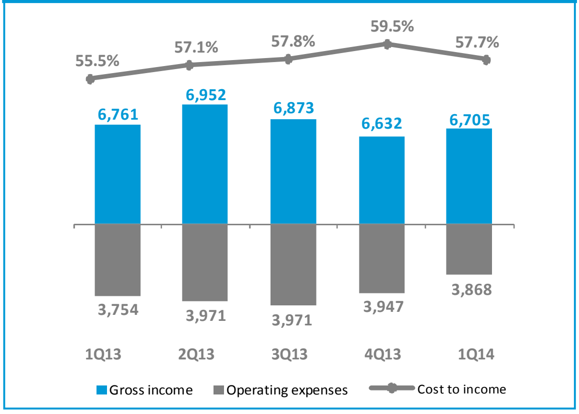
- Strong **income generation capacity** – gross income climbed to €1,769 million (+4.3%).
- **Recurring costs driven down by 7.8%** as a result of the intense process to optimize the Group's structure and cost streamlining.
  - In 2013, the **key milestones of the restructuring process were reached**: branch network optimization, restructuring of CaixaBank employees and integration of 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 266 in 1Q14 was largely attributable to the gradual departure schedule outlined in the restructuring plan.
  - Out of total **estimated annual synergies of €654 million** for 2014, €152 million was registered as cost savings in 1Q14.

Total non-recurring expenses linked to CaixaBank's employee restructuring plan in 2013 were €839 million, of which €759 million were registered in 1Q13.

The 102.2% **quarter-on-quarter** increase in pre-impairment income was the result of strong gross income growth of 30.4% – which was underpinned by strong core income from the banking business, increased contribution from investee results and the registration of results from financial transactions – along with stable operating costs.

The **recurring cost to income ratio**[1] (57.7%) was down 1.8pp 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.

Recurring cost to income[1]



([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 - March 2014	2013	Change absolute	%
Gross income	**1,769**	**1,696**	**73**	**4.3**
Recurring expenses	(940)	(1,019)	79	(7.8)
Extraordinary expenses		(759)	759	
Pre-impairment income	**829**	**(82)**	**911**	
Pre-impairment income stripping out extraordinary costs	***829***	***677***	***152***	***22.5***
Recurring Cost-to-income ratio (%) (last 12 months)	*57.7*	*55.5*	*2.2*	
Cost-to-income ratio (%) (last 12 months)	*58.9*	*67.4*	*8.5*	

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Gross income	**1,696**	**1,933**	**1,647**	**1,356**	**1,769**
Recurring expenses	(1,019)	(1,000)	(988)	(940)	(940)
Extraordinary expenses	(759)	(62)	(11)	(7)	
Pre-impairment income	**(82)**	**871**	**648**	**409**	**829**
Pre-impairment income stripping out extraordinary costs	***677***	***933***	***659***	***416***	***829***
Recurring Cost-to-income ratio (%) (last 12 months)	*55.5*	*57.1*	*57.8*	*59.5*	*57.7*
Cost-to-income ratio (%) (last 12 months)	*67.4*	*69.6*	*70.6*	*72.2*	*58.9*

Operating expenses

€ million	January - March 2014	2013	Change absolute	%
Personnel expenses	(638)	(1,420)	782	(55.1)
General expenses	(209)	(254)	45	(17.7)
General and administrative expenses	**(847)**	**(1,674)**	**827**	**(49.4)**
Depreciation and amortization	**(93)**	**(104)**	**11**	**(10.6)**
Total operating expenses	(940)	(1,778)	838	(47.1)
Total recurring expenses	***(940)***	***(1,019)***	***79***	***(7.8)***
Total extraordinary expenses		***(759)***	***759***	

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Personnel expenses	(1,420)	(714)	(658)	(630)	(638)
General expenses	(254)	(243)	(234)	(213)	(209)
General and administrative expenses	**(1,674)**	**(957)**	**(892)**	**(843)**	**(847)**
Depreciation and amortization	**(104)**	**(105)**	**(107)**	**(104)**	**(93)**
Total operating expenses	(1,778)	(1,062)	(999)	(947)	(940)
Total recurring expenses	***(1,019)***	***(1,000)***	***(988)***	***(940)***	***(940)***
Total extraordinary expenses	***(759)***	***(62)***	***(11)***	***(7)***	

Resources

	Mar. 31, 2014	Dec. 31, 2013	Change
Branches	5,716	5,730	(14)
Employees	31,682	31,948	(266)

Impairment losses on financial and other assets

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

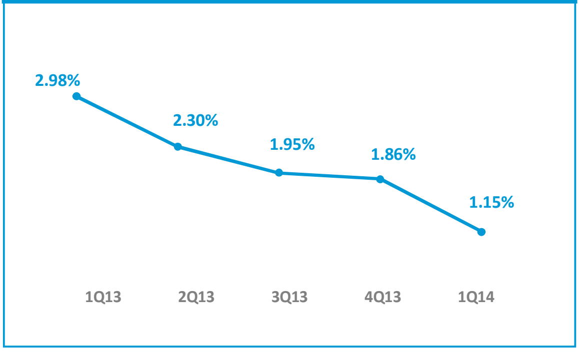
In 1Q14, **impairment losses on financial and other assets** stood at €650 million. The volume of write-downs and allowances registered fell significantly given the impact of one-off items in 2013.

- **Year-on-year** reduction of 66.7%. 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.
- **Quarter-on-quarter** reduction of 26.3%. Considerable allowances were made in 4Q13 to cover risks inherent to the loan portfolio, with a widespread rise in specific coverage for higher-risk portfolios.

The improved risk landscape and efforts made in previous quarters in terms of write-downs and increased risk coverage generated a 183bp year-on-year **reduction in the cost of risk** to 1.15% in 1Q14.

