CaixaBank

Ahorro Corporación - 8th Annual Spanish Banking Conference

Building franchise value in an uncertain world

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Barcelona, 3rd October 2012

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In so far as it relates to results from investments, this financial information from the CaixaBank Group for 1H12 has been prepared mainly on the basis of estimates.

CaixaBank

Operating environment influenced by a changing regulatory framework

2012

February | May | 9th June | 10th June | 21st June | July | August | September | NOV - DEC

RE developers (February – May)

- RDL 2/2012 (Feb. 3rd): **€54bn** *(€38bn provisions + €16bn capital)*
- RDL 18/2012 (May 12th): **€28bn**

Existing provisions	€112bn
RDL 2 &18/2012	€66bn
TOTAL	**€178bn**

IMF report (9th June)

Capital requirements for Spanish banks:

€25 – 37bn

Stress-Test: top-down (21st June)

Roland Berger Strategy Consultants — Oliver Wyman

Additional capital needs:

€25.6bn *(base)*

€62.0bn *(stress)*

CaixaBank named one of 3 institutions that require no additional capital

Stress-Test: bottom-up (July – September)

Deloitte. — KPMG — pwc — Ernst & Young

Auditors review: total loan book + foreclosed assets

Release of individual capital needs

Oliver Wyman

Regulatory milestones

Loan request up to €100bn (10th June)

MoU *(Memorandum of Understanding)* (July)

RDL 24/12 (Aug.31st) *Restructuring and resolution of financial institutions* (August)

Approval of restructuring plans/ bad bank details (NOV - DEC)

Savings bank law *(regulatory development)* (NOV - DEC)

CaixaBank

Sowing the seeds of a recovery

1. BROAD REFORM agenda: a renewed economic program

- Multi-year plan to reduce fiscal deficit
- Structural reforms to increase growth potential *(labor market, pensions, health, education, etc.)*
- It will take some time until reforms show their full effects

2. EURO area institutional reforms

- Euro is irreversible: stepped-up ECB support to sovereign debt
- Banking Union: early implementation
- Roadmap for further European integration

3. Financial SECTOR RESTRUCTURING

- Banking Resolution Act
- Independent assessment of loan portfolio
- Individualized stress tests: clarification of capital needs
- Individual restructuring plans
- Transfer of problematic assets to Bad Bank

Restoring credibility and strengthening the soundness of the Spanish economy

Exhibiting good business health in a difficult environment

1. Franchise growth (organic and inorganic growth)

Reinforcing market share in retail banking:

- Successful commercial initiatives with retail funds: + €5.6bn YTD
- Integration with BCIV improves competitive position

2. Balance sheet strength

Bolstering balance sheet strength as a key priority:

	CaixaBank	CaixaBank + BCIV[1]
Liquidity	€42.5bn	€50.0bn
Solvency *(Core Capital)*	13.0%	11.0%
Asset quality *(Coverage)*	60%	69%

3. High income generation capacity

Operating metrics continue to demonstrate core business strength:

- Growing pre-impairment income → +12.3% *yoy*

Data at June 30th 2012
1. Preliminary proforma figures as of 30th June 2012, pending final adjustments

1. **Reinforcing leadership in retail banking**

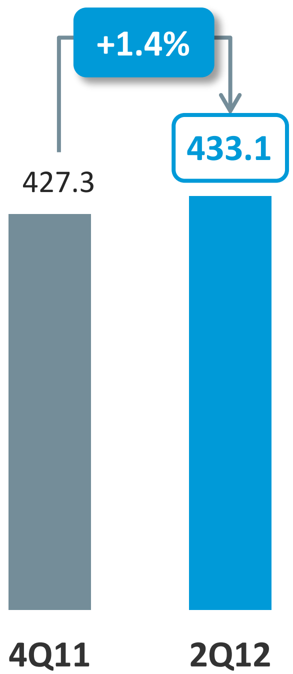
2. Bolstering balance sheet strength

3. High income generation capacity

Commercial initiatives lead to organic increase in retail funds

Bolstering liquidity levels to reduce commercial funding gap

Business volume (loan book and customer funds)
(YTD evolution) (€bn)



Retail funds[1]:

€5.6bn *+4.2% YTD*

Sector: *-0.6% YTD*

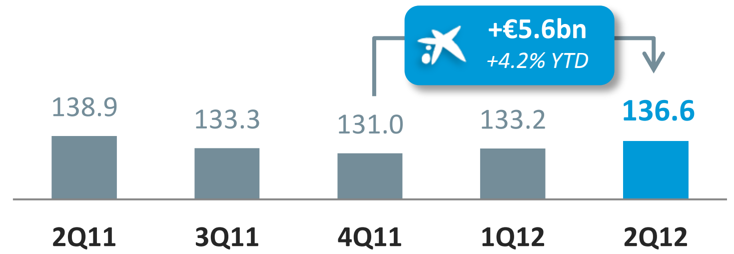
Loan book:

