Delivering shareholder returns in a challenging environment
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In so far as it relates to results from investments, this financial information from the CaixaBank Group for 1H 2014 has been prepared mainly on the basis of estimates.
The Spanish economy and banking sector are in full recovery mode...

5 quarters of sustained growth *(since 3Q2013)*

→ GDP up 0.6% qoq in 2Q14 and ~0.4% in 3Q *(est.)*

→ Net employment creation *(+320,000 Sept-13-Aug14)*

→ Housing market stabilisation *(prices bottoming out, sales picking up)*

→ Domestic demand improvement *(private consum. +2% yoy 1S14)*

→ Resilient export sector *(+4.5% yoy 1S14)*

Major restructuring of the banking system

→ LtD close to sustainable levels *(around 120%)*

→ Inflection point in asset quality *(NPLs down 5.8% ytd)*

→ Reduced capacity *(−29% in branches, −24% in employees since 2007)*

→ Enhanced solvency *(11.5% CET1 in Dec’13, ahead of the ECB CA)*

→ Significant drop in financing costs *(10y govt. debt now yields 2.2%)*
... with some persistent headwinds hindering profitability

**Modest economic growth ahead**
Spanish annual GDP growth, in %

Average 1999-2008: 3.5%
Average '14-'18: 1.6%

**Prolonged low rate environment**
Spanish banking sector NIM and Euribor 12M, in %

**Ongoing private sector deleveraging**
Stock of bank credit to private domestic residents, in €Bn

Source: IMF

Source: "la Caixa" Research,
Source: Bank of Spain and "la Caixa" Research

**Necessary but burdensome regulation**

- CRD IV/CRR and BRRD: higher capital and liquidity needs
- Deposit and Resolution Fund levies
- Increased consumer protection
  - EU mortgage Directive
  - EU Directive on payment services
  - EU investments regulation (MiFID II)
Levers to mitigate this challenging operating environment

1. Repricing of deposit back book
2. Cost of risk and balance sheet normalisation
3. Scale and acquisitions to drive cost-efficiency
4. Offering a wide range of financial services
5. Technology-led innovation and transformation
Levers to mitigate this challenging operating environment

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2. Cost of risk and balance sheet normalisation
3. Scale and acquisitions drive cost-efficiency
4. Offering a wide range of financial services
5. Technology-led innovation and transformation
Steady re-pricing of time deposits is rapidly driving down funding costs

Time deposits and retail CP – Back vs. front book (bps)

- Sustained reduction in time deposits costs:
  - Front book falls -96 bps in 12 months
  - New ECB measures reinforce this trend
- Declining wholesale funding costs and TLTRO to further support NII growth

2014/15 NII to benefit from improved funding costs, more than offsetting deleveraging
1. Repricing of deposit back book

2. Cost of risk and balance sheet normalisation

3. Scale and acquisitions drive cost-efficiency

4. Offering a wide range of financial services

5. Technology-led innovation and transformation
CoR and balance sheet normalisation are key to restore sustainable profitability levels

Positive trends in Cost of Risk

<table>
<thead>
<tr>
<th>Quarter</th>
<th>CoR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q13</td>
<td>2.98%</td>
</tr>
<tr>
<td>2Q13</td>
<td>2.30%</td>
</tr>
<tr>
<td>3Q13</td>
<td>1.95%</td>
</tr>
<tr>
<td>4Q13</td>
<td>1.86%</td>
</tr>
<tr>
<td>1Q14</td>
<td>1.15%</td>
</tr>
<tr>
<td>2Q14</td>
<td>1.17%</td>
</tr>
</tbody>
</table>

High potential to increase interest-earning assets

2Q14 net NPAs+DTAs and shareholder’s equity, in €Bn

NPAs+DTAs/Equity = 107%

NPAs+DTAs = 26.7
Equity = 25.0

Move to 0.60% CoR implies ~ 3.5% increase in ROE

Full balance sheet normalisation would increase ROE by ~2-3%

(1) NPAs include: NPLs and repossessed assets (all net of provisions). DTAs net of DTLs.
1. Repricing of deposit back book

