CaixaBank: riding out the storm

Juan María Nin, Deputy Chairman and CEO of CaixaBank

London, October 4th 2011
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Reorganisation of “la Caixa” Group: Identical core-business with a more efficient capital structure

**Former structure**

- Welfare Projects
- Banking Business (includes real estate assets)
  - "la Caixa" (unlisted)
  - Criteria CAIXA CORP (listed company)
- Insurance companies
- International Banking portfolio
- Industrial portfolio

**Current structure**

- Welfare Projects
- "la Caixa" (unlisted)
- 79.5%
- Criteria CAIXA CORP (former Criteria-listed)
- Book Value^2: €21.6 bn
  - Minorities (24.2%)
  - Repsol + Telefonica^5
  - Retail Banking & Insurance^3
  - International Banking portfolio^4
  - BV^2: €10.3 bn

1. Taking into account the conversion of the mandatory convertible bond of €1.5 bn
2. Book Value as of 30th June 2011
3. Foreclosed real estate is being incorporated in CaixaBank since 1st of March
4. Stakes: BEA (16.03%), Erste Bank (10.1%), Inbursa (20.0%), BPI (30.1%), Boursorama (20.7%)
5. Stakes: Repsol (12.8%), Telefonica (5.4%), BME (5.0%)
Timely execution of the transaction:
CaixaBank began operations on 1\textsuperscript{st} of July

157 days

- **Transaction Announcement / Webcast**
- **Work on confirmatory due diligence and fairness opinions from independent advisors**
- **Receipt of due-diligence report and fairness opinion**
- **Boards of \textquotedblleft la Caixa\textquotedblright / Criteria approve final terms of the transaction**
- **Criteria (New CaixaBank) – Analyst Presentation**
- **Institutional road-show**
- **Criteria’s Annual General Meeting**
- **Receipt of regulatory approvals**
- **General Assembly of \textquotedblleft la Caixa\textquotedblright**
- **Issuance of the Mandatory Convertible Bond**
- **CaixaBank starts trading on the stock exchange**
- **Closing**

CaixaBank began operations on 1\textsuperscript{st} of July
CaixaBank at a glance: a flagship institution

Ranked 1st in retail banking in Spain
- Segmented business model for customer focus
- €273 bn in Total assets
- €437 bn in Business volume (€189bn loans & €248bn customer funds)

Sound Risk profile
- Low-risk retail business model
- Lowest NPL (4.30%) and highest coverage (67%) among the leading institutions

Robust financial metrics
- €21.6bn of liquidity
- Core capital BIS II : 11.3%
- Core Capital BIS III : 8-9% in 2012, with no need for phase-in
- Rated Aa2/ A+/ A+ by rating agencies (Moody’s / S&P / Fitch)

Strong capacity to generate recurring income
- Market diversification: focused on growth markets
- Income diversification: stakes in Repsol and Telefónica
- €3,172 million: Pre-impairment recurring income in 2010
- 8% Recurring RoE in 2010

All of this reinforced by a premium brand reputation
(The financial brand with the best reputation in Spain for the 8th consecutive year)
CaixaBank: the leading retail franchise in Spain
Segment business model sustained by high-quality growth

<table>
<thead>
<tr>
<th>Segment</th>
<th>Key Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Banking</td>
<td>21.0% customer penetration, 2.1 million payroll deposits, 1.1 million pension deposits</td>
</tr>
<tr>
<td>Affluent Banking</td>
<td>1,015 specialised staff, €62bn in customer funds</td>
</tr>
<tr>
<td>Private Banking</td>
<td>32 centres, 333 specialised staff, €35bn in customer funds</td>
</tr>
<tr>
<td>SME Banking</td>
<td>820 specialised staff, €25bn in loans</td>
</tr>
<tr>
<td>Business &amp; Corporate Banking</td>
<td>86 centres, 921 specialist staff, €36bn in loans</td>
</tr>
</tbody>
</table>

Business volume breakdown, in %

- **SME Banking**: 50%
- **Private Banking**: 16%
- **Affluent Banking**: 16%
- **Business & Corporate Banking**: 10%
- **Retail Banking**: 8%

10.5 million customers
3.7 million core customers

Figures as of 30th June 2011

1. Source: DBK (April 2011)
2. Ranked by funds under management (2010 DBK)
3. Ranked by position amongst customers (FRS 2010)
4. Ranked by market share in factoring and confirming
5. Including Wealth Banking
6. Customers with 5 or more products
Intense commercial activity supported by the leading multi-channel distribution network

Branches: the largest network (12.6% market share)