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

Cost of risk[1]



Impairment losses

€ million	January - March 2014	January - March 2013	Change absolute	Change %
Specific allowance for insolvency risk	(608)	(883)	275	(31.1)
Extraordinary allowances (Royal Decree Law: 18/2012)		(902)		
Allowances subtotal	**(608)**	**(1,785)**	**1,177**	**(65.9)**
Disposal / Charge to generic provisions	(3)			
Insolvency allowances	**(611)**	**(1,785)**	**1,174**	**(65.9)**
Other charges to provisions	(39)	(166)	127	(77.2)
Impairment losses on financial and other assets	**(650)**	**(1,951)**	**1,301**	**(66.7)**

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Specific allowance for insolvency risk	(883)	(871)	(630)	(742)	(608)
Extraordinary allowances (RDL 18/2012)	(902)				
Allowances subtotal	**(1,785)**	**(871)**	**(630)**	**(742)**	**(608)**
Disposal / Charge to generic provisions		(8)	(3)	(2)	(3)
Insolvency allowances	**(1,785)**	**(879)**	**(633)**	**(744)**	**(611)**
Other charges to provisions	(166)	(46)	60	(136)	(39)
Impairment losses on financial and other assets	**(1,951)**	**(925)**	**(573)**	**(880)**	**(650)**

([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 year and results and write-downs on the real estate portfolio.

- Sales of foreclosed assets in 1Q14 stood at €366 million, up 232% year on year, following a major commercial drive.
- 4Q13 saw considerable allowances and write-downs to shore up coverage of the foreclosed real estate portfolio.
- In 1Q13 it included the impact of the negative goodwill generated through the Banco de Valencia acquisition.

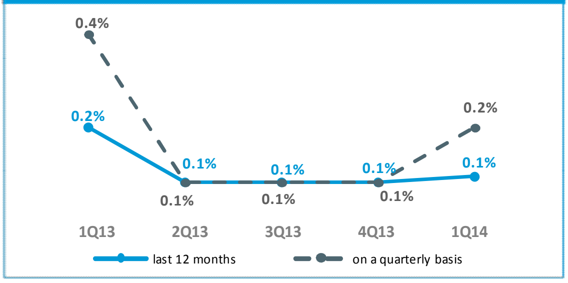
Net profit attributable to the Group totaled €152 million. Key factors in 1Q14 are:

- **Enhanced efficiency** – strong income generation (gross income up 4.3%) and reduced recurring expenses (-7.8%).
- **Pre-impairment income up 22.5%** (excluding non-recurring costs in 1Q13)
- **Decreased write-downs and allowances**

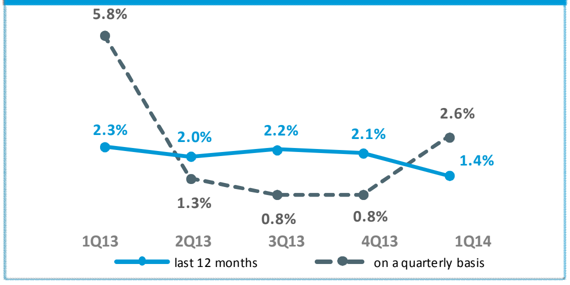
Improvement in profitability in 1Q14 compared to previous quarters. 1Q13 was affected by high non-recurrent results.

Earnings per share (EPS) (€/share)

ROA



ROE



Business activity

Balance sheet

Assets totaled €331,376 million.

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

- **Gross customer lending, using management criteria, was €201,357 million, down 2.8% over the quarter,** reflecting the deleveraging process and the decreased exposure to the real estate developer sector.

- **Using management criteria, on-balance sheet retail customer funds** (mainly recognized under customer deposits, subordinated retail debt securities and marketable retail debt securities) **grew to €171,560 million, up 1.9% in the quarter**, on the back of 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 this quarter by the reduction of the balance drawn on the credit facility with the ECB (-€6,480 million) and the evolution of repurchase agreements.

Balance sheet

€ million	Mar.31, 2013	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Annual Change
Cash and central Banks	5,005	5,002	2,933	6,968	3,032	(3,936)
Trading portfolio	16,705	9,634	8,817	10,002	8,724	(1,278)
Available-for-sale financial assets	53,270	56,503	57,790	56,450	59,802	3,352
Loans	232,568	219,825	212,820	206,846	199,728	(7,118)
Deposits at credit institutions	*10,164*	*5,813*	*5,465*	5,891	5,983	92
Customer loans	*217,429*	*209,265*	*203,290*	198,079	190,885	(7,194)
Debt securities	*4,975*	*4,747*	*4,065*	2,876	2,860	(16)
Investment portfolio at maturity	15,901	17,429	17,470	17,831	17,056	(775)
Non-current assets held for sale	6,020	6,461	6,571	6,215	6,876	661
Investment portfolio	10,227	9,168	9,098	8,774	8,901	127
Property and equipment	4,970	5,071	5,281	5,518	5,677	159
Intangible assets	3,946	3,895	3,874	3,629	3,632	3
Other assets	19,208	18,001	18,021	17,957	17,948	(9)
Total assets	**367,820**	**350,989**	**342,675**	**340,190**	**331,376**	**(8,814)**
Liabilities	**344,197**	**327,221**	**318,328**	**315,857**	**306,909**	**(8,948)**
Trading portfolio	16,277	8,939	7,511	7,891	7,791	(100)
Financial liabilities at amortized cost	283,230	274,571	265,168	262,379	251,314	(11,065)
Deposits by credit institutions and Central Bank	*57,190*	*47,036*	*47,785*	*41,232*	*28,333*	*(12,899)*
Customer deposits	*170,329*	*175,846*	*169,366*	*175,162*	*177,273*	*2,111*
Marketable debt securities	*45,706*	*43,587*	*40,333*	*37,938*	*37,695*	*(243)*
Subordinated debt securities	*5,604*	*4,083*	*4,065*	*4,809*	*4,820*	*11*
Other financial liabilities	*4,401*	*4,019*	*3,619*	*3,238*	*3,193*	*(45)*
Insurance liabilities	28,164	29,533	30,813	32,028	34,909	2,881
Provisions	4,913	4,742	4,315	4,321	4,180	(141)
Other liabilities	11,613	9,436	10,521	9,238	8,715	(523)
Equity	**23,623**	**23,768**	**24,347**	**24,333**	**24,467**	**134**
Shareholders' equity	23,275	23,683	23,776	23,646	23,711	65
Profit attributable to the Group	**335**	**408**	**458**	**503**	**152**	
Equity adjustments by valuation	348	85	571	687	756	69
Total liabilities and equity	**367,820**	**350,989**	**342,675**	**340,190**	**331,376**	**(8,814)**

Loans and advances to customers

- CaixaBank maintains a total lending market share of 15.0%[1]
- Credit volumes decline but show signs of stabilization
- Exposure to real estate developer sector reduction (-7.1%)
- Diversified portfolio: 75% dedicated to retail lending (individuals and SMEs)

CaixaBank defended its strong market shares[1] for the main financing products: 15.0% 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.

