Differentiation in Challenging Markets

Juan M. Nin, Deputy Chairman and CEO

London, 19th March 2013
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In so far as it relates to results from investments, this financial information from the CaixaBank Group for FY 2012 has been prepared mainly on the basis of estimates.
Dealing with a healing sector

**Eurozone**
- Economic recession
- Sovereign debt crisis (lower intensity but still there)
- Fragmentation of financial markets
- Institutional reforms (banking union)
- ECB support (low policy rates, OMT program, “believe me”)
- Fiscal consolidation everywhere (specially in the periphery)

**Spain**
- Economic recession (expected to continue through first half of 2013)
- Correction of imbalances in progress:
  - external current account (competitiveness)
  - private debt
  - fiscal deficit
- Broad agenda of structural reforms to boost growth potential

**Spanish banking system:**
MoU has basically been implemented in full

- **Strengthened solvency / much improved transparency**
  - Provisioning requirements for RE exposures
  - Stress tests (IMF, top-down, bottom-up)
  - New capital requirements
  - Public recaps with ESM funds (€42bn)
  - Transfer of problematic assets to Sareb
  - Detailed data on refinancings, etc.

- **Profitability: the focus looking forward**
  - Low interest rate margins
  - Falling business volumes
  - Cost of risk still elevated
  - Installed capacity has declined by about 25% but more is needed to restore profitability
Differentiation in Challenging Markets

Renewed focus on profitability on the back of a solid balance sheet and enhanced franchise

1. Developing franchise value
   - Banca Cívica and Banco de Valencia acquisitions complement organic growth and reinforce market leadership

2. Maintaining a premium balance sheet
   - Liquidity a key priority
   - Leading capital ratios
   - Outperformance in asset quality metrics

3. Improving profitability
   - Resilient NII despite low interest rate environment
   - Fees continue to underline core business strength
   - Synergy extraction and cost cutting measures in place
   - Progressive normalization of cost of risk
Strategic priorities

1. Developing franchise value
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M&A transactions are being executed according to plan

Differentiation in Challenging Markets

- Execution of BCIV I.T. integrations on track:
  - Final IT integration expected by April’13

- BdV acquisition managed in parallel with BCIV’s:
  - Closed on 28th February (1st January for accounting purposes)
  - Merger integration committees already in place

- Strict management of the incorporated franchises:
  - Remapping of sales organization to fit client presence
  - Application of CABK standards from day one, focusing on profitability and implementation of credit monitoring and recovery procedures
Acquisitions complement business footprint and contribute to market share gains

Acquisitions further extend leading market shares in retail banking

Market share by business volume

- > 10% share
- > 7% share
- < 7% share

<table>
<thead>
<tr>
<th>Market</th>
<th>Business volume</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navarra</td>
<td>8.3x</td>
<td>39.6%</td>
</tr>
<tr>
<td>Canarias</td>
<td>2.9x</td>
<td>28.0%</td>
</tr>
<tr>
<td>Andalucía</td>
<td>2.2x</td>
<td>17.8%</td>
</tr>
<tr>
<td>C. Valenciana</td>
<td>2.1x</td>
<td>12.6%</td>
</tr>
<tr>
<td>C. León</td>
<td>2.5x</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

Contribution of BCIV and BdV in core regions

Market share as of September 2012 include loans and deposits of CABK+BCIV+BdV.

Above 15% market share in key retail products as set out in strategic goals

Undisputed leadership in most retail products

<table>
<thead>
<tr>
<th>Product</th>
<th>15%</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main banking relationship</td>
<td>22.2%</td>
<td>+5.6%</td>
</tr>
<tr>
<td>Payroll deposits</td>
<td>20.0%</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Pension deposits</td>
<td>19.9%</td>
<td>+6.1%</td>
</tr>
<tr>
<td>Saving insurance</td>
<td>18.3%</td>
<td>+0.8%</td>
</tr>
<tr>
<td>Factoring &amp; Confirming</td>
<td>18.1%</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Pension Plans</td>
<td>16.4%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Loans</td>
<td>14.7%</td>
<td>+4.1%</td>
</tr>
<tr>
<td>Deposits</td>
<td>14.4%</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>14.0%</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Credit cards turnover</td>
<td>20.7%</td>
<td>+3.0%</td>
</tr>
</tbody>
</table>