<table>
<thead>
<tr>
<th>Market share (in %)</th>
<th>Branches</th>
<th>Business volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalonia &amp; Balear Island</td>
<td>24.3%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Rest of areas</td>
<td>9.6%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

ATMs: the widest network in Spain

- 7,993 ATMs
- 13.7% market share
- 69% absorption ratio

Internet banking: European leadership

- 6.6 million customers
- 32.4% market penetration
- 66% absorption ratio businesses

Mobile banking: Global leadership

- 2.0 million customers
- 46% market penetration

Source: Nielsen (internet and mobile banking market share)

Notes:
(1) Latest available data
(2) In branch timetable. Operations considered: withdrawals, cash deposits, savings account updates, bill payments and cheque deposits
(3) Operations considered: national bank transfers, buy/sell stocks, bank bills (bill discount and bill acceptance)
The business model continues to prove its commercial strength...

Business volume growth despite a complex environment

<table>
<thead>
<tr>
<th></th>
<th>June 2010</th>
<th>June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan book</td>
<td>182.7</td>
<td>188.9</td>
</tr>
<tr>
<td>Off-balance</td>
<td>34.9</td>
<td>43.2</td>
</tr>
<tr>
<td>sheet funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-balance</td>
<td>197.4</td>
<td>204.9</td>
</tr>
<tr>
<td>sheet funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

June 2010: €415.0bn, June 2011: €437.0bn, +5.3%

Strong and continued increase in fees

June 2010: €679bn, June 2011: €772bn, +13.7%

...leading to sustained market share increase in key banking products

Key retail products

- Payroll deposits: 16.0%\(^1\) +63bp yoy
- Pension deposits: 13.7%\(^1\) +72bp yoy
- Mutual funds: 12.1%\(^1\) +237bp yoy
- Life insurance: 15.3%\(^1\) +133bp yoy

Credit products

- Consumer loans: 11.1%\(^1\) +87bp yoy
- Mortgages: 11.0%\(^1\) +51bp yoy
- Factoring & Confirming: 14.7%\(^1\) +225bp yoy
- Foreign trade: 15.2%\(^1\) +191bp yoy

(1) Latest available data
Sources: Bank of Spain, Social Security, Inverco and ICEA
Supported by a solid balance sheet that sets the scene for future growth opportunities

Figures as of 30th June 2011

<table>
<thead>
<tr>
<th>CaixaBank</th>
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<tbody>
<tr>
<td><strong>High liquidity position</strong></td>
</tr>
<tr>
<td>€21.6bn</td>
</tr>
<tr>
<td>€ 0bn</td>
</tr>
<tr>
<td>124%</td>
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</table>

Liquidity, solvency and asset quality have been key themes

(1) Loan-to-deposit ratio: total net customer loans (€183.3 bn)/ customer deposits (€147.6 bn)
Bolstering liquidity has been a key concern

Excellent level of liquidity

- Balance sheet liquidity:
  - December 2010: €19.6bn
  - June 2011: €21.6bn
  - Increase: +10.2%

- ECB discount facility:
  - December 2010: €16.2bn
  - June 2011: €13.4bn

Conservative funding profile

- Retail Funding: 71%
- Wholesale Funding: 21%
- Net interbank deposits/repos: 8%

- Limited dependence on wholesale markets
- Loan-to-deposit ratio: 124%

Figures as of 30th June 2011

(1) Loan-to-deposit ratio: total net customer loans (€183.3 bn)/ customer deposits (€147.6 bn)
Pre-funding in wholesale markets in anticipation of market instability

Avoiding 2012: obligations mature mostly in long term
Wholesale maturities as of 30th June

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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2.39</td>
<td>2.56</td>
<td>6.43</td>
<td>7.26</td>
<td>24.77</td>
</tr>
</tbody>
</table>

In 2011: €5.9bn already issued
Main issuance of covered bonds:

<table>
<thead>
<tr>
<th>Date</th>
<th>€bn</th>
<th>Maturity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb-2011</td>
<td>2.00</td>
<td>2015</td>
<td>MS + 220</td>
</tr>
<tr>
<td>March-2011</td>
<td>1.25</td>
<td>2014</td>
<td>MS + 200</td>
</tr>
<tr>
<td>April-2011</td>
<td>1.25</td>
<td>2015</td>
<td>MS + 195</td>
</tr>
</tbody>
</table>