CaixaBank launched its ***CaixaNegocios* commercial strategy** in 1Q14, which seeks to attract and forge links with clients in this segment[2].

Gross customer loans and advances stood at €201,357 million, down 2.8% overall in the quarter, **and down 2.5% for performing loans.** This was impacted mainly by the sector-wide deleveraging process and the reduction of exposure to the real estate developer sector (-7.1%).

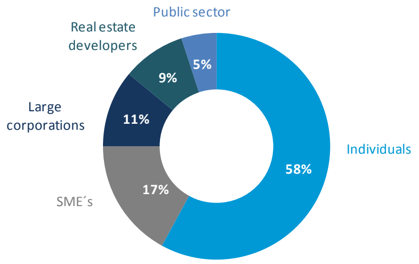
Highlights by segment:

- **Loans to individual customers** fell 1.6% due to household deleveraging. Market share in lending to individuals remained stable at 15.0%[1].
- **Loans to companies excluding real estate developers** continued to feel the impact of the economic cycle, dropping 3.9%.

  Various corporate financing agreements were also signed at the beginning of the year, giving rise to new credit lines.
- **Loans to real estate developers** down 7.1% following intensive management of problematic assets in this portfolio.
- **Loans to public administrations** fell 2.3%.

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

Diversified portfolio (% of gross lending)



Customer loans

€ million	Mar. 31, 2014	Dec. 31, 2013	Change absolute	Change %
Loans to individuals	**115,825**	**117,760**	**(1,935)**	**(1.6)**
Home purchases	86,440	87,508	(1,068)	(1.2)
Other	29,385	30,252	(867)	(2.9)
Loans to business	**75,602**	**79,305**	**(3,703)**	**(4.7)**
Non-real estate businesses	56,369	58,667	(2,298)	(3.9)
Real estate developers	18,569	19,980	(1,411)	(7.1)
"la Caixa" real estate subsidiaries	664	658	6	0.9
Public sector	**9,930**	**10,166**	**(236)**	**(2.3)**
Loans and advances, gross	**201,357**	**207,231**	**(5,874)**	**(2.8)**
Of which:				
Performing assets	*177,755*	*182,258*	*(4,503)*	*(2.5)*
NPL's	*23,602*	*24,973*	*(1,371)*	*(5.5)*
Provisions	(14,145)	(14,976)	831	(5.5)
Loans and advances, net*	**187,212**	**192,255**	**(5,043)**	**(2.6)**
Memorandum items:				
Contingent Liabilities	***9,967***	***10,299***	***(332)***	***(3.2)***

(*) At March 31, 2014, does not include other financial assets amounting to €3,673 million, which comprises counterparty entities, assets under the asset protection scheme, and reverse repos, on the public balance sheet under loans and advances to customers.

(1) Latest information available. Prepared in-house. Source: Bank of Spain. Lending market share corresponding to other resident sectors.
(2) Businesses, self-employed, professionals, micro-enterprises and farming activity.

Funds

- Total funds up 1.9% (retail customer funds up 2.1%), with:
  - Diversified range of products and services and a specialized offer by client segment
  - Intensive management of margins on new production
- Larger market shares in main deposit products. Total share of deposits: 14.4%[1]

Total funds managed amounted to €309,233 million, up **€5,629 million (+1.9%)** following strong commercial activity.

Retail funds were €264,620 million, up 2.1%; growth was registered in all client value propositions, especially off-balance sheet products.

- **Retail customer funds** evidenced the strength of the business with **1.9% growth**, thanks to a specialized range of products and following intensive management of margins on new production.
- 1.4% growth in liabilities under insurance contracts. **Market share of 21.1%[1] in insurance savings products.**
- **Substantial 4.4% growth in off-balance sheet funds** to €58,434 million:
  - **Strong increase in mutual fund assets under management of 6.3%,** with a 13.9%[1] market share. Leadership in terms of number of fund investors.
  - Pension plans up 3.4% with a market share of 18.7%[1].
- **Wholesale funding reached €44,613 million.** The change is attributable to the mortgage-covered bond issuance and maturities in the quarter.

Funds

€ Million	Mar 31, 2014	Dec. 31, 2013	Change absolute	Change %
Financial liabilities	**219,536**	**216,804**	**2,732**	**1.3**
Retail customer funds	**171,560**	**168,374**	**3,186**	**1.9**
Demand deposits	82,090	80,482	1,608	2.0
Term deposits	82,907	81,216	1,691	2.1
Debt securities (retail)	2,959	3,075	(116)	(3.8)
Subordinated liabilities (retail)	3,604	3,601	3	0.1
Reverse repurchase agreements and other accounts	**3,363**	**4,070**	**(707)**	**(17.4)**
Institutional issues *	**44,613**	**44,360**	**253**	**0.6**
Liabilities under insurance contracts	**31,263**	**30,831**	**432**	**1.4**
On-balance sheet funds **	**250,799**	**247,635**	**3,164**	**1.3**
Mutual funds, managed accounts and SICAVs	29,700	27,952	1,748	6.3
Pension plans	17,364	16,797	567	3.4
Other accounts ***	11,370	11,220	150	1.3
Off-balance sheet funds	**58,434**	**55,969**	**2,465**	**4.4**
Total funds	**309,233**	**303,604**	**5,629**	**1.9**
Retail funds	*264,620*	*259,244*	*5,376*	*2.1*
Wholesale funds	*44,613*	*44,360*	*253*	*0.6*

(*) Includes: €1,289 million in subordinated bonds and €10,243 million in multissuer covered bonds classified on the public balance sheet as term savings at March 31, 2014.
(**) Excludes counterparties (€252 million at March 31, 2014), on the public balance sheet under customer deposits.
(***) Includes financial assets sold to retail customers.