€0.2bn *+0.1% YTD*

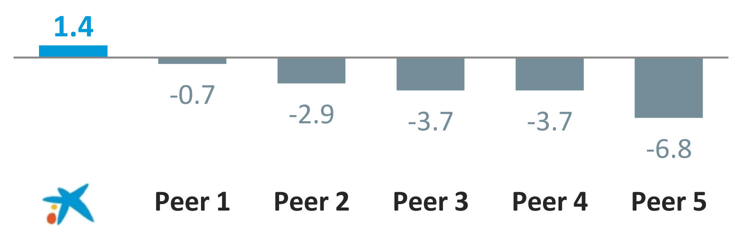
Sector: *-0.3% YTD*

- **Taking advantage of our competitive position to grow retail funds**

  Retail funding[1] evolution (€bn)



- **Financial strength key in capturing business volume.** *Business volume (YTD evolution)*

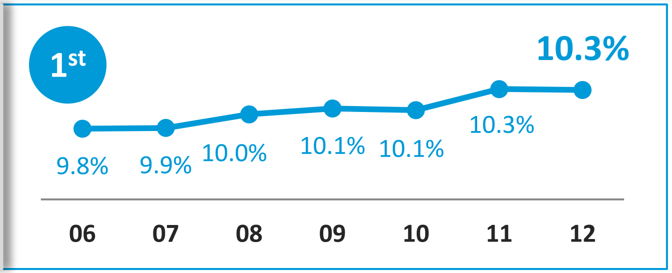


- **Pricing still impacted by difficult funding and competitive environment**

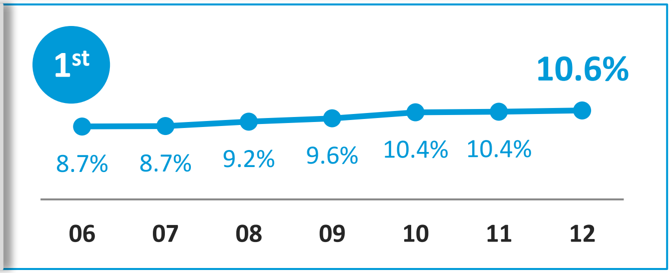
As of June 30th 3012
Peer group includes: Santander (Spain), BBVA (Spain), Banesto, Popular + Pastor and Bankia
1. Includes: retail deposits, retail commercial paper, investments funds, pension funds and life insurance products