2. Cost of risk and balance sheet normalisation

3. **Scale and acquisitions drive cost-efficiency**

4. Offering a wide range of financial services

5. Technology-led innovation and transformation
### Market share by key products (latest available figures)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>2007</th>
<th>Growth (14'-07')</th>
<th>Growth 2014-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer penetration 1</td>
<td>20.4%</td>
<td>27.4%</td>
<td>+7.0pp</td>
</tr>
<tr>
<td>CABK as main bank</td>
<td>15.6%</td>
<td>22.7%</td>
<td>+7.1pp</td>
</tr>
<tr>
<td>Payroll deposits</td>
<td>14.4%</td>
<td>22.2%</td>
<td>+7.8pp</td>
</tr>
<tr>
<td>Pension deposits</td>
<td>12.5%</td>
<td>20.0%</td>
<td>+7.5pp</td>
</tr>
<tr>
<td>Loans</td>
<td>9.1%</td>
<td>14.9%</td>
<td>+5.8pp</td>
</tr>
<tr>
<td>Deposits2</td>
<td>9.9%</td>
<td>14.7%</td>
<td>+4.9pp</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>11.0%</td>
<td>15.9%</td>
<td>+4.9pp</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>6.5%</td>
<td>14.1%</td>
<td>+7.6pp</td>
</tr>
<tr>
<td>Pension plans3</td>
<td>11.2%</td>
<td>19.0%</td>
<td>+7.8pp</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>5.6%</td>
<td>14.5%</td>
<td>+8.9pp</td>
</tr>
<tr>
<td>Savings insurance</td>
<td>14.1%</td>
<td>21.2%</td>
<td>+7.1pp</td>
</tr>
<tr>
<td>Life insurance</td>
<td>9.1%</td>
<td>17.7%</td>
<td>+8.6pp</td>
</tr>
<tr>
<td>PoS turnover</td>
<td>17.8%</td>
<td>24.1%</td>
<td>+6.3pp</td>
</tr>
<tr>
<td>Card turnover</td>
<td>17.6%</td>
<td>21.1%</td>
<td>+3.6pp</td>
</tr>
</tbody>
</table>

(1) Among those of 18 years of age or older
(2) To other resident sectors according to the Bank of Spain
(3) Includes PPI + PPA pension plans

Source: FRS Inmark, Social Security, BoS, INVERCO and ICEA. Latest available information

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### Leading scale

- Largest customer base
- Strong market shares
- Wide product range

**... and growing**

**13.6 million customers**
Growth and market leadership have been complemented by acquisitions

<table>
<thead>
<tr>
<th>Company</th>
<th>Announcement Date</th>
<th>Full IT Integration</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays Bank SAU</td>
<td>March 2012</td>
<td>July 2013</td>
<td>8 months</td>
</tr>
<tr>
<td>Banco de Valencia</td>
<td>November 2012</td>
<td>July 2013</td>
<td>8 months</td>
</tr>
<tr>
<td>Banca Cívica</td>
<td>March 2012</td>
<td>April 2013</td>
<td>12 months</td>
</tr>
<tr>
<td>Bankpime’s business</td>
<td>September 2011</td>
<td>February 2012</td>
<td>5 months</td>
</tr>
<tr>
<td>Caixa Girona</td>
<td>June 2010</td>
<td>December 2010</td>
<td>6 months</td>
</tr>
<tr>
<td>Morgan Stanley private banking</td>
<td>January 2008</td>
<td>December 2008</td>
<td>12 months</td>
</tr>
</tbody>
</table>

Proven integration track record
Acquisition of Barclays Bank SAU improves competitive position in key segments and regions

BBSAU: key figures

<table>
<thead>
<tr>
<th>June 2014</th>
<th>% of Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>€21.6 bn</td>
</tr>
<tr>
<td>Net loans</td>
<td>€18.4 bn</td>
</tr>
<tr>
<td>Deposits</td>
<td>€9.9 bn</td>
</tr>
<tr>
<td>AuM</td>
<td>€4.9 bn</td>
</tr>
<tr>
<td>Shareholder funds</td>
<td>€1.7 bn</td>
</tr>
<tr>
<td>Branches</td>
<td>271</td>
</tr>
<tr>
<td>Customers</td>
<td>≈555,000</td>
</tr>
<tr>
<td>Employees</td>
<td>2,446</td>
</tr>
</tbody>
</table>

An affluent segment oriented bank with c. 555,000 customers

Private banking
- ≈4,100 customers
- 2.6% market share (source: DBK)

Affluent banking
- ≈178,200 customers
- 1.7% market share (source: DBK)

Client AuM account for 33% of retail funds

Transaction highlights

- Acquisition for cash consideration of €800 M
- Builds shareholder value: EPS accretive from Year 1 with ROIC already above 10% by 2016
- Limited capital impact: FL B3 75 bps
- Cost synergies of €0.8 bn (net of restructuring costs)