(1) €5.5bn Covered bonds; €0.4bn Senior bonds

2012 debt maturities
% of net loans for selected European names

The lowest financing requirement in 2012 among European peers

(1) Peers include Santander, BBVA, Sabadell, Bankinter, Popular, Banesto, Erste Bank, BNP, Intesa, Unicredit, Commerzbank and Société Générale
Source: Morgan Stanley Research, 31st August 2011
Liquidity build-up impacted 2Q11 NII due to higher cost of funding

Net interest income
€ million

966 894 772 786 801 742
1Q 2Q 3Q 4Q10 1Q 2Q11

-7.9%

Customer spread

Loans and credits
Customer spread
Customer deposits

1.93 1.61 1.4 1.48 1.55 1.66
1Q 2Q 3Q 4Q10 1Q 2Q11

3.14 2.89 2.84 2.93 3.00 3.13

Net interest margin

Total assets
Spread
Customer deposits
Total funds

2.74 2.65 2.45 2.61 2.71 2.78
1Q 2Q 3Q 4Q10 1Q 2Q11

1.51 1.34 1.32 1.46 1.52 1.68
1.23 1.31 1.13 1.15 1.19 1.1
1Q 2Q 3Q 4Q10 1Q 2Q11

Building up liquidity leads to higher cost of funding in 2Q11
As loan book repricing accelerates customer spread starting to improve
Wholesale issuance offsets improvements at customer spread level
Over the trough: net interest income bottoming out

- **Significant increase in credit spreads of loan front book**
  
<table>
<thead>
<tr>
<th>Credit spreads (%)</th>
<th>3Q10</th>
<th>4Q10</th>
<th>1Q11</th>
<th>2Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.92</td>
<td>1.82</td>
<td>2.15</td>
<td>2.35</td>
</tr>
</tbody>
</table>

- **Spreads in time deposits front book** show a progressive reduction
  Deposit war has eased after penalties established by law

<table>
<thead>
<tr>
<th>Time deposits spreads (%)</th>
<th>3Q10</th>
<th>4Q10</th>
<th>1Q11</th>
<th>A11</th>
<th>M11</th>
<th>J11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1.19</td>
<td>-1.33</td>
<td>-1.01</td>
<td>-1.15</td>
<td>-1.15</td>
<td>-0.92</td>
</tr>
</tbody>
</table>

- **Comfortable liquidity levels imply no pressure to access wholesale markets at high spreads**

  Available Liquidity: **€21.6bn**

(1) New month operations
Continued focus on cost containment

Additional efforts during 2H11 to further reduce operating expenses

Total operating expenses, in € million

<table>
<thead>
<tr>
<th></th>
<th>June 2010</th>
<th>June 2011</th>
<th>2010</th>
<th>2011e</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,674</td>
<td>1,658</td>
<td>3,366</td>
<td>~ -3%</td>
</tr>
</tbody>
</table>

-1% decrease from June 2010 to June 2011.
Mainly due to change in Repsol accountings under equity method

As of 30th June 2011

Organic capital generation

€1.5 bn Mandatory Convertible Bond

SegurCaixa Adeslas partial sale

Others

Core capital 8-9% under Basel-3 by end 2012 (look-through 2019, with no need for phase-in)

June’11:

<table>
<thead>
<tr>
<th></th>
<th>RWA/Total Assets</th>
<th>TE/ Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWA/Total Assets</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>TE/ Total Assets</td>
<td>6.7%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Mainly due to change in Repsol accountings under equity method
(2) As of 30th June 2011
Maintaining a better asset quality than peers

Comparatively low level of problem asset ratios

<table>
<thead>
<tr>
<th>30th June 2011</th>
<th>CaixaBank¹</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL ratio</td>
<td>4.3%</td>
<td>6.4%²</td>
</tr>
<tr>
<td>Substandard Loans</td>
<td>2.5%</td>
<td>3.5% - 4.0%³</td>
</tr>
<tr>
<td>Repossessed Real Estate Assets</td>
<td>0.1%</td>
<td>4.0% - 4.5%³</td>
</tr>
</tbody>
</table>

Focus on risk: ANTICIPATION
A positive track-record in managing risk

- Specialized collections teams created within the branch network at the very beginning of the crisis
- Forward looking risk-monitoring approach for default preemption through automated anticipatory actions
- Conservative approach to developer book as the sector deteriorates
- Advanced underwriting framework based on the expected loss of both product and client/group
- Risk-adjusted pricing takes into account the profitability of the whole client relationship

Provisioning effort leads to higher NPL coverage (67%)