Organic market share has increased throughout the crisis

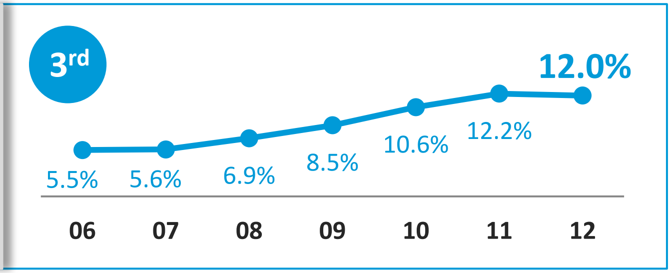
Total deposits



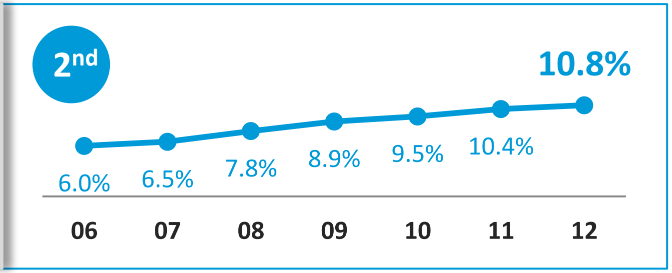
Total loans



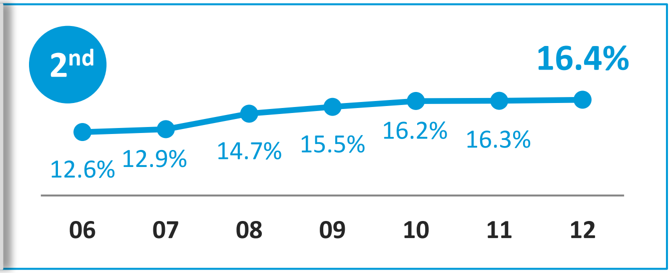
Mutual funds



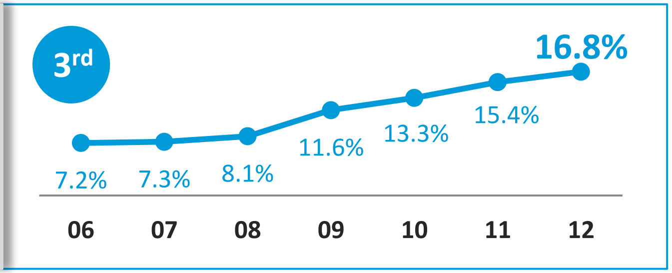
Commercial loans



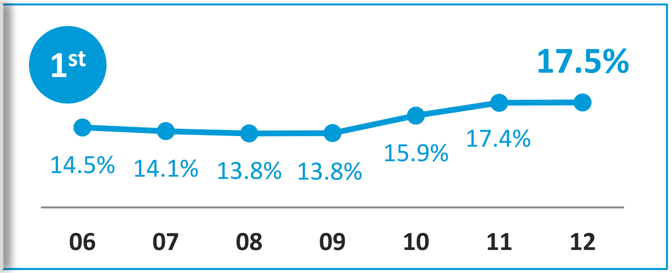
Pension plans



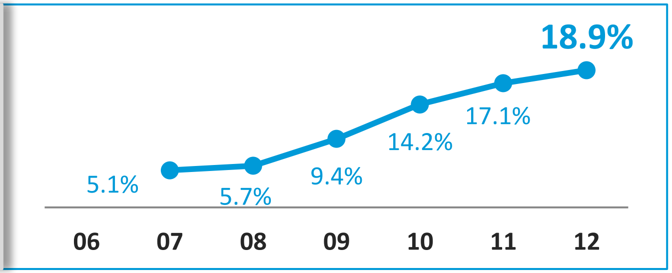
Factoring & confirming



Life insurance



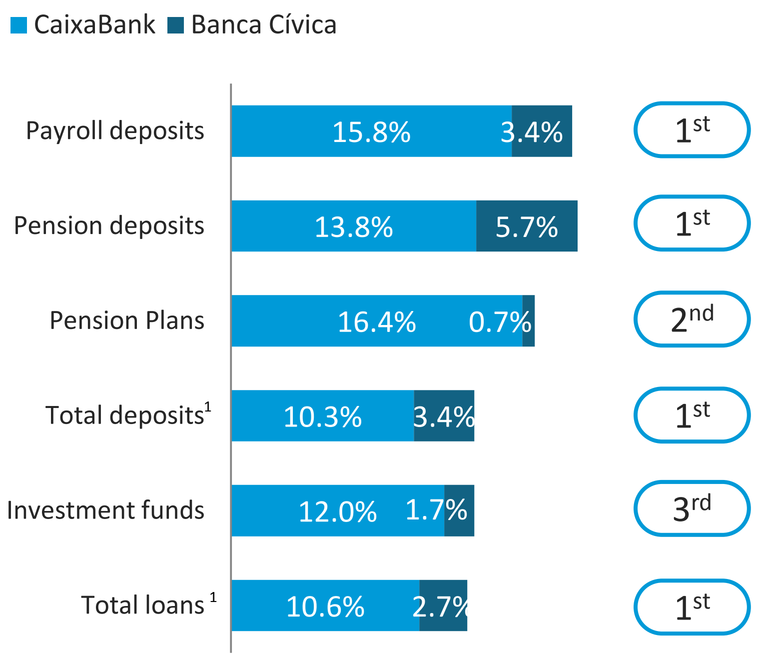
Foreign trade - exports



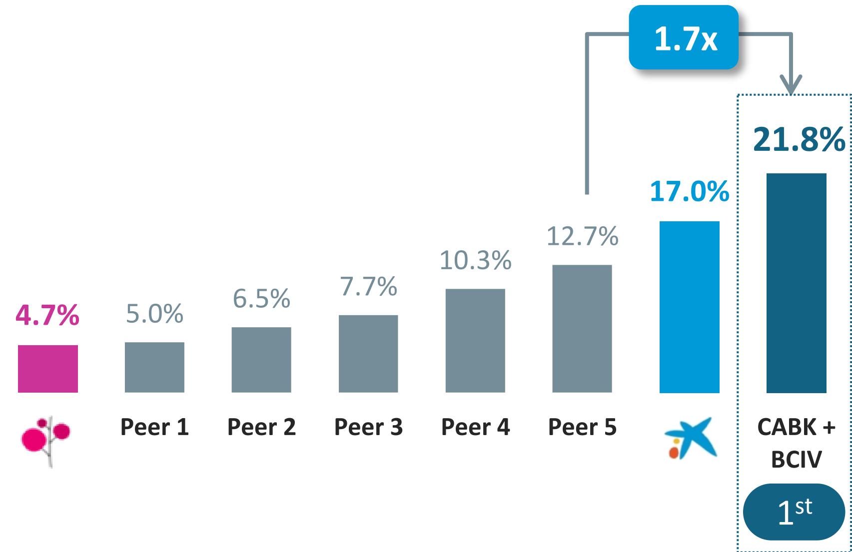
CaixaBank market shares as of March 31st 2012. Source: INVERCO, ICEA, Bank of Spain, SWIFT and Factoring Spanish association

Integration with BCIV further extends retail banking leadership

Leads to c.15% market share in key retail products



Main banking relationship share is well above competitors[2]