Supported by a leading multi-channel distribution network

2012 transactions, by distribution channel

>90% of transactions executed outside of branch network

~4,824 M transactions
Strategic priorities

1. Developing franchise value
   - Banca Cívica and Banco de Valencia acquisitions complement organic growth and reinforce market leadership

2. Maintaining a premium balance sheet
   - Liquidity a key priority
   - Leading capital ratios
   - Outperformance in asset quality metrics

3. Improving profitability
   - Resilient NII despite low interest rate environment
   - Fees continue to underline core business strength
   - Synergy extraction and cost cutting measures in place
   - Progressive normalization of cost of risk
Liquidity is a cornerstone of our balance sheet strength

Proactive reinforcement of liquidity
In billion Euros

<table>
<thead>
<tr>
<th></th>
<th>Dec'11</th>
<th>Dec'12</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.9</td>
<td>53.1</td>
<td></td>
</tr>
<tr>
<td>11.1</td>
<td>17.5</td>
<td></td>
</tr>
<tr>
<td>9.8</td>
<td>35.6</td>
<td></td>
</tr>
</tbody>
</table>

- Balance sheet liquidity\(^1\)
- Unused ECB discount facility

As a % of total assets

- 7.7% in Dec'11
- 15.2% in Dec'12

Total Liquidity: €53.1bn

- In 2012, closing of funding gap has led to a progressive reduction of the LTD ratio\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTD</td>
<td>133%</td>
<td>127%</td>
<td></td>
</tr>
<tr>
<td>As % of total assets</td>
<td>-6% in 2012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ECB LTRO: €28.3 bn with €4 bn kept in deposit
- €9bn of ECB funding repaid in Jan.’13\(^3\)

- Further decline in commercial funding gap expected in 2013
- Wholesale funding markets remain open - recent €1.0bn 5 yr covered bond at MS+210bps

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(1) Includes cash, interbank deposits, accounts at central banks and unencumbered sovereign debt
(2) Defined as: gross loans (€223,449 M) net of loan provisions (€11,962 M) (total loan provisions excluding those corresponding to contingent guarantees) and excluding pass-through funding from multilateral agencies (€7,179 M) / retail funds (deposits, retail issuances) (€160,621 M)
(3) €4.5 bn from CaixaBank + €4.5 bn from Banco de Valencia
**BIS II Core Capital**

In %, as of 31st December 2012

<table>
<thead>
<tr>
<th>Peer</th>
<th>BIS II Core Capital for CaixaBank</th>
<th>EBA Core Tier1 for CaixaBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>11.0%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Peer 2</td>
<td>10.4%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Peer 3</td>
<td>10.3%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Peer 4</td>
<td>10.1%</td>
<td></td>
</tr>
</tbody>
</table>

- Recently announced FROB prepayment (€977 M)
- BdV capital accretive
- EBA Core Tier1 to increase 50bps in Q1’13 due to approved changes in Series I/11 mandatory convertible (+€750 M)
- Expect above 10% B III Core Tier 1 during the phase-in period

Note: Peers include Santander, BBVA, Sabadell and Popular

(1) Main difference between EBA and BIS II is due to temporary deferral in recognition of €750 M MCB
Asset quality stabilises after BCIV integration but still affected by weak macro trends