([1]) Latest information available. Prepared in-house. Source: Bank of Spain. Deposit market share corresponding to other resident sectors.

Loan to deposits (LTD) ratio

LTD ratio

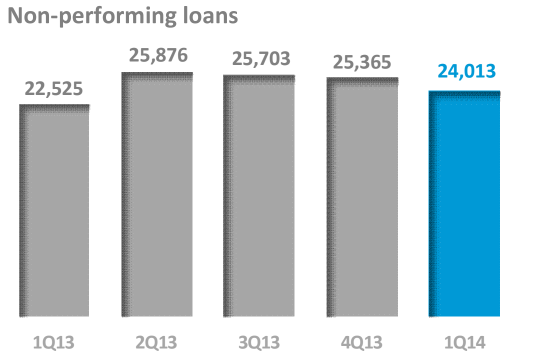
€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Loans and advances, net	**203,740**	**196,745**	**191,815**	**185,037**	**180,093**
Loans and advances gross	228,363	220,967	215,312	207,231	201,357
Allowance for impairment losses	(16,974)	(16,566)	(16,133)	(14,976)	(14,145)
Brokered loans[1]	(7,649)	(7,656)	(7,364)	(7,218)	(7,119)
Retail customer funds - On balance sheet	**162,697**	**167,902**	**163,040**	**168,374**	**171,560**
Demand deposits	71,875	78,130	73,959	80,482	82,090
Term deposits	80,976	81,956	82,502	81,216	82,907
Debt securities (retail)	5,822	4,200	2,976	3,075	2,959
Subordinated liabilities (retail)	4,024	3,616	3,603	3,601	3,604
Loan to Deposits	**125.2%**	**117.2%**	**117.6%**	**109.9%**	**105.0%**
Commercial Gap	**(41,043)**	**(28,843)**	**(28,775)**	**(16,663)**	**(8,553)**

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

Risk Management

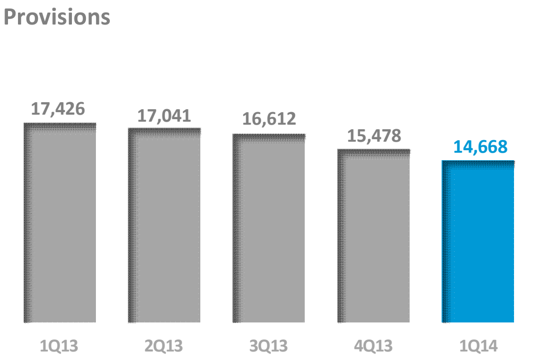
Credit risk quality

NPLs *(€ million)* [1]



	1Q13	2Q13	3Q13	4Q13	1Q14
NPL ratio	9.41%	11.17%	11.40%	11.66%	11.36%
NPL ratio excluding real estate developers	4.71%	6.41%	6.69%	6.83%	6.80%

Coverage *(€ million)* [1]



	1Q13	2Q13	3Q13	4Q13	1Q14
Coverage ratio	77%	66%	65%	61%	61%
Coverage ratio excluding real estate developers	84%	61%	58%	63%	64%

NPL TRENDS

- NPLs down by €1,352 million in 1Q14
- 30bp drop in NPL ratio
- Major decrease in new NPL inflows

- **NPLs fell by €1,352 million in 1Q14.** The downward trend observed in 2H13 steepened in 1Q14.
- **The NPL ratio dropped by 30bp over the quarter.** This reduction was largely thanks to the major drop in NPLs (-62bp), which offset the impact of the deleveraging process (+32bp).
- **The individual customer NPL ratio fell substantially** in the quarter, dropping 12bp to 5.40%.
  - The NPL ratio in loans for home purchases dropped 9bp to 4.32%.
- **Stripping out the real estate developer segment, the NPL ratio was 6.80%** (down 3bp over the quarter).
- **NPL inflows dropped in the quarter (52% lower compared to 4Q13).**

REFINANCING

At March 31, 2014, refinanced transactions totaled €24,526 million. Of this amount, €9,999 million (41% of the portfolio) is classified as non-performing and €3,501 million (14% of the portfolio) as substandard.

Provisions associated with these transactions stand at €5,241 million (€4,605 million for NPLs and €636 million for substandard loans).

([1]) *Taking into account loans and contingent liabilities.*

Breakdown of NPL ratio

	Mar. 31, 2013	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014
Loans to individuals	**3.76%**	**5.67%**	**5.72%**	**5.52%**	**5.40%**
Home purchases	3.00%	4.70%	4.54%	4.41%	4.32%
Other	5.98%	8.37%	9.11%	8.73%	8.56%
Loans to business	**19.08%**	**20.98%**	**21.59%**	**23.06%**	**22.77%**
Non-real estate businesses	7.86%	9.41%	10.29%	10.94%	11.21%
Real estate developers	47.22%	50.59%	51.53%	59.39%	58.68%
Public sector	**0.76%**	**1.54%**	**1.39%**	**1.84%**	**1.36%**
NPL Ratio (loans and contingent liabilities)	**9.41%**	**11.17%**	**11.40%**	**11.66%**	**11.36%**
NPL ratio ex-developers	***4.71%***	***6.41%***	***6.69%***	***6.83%***	***6.80%***

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

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Opening balance	**20,150**	**22,525**	**25,876**	**25,703**	**25,365**
Amounts recognized as non-performing (NPL-inflows)	2,992	3,357	3,211	4,021	1,913
Impact of the reclassification of refinanced transactions		3,287			
Derecognitions from non-performing exposures	(2,612)	(3,293)	(3,384)	(4,359)	(3,265)
Of which written off	*(415)*	*(354)*	*(361)*	*(775)*	*(542)*
NPL amounts from Banco de Valencia	1,995				
Closing balance	**22,525**	**25,876**	**25,703**	**25,365**	**24,013**

COVERAGE

- Coverage ratio remains stable at a robust 61%
- Conservative risk coverage policies

Loan-loss provisions totaled €14,668 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 the integration of Banca Cívica and the acquisition of Banco de Valencia.