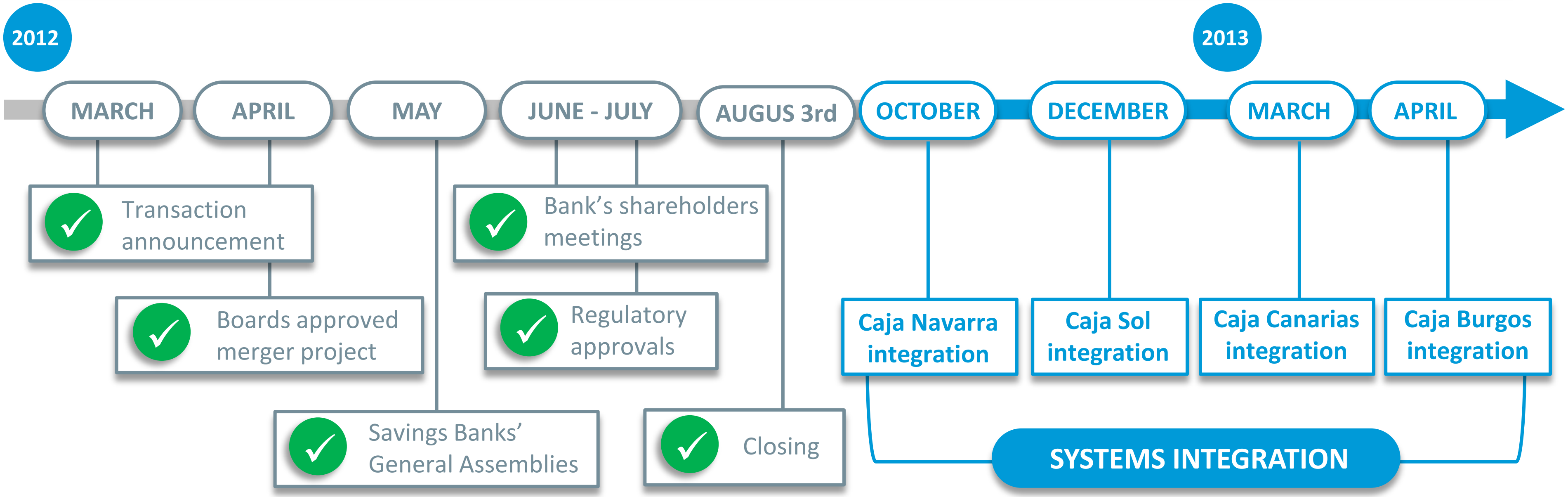
21.8% of people choose CaixaBank as primary bank

BCIV Business Volume	109 Bn Euros
BCIV Customers	**3.0 million**

1. Resident private sector
2. Information as of March 2012. Peer group includes: BBVA, BKIA, Popular + Pastor, Sabadell + CAM and Santander

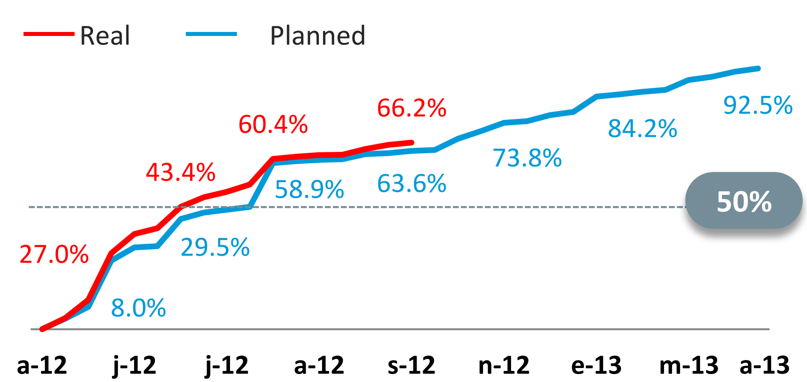
Source FRS, Bank of Spain, AEB, INVERCO and Social Security

Execution of the transaction is being carried out seamlessly



- **Integration by means of a merger with fixed exchange ratio:** *5 CABK shares for 8 BCIV shares - 233 million new shares issued*
- **Accounting integration from July 1st**
- **Integration office and teams fully operational**
- **New commercial structure and branding strategy in place**
- **Cross-staff exchanges to train BCIV staff in CABK platform- now running in parallel at BCIV branches**

- **4,400 activities planned:**

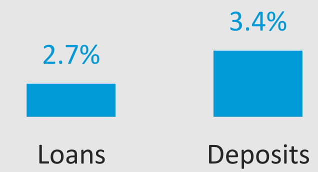


Expected increase in profitability metrics after BCIV transaction

Competitive position improvements

- BCIV consolidates CaixaBank's leading position in Spanish banking
- Gains in deposits market share > gains in loans market share
- 64% of branches in core regions

BCIV market share contribution



Material cost synergies will increase profitability in the coming years

- **€540M** of expected annual cost synergies by 2014
- **12.5%** of total combined costs

Expected evolution of cost synergies
In million Euros

Significant income synergies to be expected

- High potential to improve profitability per client (to CABK levels)
- Cross-selling potential based on CABK leadership in key retail products

	BCIV		CABK
Gross margin/ client (€)[1]	438	**1.3x**	557
Commissions/ client (€)[1]	113	**1.2x**	140

Competitive and efficiency improvements in the coming years at a short term cost of restructuring

(1) As of December 2011

1. Reinforcing leadership in retail banking

2. **Bolstering balance sheet strength**

3. High income generation capacity

Manageable impact of BCIV transaction due to pre-existing fortress balance sheet

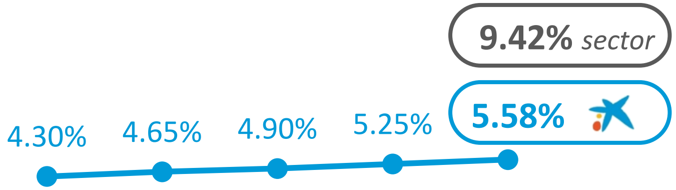
	Robust capital base	High liquidity position	Superior asset quality
CaixaBank	▪ Core capital (BIS II): 13.0% ▪ Core Tier1 EBA: 11.8%	▪ €42.5 bn of available net liquidity	▪ Low NPL ratio vs peers: (5.58%) and high coverage (60%) ▪ Lower relative exposure to real estate assets[3]
CaixaBank + Banca Cívica[1]	▪ Core capital (BIS II): 11.0% ▪ Core Tier1 EBA: 10%[2]	▪ €50 bn of combined available net liquidity ▪ LTD 128%	▪ Higher coverage ratio of 69% despite increase in NPL ratio to 7.21%; still better than sector average