(1) Not adjusted for the sale of 9 branches to Caja Rural Castilla La Mancha in 2014 (~€350 M in loans and €150 M in deposits to be transferred).
(2) Includes repos
(3) Data for BBSAU includes average mutual funds and SICAVs as of June 2014
(4) Includes retail banking clients only
Rightsizing and acquisitions fuel cost efficiency gains

Number of branch closures since 2007¹

-25%

Acquisitions

7,579

173 openings
5,695

-2,057 closings

Dec'07 pro forma

Jun'14

Employee departures since 2007¹

-20%

Acquisitions

38,549

-6,975 Net departures
31,574

-574 Net departures
≈31,000

Dec'07 pro forma

Jun'14

Dec'14e

Significant cost synergies from acquisitions

In Million Euros

2013  2014e  2015e  2016e

BCIV+BdV  BCIV+BdV  BCIV+BdV BBSAU  BCIV+BdV BBSAU

423  654  682  682

150

Size is key to achieve economies of scale

HQ staff as % of total employees²

CaixaBank  Acquisition 1  Acquisition 2  Acquisition 3

6%  17%  20%  30%

(1) Includes headcount and branches of Morgan Stanley Private Banking, Caixa Girona, Bankpime, Banca Cívica and Banco de Valencia when they were acquired.

(2) Source: own estimates as of June 2014 for CaixaBank and as of the acquisition date for the acquired entities.
Levers to mitigate this challenging operating environment

1. Repricing of deposit back book
2. Cost of risk and balance sheet normalisation
3. Scale and acquisitions drive cost-efficiency
4. Offering a wide range of financial services
5. Technology-led innovation and transformation
Segmentation and multi-channel distribution are key to support multi-product capabilities

A segmented business model...

- Wealth Banking
- Corporate Banking
- Private Banking
- Business Banking
- Affluent Banking
- SME Banking
- Retail Banking

.. based on specialisation
+8,900 specialised staff

... and quality of service

Highly specialised segmented business model

A multi-channel distribution platform

The largest branch network
- 5,695 branches
- 16.9% market share

ATMs: the largest network in Spain, 3rd in Europe
- 9,661 ATMs
- 18.4% market share

Internet Banking: an European leader
- 9.6 million customers
- 33% customer penetration

Mobile Banking: a global leader
- 4.0 million customers
**Market-leading businesses provide revenue diversification and benefits from scope**

<table>
<thead>
<tr>
<th>Business</th>
<th>Key 1H14 figures</th>
<th>Company</th>
<th>% ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance</td>
<td>€49.5 bn AuMs</td>
<td>VidaCaixa</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>€2.9 M premia and contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Mngmt.</td>
<td>€32.7 bn AuM</td>
<td>InverCaixa</td>
<td>100%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>€24.5 bn turnover&lt;sup&gt;1&lt;/sup&gt;</td>
<td>CaixaCard</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>12.9 M cards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Finance</td>
<td>€1.2 bn Assets</td>
<td>Finconsum</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>€414 M new business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-life insurance</td>
<td>€1.4 bn premia</td>
<td>SegurCaixa Adeslas</td>
<td>49.9%</td>
</tr>
<tr>
<td>Payments at point of sale</td>
<td>€30.3 bn turnover&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Comercia Global Payments</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>253,848 PoS terminals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Wide-ranging product offering through one single integrated distribution network**

**Revenue diversification**

**Economies of scope**

**Cost competitiveness**

**Significant contribution to ROE**

**Ownership preserved throughout the crisis**

<sup>1</sup> 12 months.
4. Offering a wide range of financial services

**Strong and growing insurance and asset management capabilities...**

<table>
<thead>
<tr>
<th></th>
<th>1H14 (€ Bn)</th>
<th>% Change since 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings insurance</td>
<td>31.5</td>
<td>+80%</td>
</tr>
<tr>
<td>Pension plans</td>
<td>18.0</td>
<td>+88%</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>32.7</td>
<td>+125%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>82.1</strong></td>
<td><strong>+97%</strong></td>
</tr>
</tbody>
</table>

Outperforming peers over recent years

Market shares

- **Savings insurance and pension plans**
  - **1st**: 20.1% #1 (2007: 13.6% #1)
  - **2nd**: 17.1% #2 (2007: 11.5% #3)

- **Mutual funds**
  - **2nd**: 14.5% #2 (2007: 5.6% #3)

Source: Inverco and ICEA

Migration of customer funds to off-balance sheet products underscores cross-selling capabilities

- Savings insurance and AuM account for ~30% of retail funds (versus 22% in 2007)
- BBSAU’s acquisition further consolidates this trend
...significantly shore up fees and core revenues