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

In 1Q14, loan loss provisions were reduced due to the cancellation of the 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 December 31, 2013	**15,430**	**48**	**15,478**
Insolvency allowances	608	3	611
Amounts used	(1,142)		(1,142)
Transfers and other changes	(277)	(2)	(279)
Balance at March 31, 2014	**14,619**	**49**	**14,668**

NPL specific provisions

€ million	1Q13	2Q13	3Q13	4Q13	1Q14
Opening balance	**12,643**	**17,368**	**16,977**	**16,565**	**15,430**
Specific allowances[1]	1,785	871	630	742	608
Amounts used	(926)	(1,024)	(880)	(1,591)	(1,142)
Transfers and other changes[2]	(153)	(238)	(162)	(286)	(277)
Integration of Banco de Valencia	4,019				
Closing balance	**17,368**	**16,977**	**16,565**	**15,430**	**14,619**

([1]) Includes impact of RDL 18/2012 (€902 million in 1Q13).
([2]) Primarily transfers to real estate asset provisions

Loans to real estate developers

- Ongoing reduction in exposure to real estate developer sector
- Total provisions leaves the NPL coverage ratio at 57.3%

- In 1Q14 loans to real estate developers were cut by €1,411 million, or 7.1%.
- Strong collateral with 60% of the portfolio secured by completed buildings.
- **Specific coverage for non-performing and substandard assets** stands at 52.7%.
- The coverage ratio for the total portfolio is 34%.

Loans to real estate developers

€ million	Mar. 31, 2014	%	Dec. 31, 2013	%	Change
Without mortgage collateral	**2,006**	**10.8**	**2,097**	**10.5**	**(91)**
With mortgage collateral	**16,563**	**89.2**	**17,883**	**89.5**	**(1,320)**
Completed buildings	**11,130**	**59.9**	**11,801**	**59.1**	**(671)**
Homes	*8,106*	*43.7*	*8,619*	*43.1*	*(513)*
Other	*3,024*	*16.3*	*3,182*	*15.9*	*(158)*
Buildings under construction	**1,847**	**9.9**	**2,100**	**10.5**	**(253)**
Homes	*1,548*	*8.3*	*1,815*	*9.1*	*(267)*
Other	*299*	*1.6*	*285*	*1.4*	*14*
Land	**3,586**	**19.3**	**3,982**	**19.9**	**(396)**
Developed land	*1,271*	*6.8*	*1,406*	*7.0*	*(135)*
Other	*2,315*	*12.5*	*2,576*	*12.9*	*(261)*
Total	**18,569**	**100**	**19,980**	**100**	**(1,411)**

NPLs and coverage for real estate development risk

€ million	March 31, 2014				December 31, 2013			
	Non-performing	Substandard	Provisions MM€	Coverage %	Non-performing	Substandard	Provisions MM€	Coverage %
Without mortgage collateral	**1,458**	**74**	**1,393**	**90.9**	**1,564**	**68**	**1,526**	**93.5**
With mortgage collateral	**9,439**	**878**	**4,849**	**47.0**	**10,302**	**988**	**5,416**	**48.0**
Completed buildings	**5,481**	**646**	**2,315**	**37.8**	**5,875**	**715**	**2,531**	**38.4**
Homes	*3,938*	*351*	*1,678*	*39.1*	*4,222*	*420*	*1,831*	*39.4*
Other	*1,543*	*295*	*637*	*34.7*	*1,653*	*295*	*700*	*35.9*
Buildings under construction	**1,167**	**84**	**706**	**56.4**	**1,317**	**79**	**799**	**57.2**
Homes	*1,000*	*78*	*618*	*57.3*	*1,165*	*76*	*710*	*57.2*
Other	*167*	*6*	*88*	*50.9*	*152*	*3*	*89*	*57.4*
Land	**2,791**	**148**	**1,828**	**62.2**	**3,110**	**194**	**2,086**	**63.1**
Developed land	*924*	*52*	*566*	*58.0*	*1,034*	*82*	*655*	*58.7*
Other	*1,867*	*96*	*1,262*	*64.3*	*2,076*	*112*	*1,431*	*65.4*
Total	**10,897**	**952**	**6,242**	**52.7**	**11,866**	**1,056**	**6,942**	**53.7**

Breakdown by type of collateral

March 31, 2014

€ million	Gross amount	Excess over value of collateral[1]	Specific provisions	% provision of risk
Non-performing	10,897		5,926	54.4
Mortgage	*9,439*	*4,246*	*4,565*	48.4
Personal	*1,458*		*1,361*	93.3
Substandard	952		316	33.2
Total	**11,849**		**6,242**	**52.7**

December 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 property and completed offices, premises and industrial buildings, 60% other completed homes, 50% other property mortgages.

Financing for home purchases

- This portfolio accounts for 43% of total gross lending.
- The NPL ratio remains low (4.32% on March 31, 2014).
- **Non-performing balances fell by €128 million in 1Q14.**

Financing for home purchases

	Gross amount				
€ million	Mar. 31, 2013	Jun. 30, 2013	Sep. 30, 2013	Dec.31, 2013	Mar. 31, 2014
Without mortgage collateral	945	967	952	888	830
Of which: non-performing	*15*	*15*	*13*	*8*	*8*
With mortgage collateral	90,695	89,354	87,879	86,620	85,610
Of which: non-performing	*2,730*	*4,227*	*4,019*	*3,853*	*3,725*
Total	**91,640**	**90,321**	**88,832**	**87,508**	**86,440**

Loan-to-value breakdown[1]

	March 31, 2014					
€ million	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80<LTV≤100%	LTV>100%	TOTAL
Gross amount	15,738	28,017	33,816	7,267	772	**85,610**
Of which: non-performing	*225*	*734*	1,891	*705*	*170*	**3,725**

([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

- Intensive commercial activity: a key component in managing foreclosed real estate assets
- Coverage[1]: 53.4%
- 61% are completed buildings

The intense activity of BuildingCenter, CaixaBank's real estate subsidiary, enabled the sale or rental of real estate assets for a total of €630 million in 1Q14, **up 71.1% year on year**.

The quality of the foreclosed real estate assets available for sale, **61% of which are completed buildings**, ensures that the properties can be easily rented or sold.

The underlying principle guiding 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 cancelled 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 €2,064 million net of provisions on March 31, 2014.