Data at June 30th 2012
1. Preliminary proforma figures as of 30th June 2012, pending final adjustments
2. Difference between EBA and BIS II is due to temporary recognition deferral of €1.5bn MCB due 50% in Dec.12 and 50% in Dec.13
3. All the foreclosed assets prior to February 28th 2011 were not transferred in the reorganization process

Better asset quality metrics than sector while provisioning coverage exceeds expected loss

■ NPLs and NPL ratio – outperforming the sector

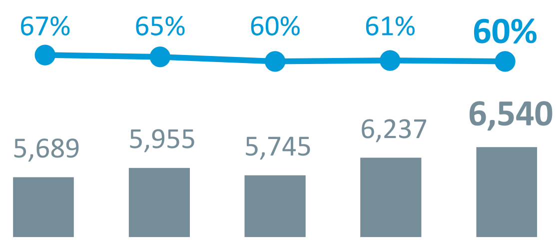
NPL ratio



■ Maintaining a high NPL coverage

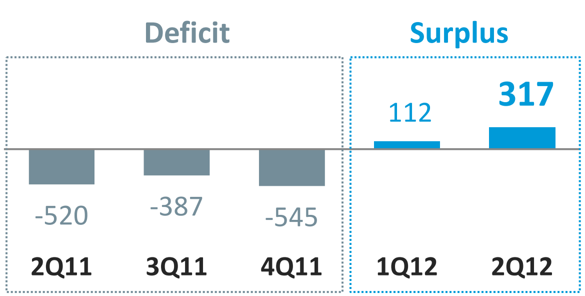
NPL coverage ratio

Credit provisions (€M)



■ Progressive build-up of provisions exceeds expected losses

Difference between IRB provisions and total expected losses



CaixaBank + BANCA CIVICA

BCIV deteriorates NPL ratio but improves coverage levels

BCIV loan book cleaned-up[1] prior to integration

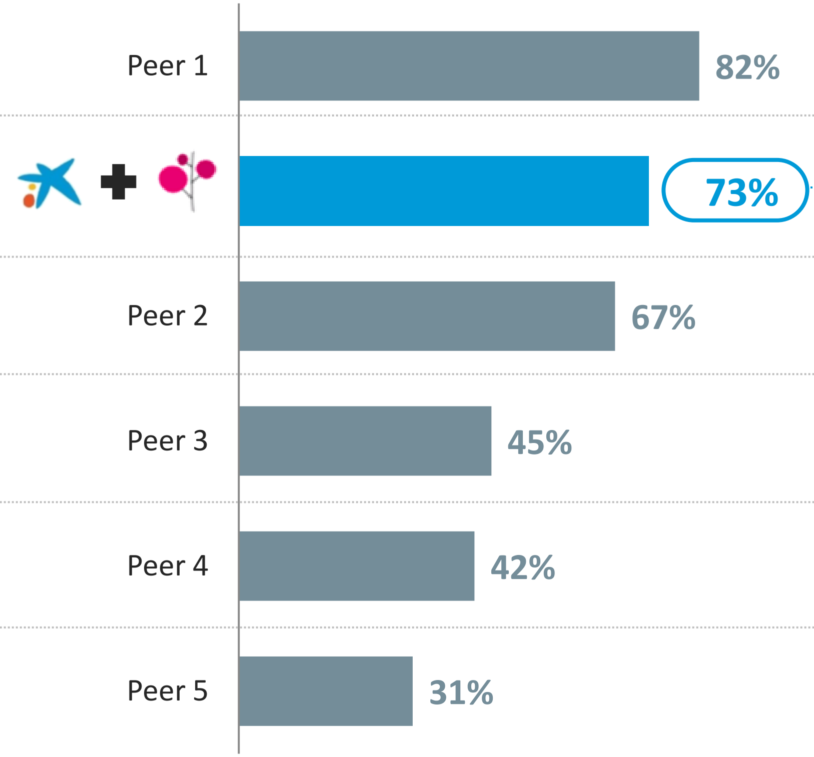
■ NPL Ratio	7.2%
■ Credit provisions	€12.3bn
■ Coverage ratio	69%

Provisions continue to exceed expected losses

Data at June 30th 2012
1. Preliminary proforma figures as of 30th June 2012, pending final adjustments

Clean-up of real estate developer exposure accelerates

73% of RD 2/12 & 18/12 requirements already booked



	RD 2/2012 *(gross)*	RD 18/2012 *(gross)*	Pending booking
Peer 1	1.6	2.5	0.7
	2.4 [1]	2.1 [2]	1.8
	0.9 [3]	1.3 [3]	
Peer 2	4.1	2.7	2.2
Peer 3	4.0	3.3	4.0
Peer 4	1.2	0.8	1.2
Peer 5	2.9	1.8	3.2