(1) Figures as of 30th June 2011. CaixaBank: NPL (€8.5bn); total substandard loans (€4.7bn); total portfolio €188.9bn
(2) As of 30th June 2011
(3) Source: Bank of Spain, company reports and own estimates. Figures as of December. Ratios calculated as % assets / loans to other resident sectors
Resilient retail mortgage book and manageable exposure to real estate development loans

### CaixaBank: loan book and NPL by segments

<table>
<thead>
<tr>
<th></th>
<th>30 June 2011</th>
<th>Dec’10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€bn</td>
<td>NPL Ratio</td>
</tr>
<tr>
<td>Loans to individuals</td>
<td>94.1</td>
<td>1.7%</td>
</tr>
<tr>
<td>House purchasing</td>
<td>70.0</td>
<td>1.4%</td>
</tr>
<tr>
<td>Other</td>
<td>24.1</td>
<td>2.6%</td>
</tr>
<tr>
<td>Loans to businesses</td>
<td>84.1</td>
<td>8.1%</td>
</tr>
<tr>
<td>Real estate developers</td>
<td>24.5</td>
<td>20.2%</td>
</tr>
<tr>
<td>ServiHabitat and other</td>
<td>3.3</td>
<td>0.0%</td>
</tr>
<tr>
<td>“la Caixa” subsidiaries</td>
<td>3.3</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other sector</td>
<td>56.3</td>
<td>3.3%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>10.7</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Total loans</strong></td>
<td><strong>188.9</strong></td>
<td><strong>4.3%</strong></td>
</tr>
</tbody>
</table>

(1) The real estate management company of “la Caixa” Group
(2) Includes contingent assets

- **Resilient retail mortgage book**
- **Increase in NPL ratio explained by real estate developers**
Gradual decrease in exposure to real estate developers

- 7% reduction in balance of real estate developer loans since Dec’10 (sector: -2%)
- Increase in substandard loans: in anticipation of a more challenging real estate market
Limited exposure to repossessed real estate assets
Incorporated since 1st of March

CaixaBank: Repossessed real estate assets

<table>
<thead>
<tr>
<th>Status</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished</td>
<td>€182 million</td>
</tr>
<tr>
<td>In progress</td>
<td>€13 million</td>
</tr>
<tr>
<td>Land</td>
<td>€39 million</td>
</tr>
</tbody>
</table>

NET VALUE: €234 million
Figures as of 30 June 2011

Provisions: €43 million

“la Caixa” Group: Active management of the repossessed portfolio

- The real estate management company of “la Caixa” Group

- €580 million: Sales and commitments in 2011
  - €346 million sales
  - 6% loss on sales mainly due to transaction costs

- 3%: yield on rental properties (€760 million)
  - Occupancy ratio: 87%

(1) From 1st January 2011 to 15th September 2011
(2) Net value
Exposure to developers is adequately covered by collateral and provisions

### Exposure to developers: problem assets

<table>
<thead>
<tr>
<th></th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL loans</td>
<td>€0.3  bn</td>
</tr>
<tr>
<td>Substandard loans</td>
<td>€3.3 bn</td>
</tr>
<tr>
<td>Repossessed real estate assets</td>
<td>€5.0 bn</td>
</tr>
</tbody>
</table>

**TOTAL**

€8.6 bn

### Buffers

<table>
<thead>
<tr>
<th></th>
<th>€</th>
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</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>€3.8 bn</td>
</tr>
<tr>
<td>Specific provision (allocated to portfolio)</td>
<td>€2.0 bn</td>
</tr>
<tr>
<td>Generic provision (unallocated)</td>
<td>€1.8 bn</td>
</tr>
</tbody>
</table>

**TOTAL Buffers**

€9.6 bn

### Collateral value

**Collateral**

€5.8 bn

*After applicable haircuts applied by Bank of Spain*

### Coverage of problem assets

**Static viewpoint - Coverage with provisions and collateral value**

**CaixaBank:** 117%¹

**Dynamic viewpoint – Expected loss**

- **Advanced- IRB models** Basel II -EL 1 year-
  - **EL:** 13.8%  
  - **€2.6 bn** (< provisions)

- **EBA- 2011 Stress Test** -EL 2 years-
  - **EL:** 17.1%  
  - **€4.2 bn** (< provisions + pre-provision profit)

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¹ Assumes full allocation of generic provision to this portfolio. As of 30/06/11
² Adverse scenario
CaixaBank is a natural winner from changes in the Spanish competitive environment

1. Growth management
   - The leading retail banking player in Spain
   - With sustained market share gains
   - Scalable business model

2. Risk management
   - Solid balance sheet
   - Robust capital base and ample liquidity
   - Best level of asset quality among peers

Riding out the storm
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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