### NPLs and NPL ratio

**NPL ratio by segments**

<table>
<thead>
<tr>
<th>Segment</th>
<th>NPL ratio (31st Dec)</th>
<th>NPL ratio (30th Sept)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to individuals</td>
<td>3.56%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Residential mortgages, home purchase</td>
<td>2.80%</td>
<td>2.77%</td>
</tr>
<tr>
<td>Other</td>
<td>5.65%</td>
<td>5.47%</td>
</tr>
<tr>
<td>Loans to businesses</td>
<td>17.24%</td>
<td>16.55%</td>
</tr>
<tr>
<td>Corporate and SMEs</td>
<td>5.96%</td>
<td>5.67%</td>
</tr>
<tr>
<td>Real Estate developers</td>
<td>44.22%</td>
<td>40.91%</td>
</tr>
<tr>
<td>Public sector</td>
<td>0.74%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Total loans</td>
<td>8.62%</td>
<td>8.42%</td>
</tr>
</tbody>
</table>

**Ex- Real Estate developers** 3.97% 3.83%

- NPL decrease in absolute terms as CABK risk management standards are implemented across BCIV platform
- Provisioning coverage maintained at 60%
- NPL inflows still mostly attributable to RE Developers
- Stability returns to retail book post BCIV
- SMEs deteriorate in line with recession

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1. Expected sector ratio pre asset transfer to SAREB (Group 1 entities), source: AFI. Post-Sareb Transfer ratio: 10.44% (source: Bank of Spain).
2. Note Q3 figures are restated.
Conservative risk management profile recognized in bottom-up stress tests

Peer comparison
% of assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Peer 1</th>
<th>CaixaBank</th>
<th>Gap%</th>
</tr>
</thead>
<tbody>
<tr>
<td>RE Developers</td>
<td>7.2%</td>
<td>13.0%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Retail Mortgages</td>
<td>14.9%</td>
<td>37.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Corporate¹</td>
<td>15.6%</td>
<td>9.4%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Retail Other</td>
<td>19.4%</td>
<td>9.3%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Foreclosed RE</td>
<td>20.0%</td>
<td>62.0%</td>
<td>42.0%</td>
</tr>
</tbody>
</table>

Expected Loss under adverse scenario - sector comparison

<table>
<thead>
<tr>
<th>Category</th>
<th>System</th>
<th>CaixaBank</th>
<th>Gap%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total EL</td>
<td>17.4%</td>
<td>13.0%</td>
<td>4.4%</td>
</tr>
<tr>
<td>RE Developers</td>
<td>42.8%</td>
<td>37.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Retail Mortgages</td>
<td>4.1%</td>
<td>3.4%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Corporate¹</td>
<td>13.7%</td>
<td>9.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Retail Other</td>
<td>18.6%</td>
<td>9.3%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Foreclosed RE</td>
<td>63.4%</td>
<td>62.0%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Expected Loss parameters for CABK reflect track record of conservative underwriting policies

Source: Oliver Wyman
Note: Peers include Bankinter, BBVA + Unnim, Santander, Popular + Pastor and Sabadell + CAM
(1) Includes Public Works, Large Corporates and SMEs
Clean-up of RE loans continues at fast pace with coverage close to adverse case scenarios

RE developer loans breakdown evolution
(in Billion Euros)

- 33% coverage including €0.9 bn of RDL 18/12
- Close to adverse scenario of 37.6% EL

Repossessed real estate assets evolution
(in Billion Euros)

Accelerating disposals will continue in 2013
“la Caixa” Group commercial activity (in million €)

(1) Total disposals of €3.1bn and 20,291 units, at debt equivalent amounts & including disposals from developers (as reported by some competitors)
Strategic priorities

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   - Resilient NII despite low interest rate environment
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   - Progressive normalization of cost of risk
Resilient NII despite historically low interest rate environment

NII peaked in 2012 as lower index rates make an impact
In Million Euros

Conflicting forces to affect 2013 NII

Main tailwinds (+)
- Reduced pricing pressure in new production of time deposits
- M&A: BCIV and BdV contribute for the full year
- Positive index repricing of wholesale funding
- High credit spreads for new production

Headwinds (-)
- Negative mortgage back book repricing
- Volume effect: deleveraging
- Non-performing loans
Improvement of retail funding costs a key factor in sustaining NII

Customer spread reflects lower retail funding costs but lower index repricing on assets