The rental portfolio occupancy rate is 88%.

Foreclosed property assets available for sale and associated coverage

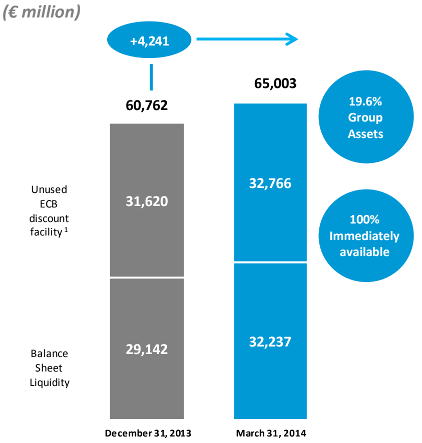
€ million	March 31, 2014			December 31, 2013		
	Net carrying amount	Coverage[1]	Coverage %	Net carrying amount	Coverage[1]	Coverage %
Property acquired related to loans to construction companies and real estate developments	**4,619**	**(5,716)**	**55.3**	**4,466**	**(5,585)**	**55.6**
Completed buildings	**2,627**	**(2,222)**	**45.8**	**2,601**	**(2,210)**	**45.9**
Homes	2,064	(1,749)	45.9	2,047	(1,756)	46.2
Other	563	(473)	45.7	554	(454)	45.0
Buildings under construction	**246**	**(377)**	**60.5**	**261**	**(391)**	**60.0**
Homes	222	(346)	60.9	204	(323)	61.3
Other	24	(31)	56.4	57	(68)	54.4
Land	**1,746**	**(3,117)**	**64.1**	**1,604**	**(2,984)**	**65.0**
Developed land	927	(1,295)	58.3	856	(1,225)	58.9
Other	819	(1,822)	69.0	748	(1,759)	70.2
Property acquired related to mortgage loans to homebuyers	**1,256**	**(1,051)**	**45.6**	**1,234**	**(1,050)**	**46.0**
Other foreclosed assets	**537**	**(577)**	**51.8**	**469**	**(480)**	**50.6**
Total	**6,412**	**(7,344)**	**53.4**	**6,169**	**(7,115)**	**53.6**

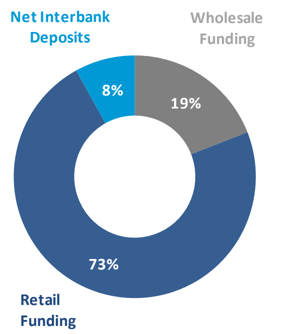
([1]) Difference between cancelled debt and carrying amount of net real estate assets.

Liquidity

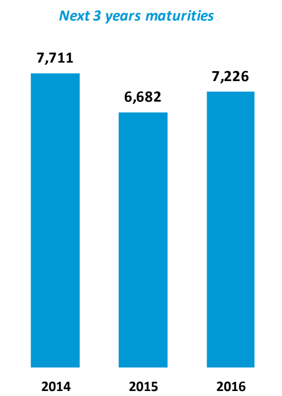
An excellent liquidity position…	…with a sound financial structure	Institutional maturities

(€ million)





(€ million)



Drawn ECB facility: €9,000M	*Total financing: €235,485M*	*1Q14 maturities: €589M* *1Q14 issuances: €1,000M* *Total outstanding issues[2]: €44,613M*

- Liquidity: €65,003 million
- Early repayment of €6,480 million to the European Central Bank
- Issuance of €1,000 million in 10-year mortgage covered bonds

- **Liquidity was up €4,241 million in 1Q14**, thanks to the optimization of liquid assets and organic generation of balance sheet liquidity. The balance available on the ECB facility increased by €1,146 million even after the early redemption of retained mortgage covered bonds for €5,000 million in order to boost the entity's issuance capacity.

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

  - This was the first CaixaBank 10-year mortgage-covered bond issuance in capital markets since 2007.
  - 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.

- **Early repayment of €6,480 million** in ECB financing in 1Q14. Since the beginning of 2013, taking into account the incorporation of Banco de Valencia, a total of €25,084 million has been repaid.

- On March 31, 2014, balance sheet liquidity (€32,237 million) is over three times higher than the amount drawn on the ECB facility (€9,000 million). Wholesale maturities in 2014 stand at €7,711 million.

- Available capacity to issue mortgage and public sector covered bonds currently stands at €5,999 million.

Information on collateralization of mortgage-covered bonds at March 31, 2014

€ million		Mar. 31, 2014
Mortgage covered bonds issued	a	56,741
Loans and credits (collateral for covered bonds)	b	134,252
Collateralization	b/a	237%
Overcollateralization	b/a -1	137%
Mortgage covered bond issuance capacity[3]		4,865

([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]) CaixaBank also has the capacity to issue public-sector covered bonds totalling €1,134 million.

Capital management

- Common Equity Tier1 (CET1) BIS III: 12.4%
- CET1 BIS III (fully loaded): 12.1%

In January 2014 EU Regulation 575/2013 (CRR) came into effect, applying Basel III capital requirements, involving changes to the structure and calculation of eligible equity.

On March 31, 2014, CaixaBank's **Common Equity Tier 1 (CET1) BIS III stood at 12.4%**, in line with the progressive implementation for this year. Capital generation over the quarter reached **38bp in CET1.** The conversion of Series I/2012, mandatorily convertible and/or exchangeable subordinated bonds, in 1Q14 incremented CET1 by 78bp.