1. Fully booked in 1Q12
2. €0.3bn registered in 2Q12. €1.8bn to be booked by June'13
3. BCIV's required provisions have been fully absorbed by the fair value adjustment accounted for the transaction

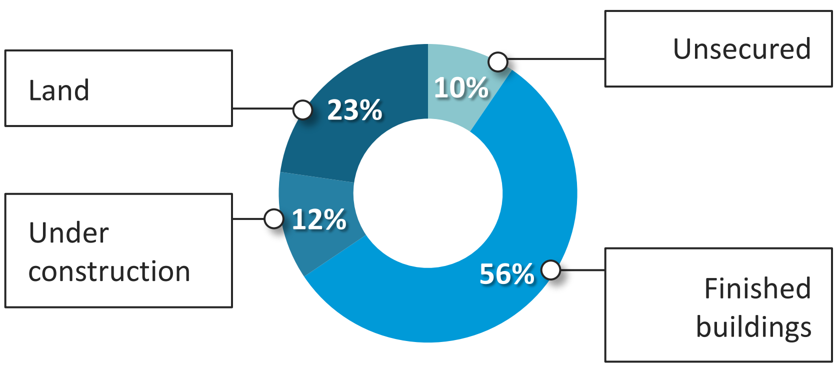
As of June 30th. Peers include: Santander, BBVA, Banesto ,Popular and Sabadell. Requirements for Banc Sabadell include RD for CAM

RE developer exposure: a prudent mix with improved coverage of problematic assets

Real Estate Exposure

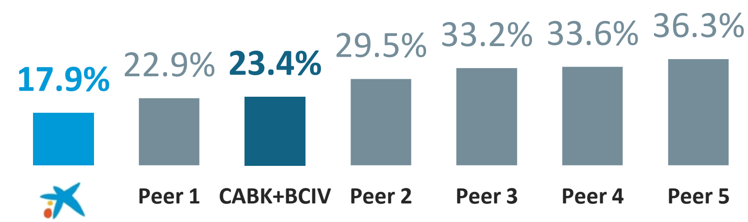
CaixaBank + BANCA CÍVICA

- Prudent RE exposure[1,2] and low exposure to land:

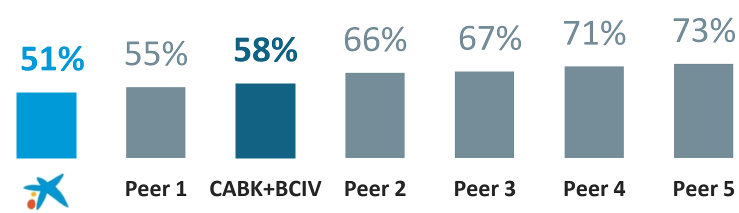


- Exposure to RE loans being rapidly reduced: -31% since Dec'08

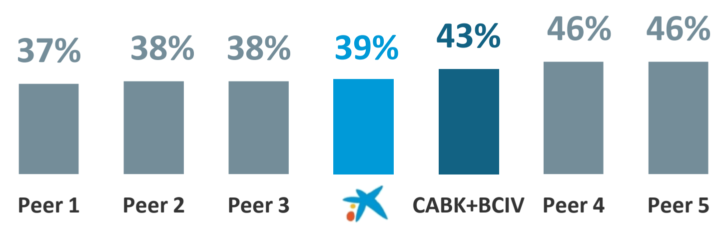
- % Land/ (RE developer loans + foreclosed assets)[2]



- Problematic[2,3] assets as a % of RE portfolio



- Coverage of real estate problematic assets (%)[2]

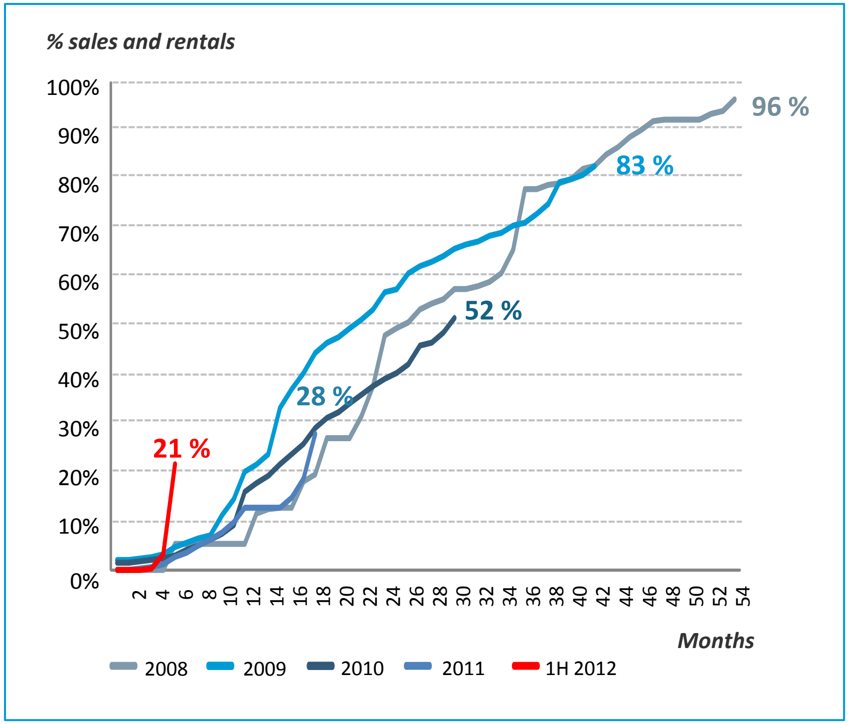


1. Exposure to RE includes loans to developers and foreclosed assers.
2. Proforma preliminary figures including BCIV. CaixaBank figures as of June 30th, BCIV figures as of March 31st
3. Problematic assets include doubtful developer loans + substandard developer loans + foreclosed RE assets