New production in 2013 confirms improvement in time deposit costs

1) Excludes Banco de Valencia
Fees continue to underline core business strength

Net fees
In Million Euros

Net fees breakdown
In Million Euros

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>yoy (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking fees(^1)</td>
<td>1,354</td>
<td>10.4</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>150</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Insurance and pension plans</td>
<td>197</td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Net fees</strong></td>
<td>1,701</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Positive trends expected in recurring fees, driven by:

- Growth in transactional banking fees
- Full year contribution of BCIV and BdV
- Good performance of commissions in mutual funds, pensions and insurance:
  - Better market conditions
  - Migration from time deposits will increase mutual funds and insurance inflows

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1) Includes fixed income distribution of €50M (-64%)
Rightsizing is a critical process in improving profitability

**Branch reduction plan**

- **5,196** Branches in 2011
- **5,700** Proforma
- **5,196** Post-plan
- **+1,469** in BCIV
- **+356** in BdV
- **-1,320**

- **19% reduction of branch network since 2011**
  - 90% in core regions of BdV
  - 50% in core regions of BCIV
- **When including C.Girona and Bankyme, 25% reduction since 2007**
- **Branch network optimization gathers pace following IT integrations of new franchises**

**Employee reduction plan**

- **26,993** Employees in 2011
- **38,116** Proforma
- **31,240** Post-plan
- **+9,377** in BCIV
- **+1,746** in BdV
- **-6,870**

- **18% reduction in employee base**
  - 50% of BdV base
  - ≈16% of BCIV + CABK combined base
- **BdV already agreed headcount reduction scheme**
- **Negotiations in place to reduce ~3,000 headcount at CaixaBank**

**Expected 2014 cost synergies:**

€625M

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(1) Consolidated data: includes BCIV subsidiaries
(2) Headcount reduction includes: headcount reduction announced in Q3’12, reduction in Q4’12 and announcements made in 2013.
Extraction of synergies will play a significant role in reducing recurring cost base.

Cost synergy targets, € M

- Expect €625 M of cost synergies by 2014
- 2012 figures demonstrate capacity to execute synergies ahead of schedule

Recurring cost base, € M

- Extraction of significant cost synergies will reduce recurring cost base and improve future cost/income figures
- Targetted reduction of 15% of total combined recurring costs by 2014
Progressive normalization of cost of risk as developer exposure is fully provisioned

**2012 total impairments**

In Million Euros

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDL 2/2012</td>
<td>2,436</td>
</tr>
<tr>
<td>RDL 18/2012</td>
<td>1,200</td>
</tr>
<tr>
<td>Other credit provisions</td>
<td>1,970</td>
</tr>
<tr>
<td>Other provisions¹</td>
<td>143</td>
</tr>
<tr>
<td><strong>Impairment losses</strong></td>
<td><strong>5,749</strong></td>
</tr>
<tr>
<td><strong>BCIV Fair Value Adjustments</strong></td>
<td><strong>4,550</strong></td>
</tr>
</tbody>
</table>

**TOTAL impairments:**

€10,299 M

**2012 cost of risk:**

1.62% (including RDs)

1.28% (without RDs)

**Impairments expected to gradually decrease due to:**

- Completion of RD requirements for real estate exposure in 1H13:
  - €900 M pending
- BdV and BCIV acquisitions do not imply additional impairments as loan books were FV adjusted
- 2014 macroeconomic projections show a return to GDP growth stability
Delivering on cost saving initiatives is a key management priority:
- Extraction of cost synergies to play a significant role: expect €625 M for 2014
- Strong efforts in network optimization and restructuring throughout the year

Acquisitions to be completed and fully consolidated in our financial statements
- BCIV I.T. integration to be finalised in April. BdV integration expected in July

Delivering on resilient operating metrics:
- NII supported by lower retail funding costs and acquisitions
- Good relative performance in fees to underline core business strength

Progressive normalization of cost of risk as extraordinary regime is finalised

Adapting corporate structure to legislation incorporating MoU requirements
Thank you
Institutional Investors & Analysts Contact

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