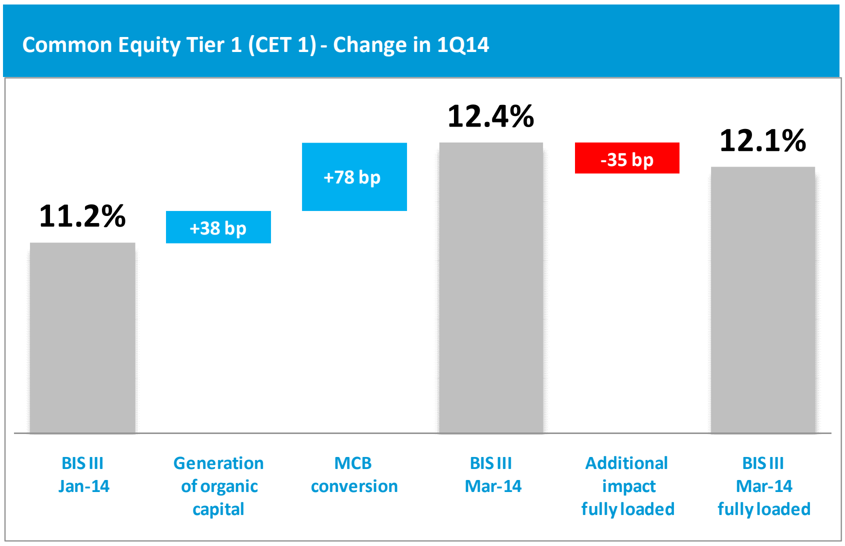
Total eligible equity (Tier Total) was 15.5%, up 75bp on December 2013.

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 1Q14, CaixaBank boasts an surplus over the minimum requirement of €11,563 million in Tier 1 capital (CET1) and of €10,973 million in Tier Total (up 8.0% on December 2013).

Risk-weighted assets (RWA) amounted to €147,222 million. A €4,239 million reduction mainly as a result of the reduction in lending activity.

On a fully-loaded Basel III basis, CaixaBank has a **CET1 ratio of 12.1%,** which is €7,448 million higher than the fully loaded minimum requirement of 7%.

The CRR introduces a new capital metrics: the leverage ratio. On March 31, 2014, CaixaBank's leverage ratio of 5.7%, as well as the fully loaded of 5.5%, significantly exceeded the minimum regulatory limit of 3%.



Key solvency indicators

€ million	BIS III (Regulatory) Jan. 31, 2014	BIS III (Regulatory) Mar. 31, 2014	BIS III (Fully Loaded) Mar. 31, 2014
CET1 instruments	21,467	22,663	24,435
Deductions	(4,510)	(4,475)	(6,705)
CET1	**16,957**	**18,188**	**17,730**
TIER 1 additional instruments	1,886	738	-
Deductions	(647)	(610)	-
TIER 1	**18,196**	**18,316**	**17,730**
TIER 2 instruments	4,404	4,718	4,718
Deductions	(328)	(284)	-
TIER 2	**4,076**	**4,434**	**4,718**
Eligible capital (Tier Total)	**22,272**	**22,750**	**22,448**
Risk-weighted assets	**151,461**	**147,222**	**146,890**
CET1 Surplus	**10,141**	**11,563**	**7,448**
Surplus Equity Funding	**10,155**	**10,973**	**7,025**
CET1 Ratio	11.2%	12.4%	12.1%
Tier 1 Ratio	12.0%	12.4%	12.1%
Tier Total Ratio	14.7%	15.5%	15.3%
Leverage Ratio	5.5%	5.7%	5.5%

Segment information

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

- The core business, **banking and insurance**, 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** encompasses dividend income and the CaixaBank Group's share of profits from its international banking and service investees, net of financing costs.

Capital is assigned to the equity investment business 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 segment information for last year, presented for comparison purposes only, has been reformulated to include the modifications implemented in 2014 with respect to preparation criteria, stemming essentially from the entry into force of the Basel III capital requirements.

Attributable profit from the banking and insurance business amounted to €87 million.

Attributable profit from equity investments stood at €65 million.

Income statement, by business segment

€ million	January-March		%	January-March		%	January-March		%
	2014	2013	Change	2014	2013	Change	2014	2013	Change
Net interest income	**1,087**	**1,102**	**(1.4)**	**(94)**	**(110)**	**(14.5)**	**993**	**992**	**0.1**
Dividend income and share of profit/loss of entities accounted for using the equity method	19	9	111.1	131	198	(33.8)	150	207	(27.5)
Net fees	454	446	1.8				454	446	1.8
Gains in financial assets and other operating income and expenses	172	51	237.3				172	51	237.3
Gross income	**1,732**	**1,608**	**7.7**	**37**	**88**	**(58.0)**	**1,769**	**1,696**	**4.3**
Recurrent operating expenses	(939)	(1,018)	(7.8)	(1)	(1)		(940)	(1,019)	(7.8)
Extraordinary expenses		(759)						(759)	
Pre-impairment income	**793**	**(169)**		**36**	**87**	**(58.6)**	**829**	**(82)**	
Pre-impairment income stripping out extraordinary expenses	**793**	**590**	**34.4**	**36**	**87**	**(58.6)**	**829**	**677**	**22.5**
Impairment losses	(650)	(1,951)	(66.7)				(650)	(1,951)	(66.7)
Gains/losses on disposal of assets and others	(53)	2,223					(53)	2,223	
Pre-tax income	**90**	**103**	**(12.6)**	**36**	**87**	**(58.6)**	**126**	**190**	**(33.9)**
Income tax	(3)	111		29	33	(12.5)	26	144	(81.3)
Profit for the period	**87**	**214**	**(59.3)**	**65**	**120**	**(45.8)**	**152**	**334**	**(54.3)**
Minority interest		(1)						(1)	
Profit attributable to the Group	**87**	**215**	**(59.5)**	**65**	**120**	**(45.8)**	**152**	**335**	**(54.6)**
Average equity (quarterly)	*20,858*	*18,646*	11.9	*2,760*	*4,257*	(35.2)	*23,617*	*22,903*	3.1
ROE (quarterly)	**1.7%**	**4.7%**	**(3.0)**	**9.6%**	**11.4%**	**(1.9)**	**2.6%**	**5.8%**	**(3.2)**
Total Assets	320,998	356,339	(9.9)	10,378	11,481	(9.6)	331,376	367,820	(9.9)

The CaixaBank share

Share price performance

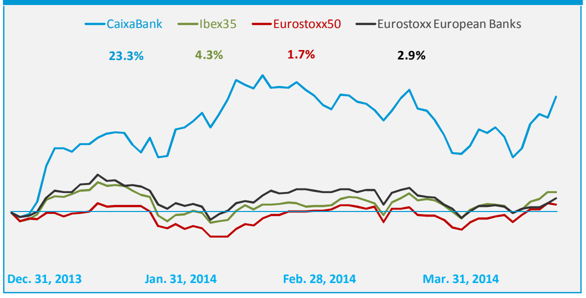
- CaixaBank shares performed well in 1Q14, with gains of 23.3%

The stock markets closed the first quarter of 2014 up, reflecting improved sentiment. The Ibex 35 gained 4.3% and the EURO STOXX 50 rose 1.7%.