Savings insurance & AuM fees\(^1\) up 86%

<table>
<thead>
<tr>
<th></th>
<th>Savings insurance &amp; AM fees, in €M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mutual funds</td>
</tr>
<tr>
<td>Savings insurance and pension plans</td>
<td>+86%</td>
</tr>
<tr>
<td>2007</td>
<td>269</td>
</tr>
<tr>
<td>107</td>
<td>162</td>
</tr>
<tr>
<td>162</td>
<td>202</td>
</tr>
<tr>
<td>202</td>
<td>499</td>
</tr>
<tr>
<td>2014</td>
<td>297</td>
</tr>
<tr>
<td>2010</td>
<td>202</td>
</tr>
<tr>
<td>1H14</td>
<td>499</td>
</tr>
</tbody>
</table>

... diversify revenue sources

Contribution of AM and saving insurance fees\(^1\), in %

<table>
<thead>
<tr>
<th></th>
<th>% to total fees(^1)</th>
<th>% to core revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>21%</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>2007</td>
<td>21%</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>28%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Wide product offering provides an operating hedge for low rates

(1) Fees are computed as trailing four quarter figures to correct for seasonality. Hence, 2014 data refers to the four quarters ending on June 30th 2014.
Levers to mitigate this challenging operating environment

1. Repricing of deposit back book
2. Cost of risk and balance sheet normalisation
3. Scale and acquisitions drive cost efficiency
4. Offering a wide range of financial services
5. Technology-led innovation and transformation
Adapting to changing customer needs

Enhances customer centricity and accelerates digitalisation

Reduces costs and increases perceived value

Some sample initiatives:

**New “A” branch prototype**

- Serves as a living lab
- The new branch model simulates the world of "retail", aiming to enhance the in-branch purchasing experience

**Leading adopter of banking mobility solutions**

- Released to 1,600 bank managers
- Use of digital signatures to close contracts away from the branch
- Progressive roll-out across segments

**Next-generation ATMs**

- 8,500 high-performance multi-functional ATMs
- €500 M investment over a 10 year period
- Improved user experience

Euromoney award for best retail bank for technology and innovation in two consecutive years
Multi-channel distribution platform enables the retail network to provide advisory services

Technology-lead innovation supports electronic channels growth...

... driving down costs and enabling the retail network to focus on value creation

Operations by channel\(^1\), in %

<table>
<thead>
<tr>
<th>Channel</th>
<th>2007</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>1,138</td>
<td>1,205</td>
</tr>
<tr>
<td>ATMs</td>
<td>502</td>
<td>502</td>
</tr>
<tr>
<td>Internet</td>
<td>1,205</td>
<td>3,624</td>
</tr>
<tr>
<td>PoS and automated</td>
<td>627</td>
<td>1,910</td>
</tr>
</tbody>
</table>

Time spent on each activity, in %

- **Administrative tasks**
  - 2007: 67%
  - 1H14: 76%
- **Commercial tasks**
  - 2007: 33%
  - 1H14: 24%

\(^1\) An operation is defined as any action initiated by a client in connection to a financial service provided by CaixaBank. 2014 data is annualised.
Technology-led service innovation is paying off through enhanced productivity

Retail funds per employee, in €M

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7.1</td>
<td>8.6</td>
</tr>
</tbody>
</table>

+21%

Total fees per employee, in € thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>48</td>
<td>57</td>
</tr>
</tbody>
</table>

+18%

Technology and segmentation increase cross-selling and improve client loyalty

(1) 2014 employee figures average the December 2013 and June 2014 figures. Fees are computed as trailing four quarter figures to correct for seasonality. Hence 2014 data refers to the four quarters ending on June 30th 2014.
Final remarks
Strong balance sheet enables distribution of earnings to shareholders

**Profitability levers**

1. Repricing of time deposits
2. CoR and balance sheet normalisation
3. Scale and acquisitions to drive cost-efficiency
4. Offering a wide range of financial services
5. Boosting productivity & business transformation via technology

**Robust solvency**
- 12.4% CET1
- 15.7% Total capital
- 5.5% Leverage Ratio

**Strong liquidity**
- €63.5 bn of available liquidity

**Improved asset quality**
- NPLs down 11% YTD
- High coverage (59%)

Supporting current dividend of 18c per share and a transition to cash over 2015/16
Institutional Investors & Analysts Contact

We are at your entire disposal for any questions or suggestions you may wish to make. To contact us, please call or write to us at the following email address and telephone number:

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