Sales activity has intensified as Building Center takes a more prominent role

"la Caixa" Group (includes Building Center)

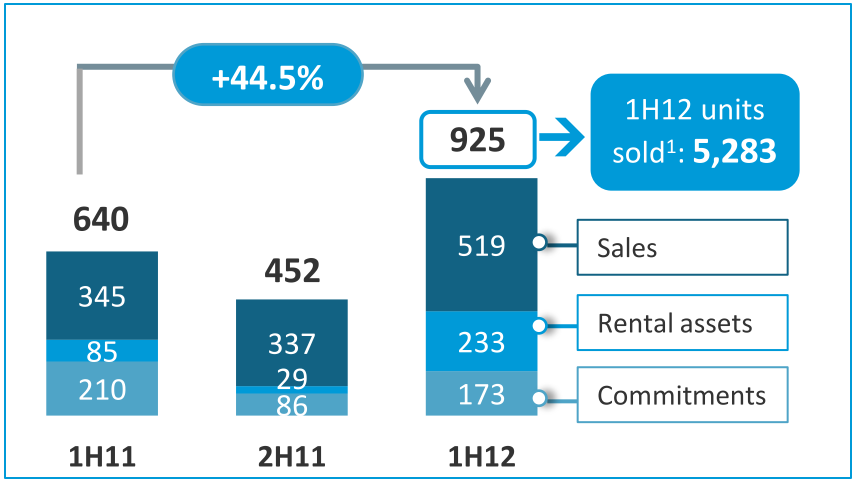
Sales and rentals of finished housing by vintage year of acquisition/foreclosure



→ **Vintages of finished housing are fully cleared in an average of four years**

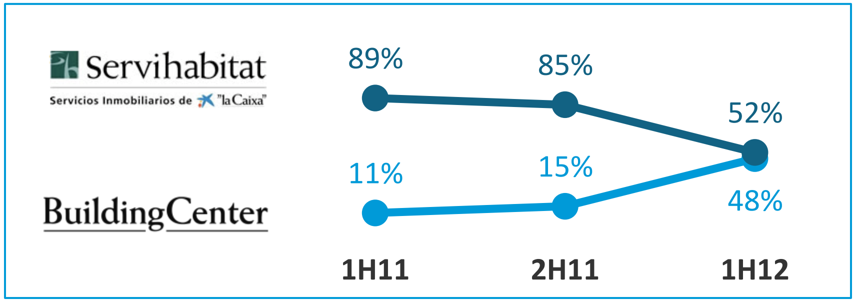
Sales activity is intensifying in 2012

"la Caixa" Group commercial activity (in million Euros)