CaixaBank shares gained 23.3% in 1Q14, closing at €4.670 per share on March 31, 2014. CaixaBank's shares performed significantly better than the Spanish financial sector average[1], which gained 7.6% during the period, and also outperformed the STOXX Europe Banks sector index, which rose 2.9%.

As well as the rally in CaixaBank's share price, there was also a substantial rise in trading volumes, thanks to the increase in free float and heightened investor interest since November 2013.

CaixaBank shares vs. the main Spanish and European indexes in 1Q14



Shareholder remuneration

- Compelling shareholder remuneration

The CaixaBank Optional Scrip Dividend program entails remunerating shareholders through a bonus issue. The 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 March 21, 2014 the first quarterly payout of €0.05 per share through the Optional Scrip Dividend program was made effective.

In the latest Optional Scrip Dividend program, the bonus shares had a take-up of 92.82%, demonstrating shareholders' confidence in CaixaBank.

Shareholder remuneration for the past 12 months is as follows:

Concept	€/share	Listing date (1)	Payment date (2)
Optional Scrip Dividend	0.05	March 4, 2014	March 21, 2014
Optional Scrip Dividend	0.05	November 16, 2013	December 13, 2013
Optional Scrip Dividend	0.05	October 1, 2013	October 18, 2013
Optional Scrip Dividend	0.05	July 30, 2013	August 16, 2013

(1) Listing date for bonus subscription rights
(2) Settlement date for rights sold to CaixaBank.

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

Key performance indicators for the CaixaBank's share at March 31, 2014	
Market capitalization (€ M)	23,716
Number of outstanding shares[1]	5,400,109,288
Share price (€/share)	
Share price at the beginning of the period (December 31, 2013)	3.788
Share price at closing of the period (March 31, 2014)	4.670
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	4,721,042
Average daily trading volume	13,652,382
Stock market ratios	
Net Profit (€M) *(12 months)*	320
Average number of outstanding shares - fully diluted[3]	5,457,542,908
Net income attributable per Share (EPS) (€/share)	**0.06**
Equity (€M)	24,467
Number of outstanding shares at March 31, 2014 - fully diluted[4]	5,549,788,478
Carrying amount per share (€/share) - fully diluted	**4.41**
PER	**77.83**
P/BV (Market value/ book value) - fully diluted	**1.06**
Dividend Yield[5]	**4.3%**

([1]) Number of shares excluding treasury stock. This 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 market on April 14, 2014.

([2]) At close of trading session.

([3]) Includes the weighted number of shares to be issued on the total conversion of the mandatorily convertible bonds, as well as the deduction of the average number of treasury shares in the period.

([4]) The number of shares includes the total shares to be issued on conversion of all mandatorily convertible bonds issued. Treasury shares at March 31, 2013 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 (€4.670/share).

Significant events in 1Q14

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.

Mandatory conversion to CaixaBank shares of all Series I/2012 mandatorily convertible subordinated bonds (preference share buyback)

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. On March 28, 2014, CaixaBank shares were trading at €4.513, 23.64% more than the conversion price.

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

The Board of Directors likewise 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).

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

On April 10, 2014 the Board of Directors of "la Caixa" agreed that at the "la Caixa" Annual General Assembly to be held on May 22, the proposal to convert "la Caixa" into a banking foundation, pursuant to the Law governing Savings Banks and Banking Foundations of December 27, 2013, shall be put to the vote.

The **conversion of "la Caixa" into a banking foundation** is to be 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 transferal to Criteria CaixaHolding – a wholly-owned subsidiary of "la Caixa" – of the stake held by "la Caixa" in CaixaBank (60.5% on March 31, 2014). The banking foundation would therefore hold an interest in CaixaBank through Criteria, along with the debt instruments issued to date by "la Caixa".

The new "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 conversion of "la Caixa" into a banking foundation means that it will cease to be a credit institution (savings bank). However, the banking foundation 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 and restructuring of "la Caixa" Group, subject to approval by the Annual General Assembly and to obtaining the necessary administrative authorizations, is forecast for completion in 4Q14.

Appendices

Investment portfolio

CaixaBank´s investment portfolio at March 31, 2014, is as follows (main investees):

CaixaBank

LISTED - SERVICES

Telefónica	5.4%
Repsol	11.8%

SPECIALIZED FINANCIAL SERVICES

Finconsum	100%
Credifimo	100%
InverCaixa	100%
GestiCaixa	100%
Nuevo Micro Bank	100%
Self Bank	49.0%
CaixaCard	100%
CaixaRenting	100%
Comercia Global Payments	49.0%
CaixaBank Electronic Money (EDE)	100%

INTERNATIONAL BANKING[1]

46.2%	Banco BPI
20.7%	Boursorama
9.0%	GF Inbursa
17.0%	The Bank of East Asia
9.1%	Erste Group Bank

INSURANCE

100%	VidaCaixa
100%	AgenCaixa
49.9%	SegurCaixa Adeslas

REAL ESTATE AND OTHER SERVICES

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 March 31, 2014:

€ million	% Participation	Consolidated carrying amount[1]	*Of which:* Goodwill[2]	€ / share
GF Inbursa	9.01	800	296	1.33
The Bank of East Asia	17.05	1,483	456	3.74
Erste Group Bank	9.12	952		24.29
Banco BPI	46.22	845		1.32
Boursorama	20.68	180	66	9.89
		4,260	**818**	

([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	BBB-	A-3	Stable
Fitch	BBB	F2	Negative
Moody's[1]	Baa3	P-3	Stable
DBRS	A (low)	R-1 (low)	Negative

([1]) On April, 4, 2014 Moody's revised the outlook to stable from negative.

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

CaixaBank

Best Bank in Spain
2012 and 2013

Best Retail Bank for
Technology Innovation 2013

Spain's Bank
of the Year 2013

Most Innovative Bank
in the World 2013

Best Product and
Service Innovation 2013

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good