Progressive increase in the weight of Building Center sales

Sales distribution

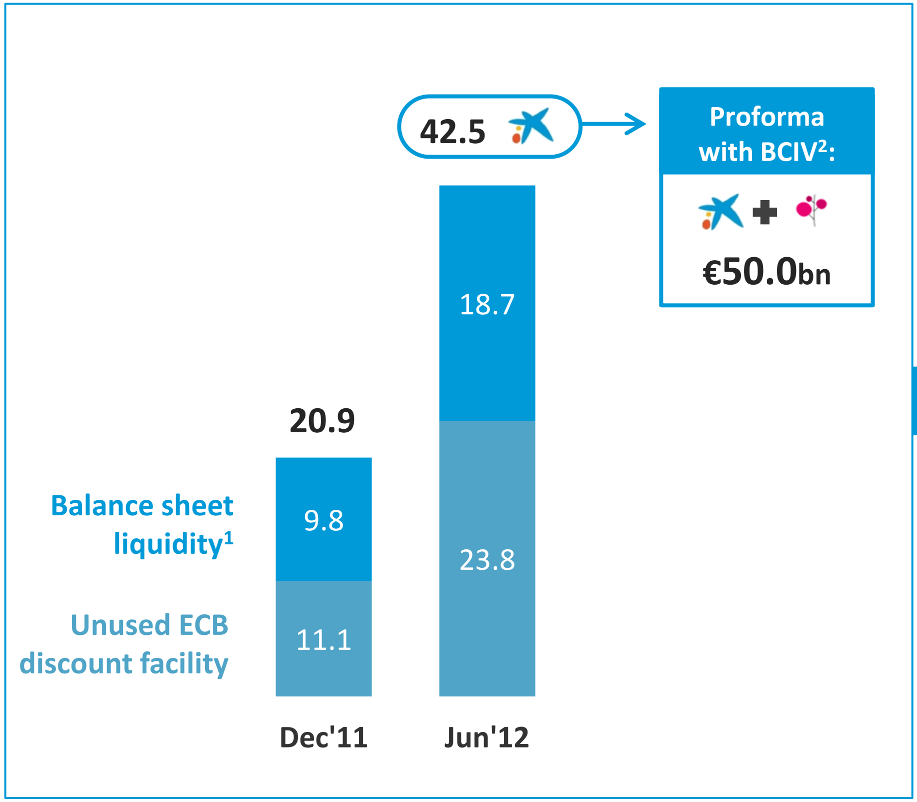


(1) Sales and rental assets

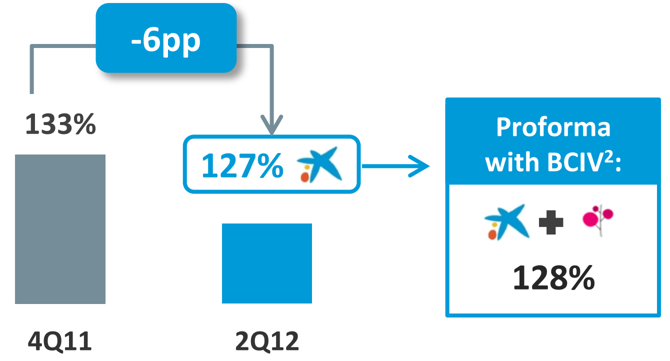
Increased focus on liquidity against a turbulent funding backdrop

Prudent reinforcement of liquidity levels

In billion Euros



- Decline in commercial funding GAP (€5.3 bn during 1H12) leads to a significant decrease in LTD ratio



- Generation of additional collateral for the ECB credit facility given market deterioration
- BCIV integration reinforces liquidity levels

Data as of June 30th
(1) Includes cash, interbank deposits, accounts at central banks and unencumbered sovereign debt.
(2) Preliminary proforma figures as of 30th June 2012, pending final adjustments

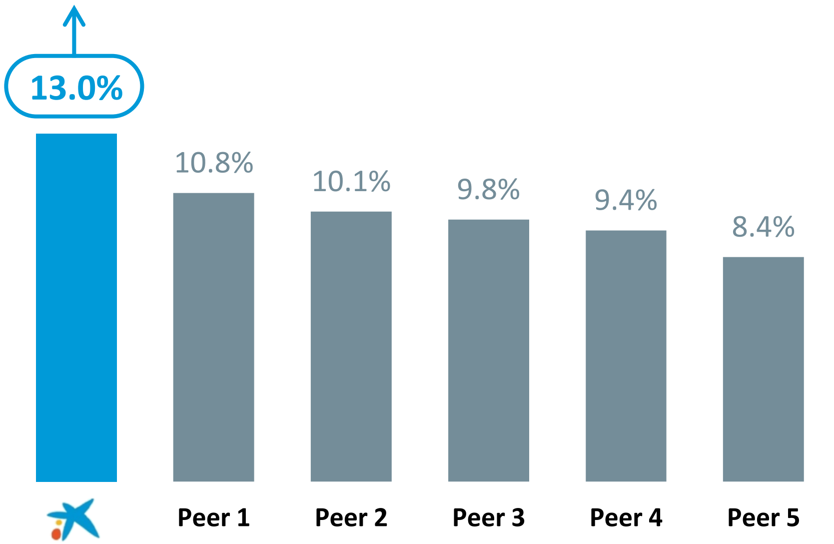
Positive capital trends – no capital needs are forecast

The highest Core Capital (BIS II) - among peers[2]

In %

Proforma with BCIV[1]:

- Core Capital: **11%**
- EBA Core Tier 1: **10%**



Bottom-up stress tests expected to confirm that CABK is among the most resilient institutions with no additional capital requirements under an adverse scenario

Data as of June 30th

(1) Preliminary proforma figures as of 30th June 2012, pending final adjustments

(2) Peers include Banesto, BBVA, POP, SAB and SAN.

1. Reinforcing leadership in retail banking

2. Bolstering balance sheet strength

3. **High income generation capacity**

Proven capacity to generate pre-impairment income

Strong pre-impairment income capacity: +12.3% *yoy*

		1H'12
1	Resilient NII	+15.7% *yoy*
2	Sustained fee income growth	+8.7% *yoy*
3	Continued efforts in cost cutting	-5.6% *yoy*
	Cost-to-income ratio	+48.2%

- → Resilient operating metrics and cost cutting policies contribute to pre-impairment income growth and allow for a high provisioning schedule
- → Additional cost cutting and material synergies from BCIV integration will play a significant role in improving profitability
- → Some leverage from potential non-recurrent income generation

Key take-aways

Challenging economic and financial environment

Changing regulatory framework

Exhibiting good business health despite the tough environment

1. Franchise growth

- Sustained organic growth
- BCIV integration reinforces retail leadership

2. Balance sheet strength

- Robust metrics maintained with Banca Cívica

3. Strong income generation capacity

- Proven capacity to generate pre-impairment income
- Synergies from BCIV integration will help to improve profitability

No additional capital requirements under an adverse scenario are foreseen

Thank you

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Best Bank in Spain

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