CaixaBank

Morgan Stanley – European Financials Conference

Differentiation in Challenging Markets

Juan M. Nin, Deputy Chairman and CEO

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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

Strategic priorities

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

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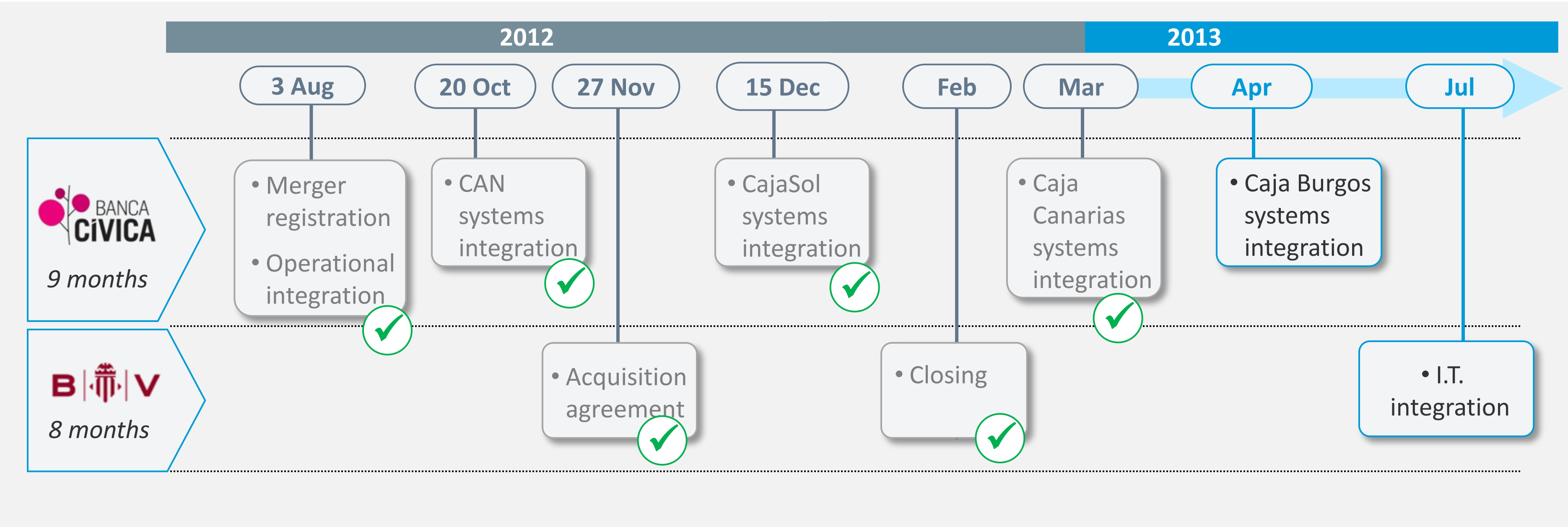
M&A transactions are being executed according to plan



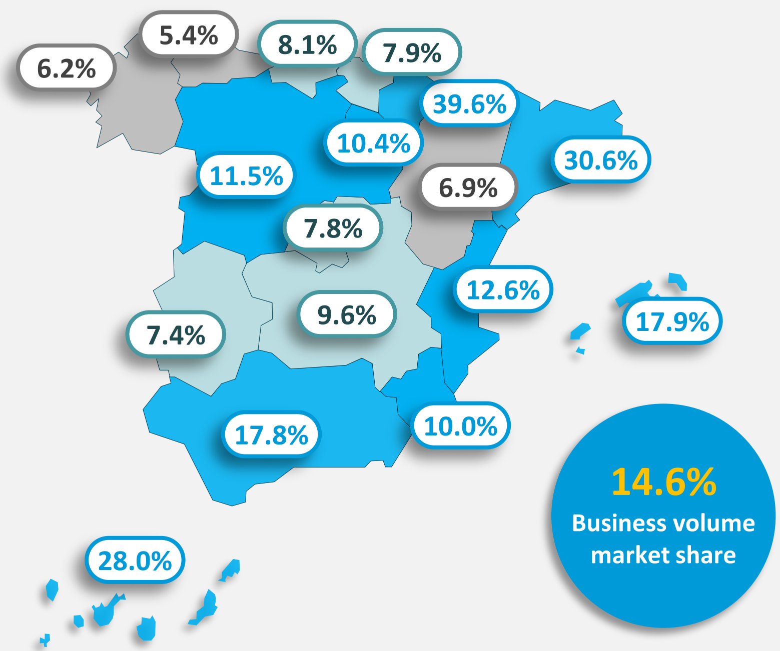
- **Execution of BCIV I.T. integrations on track:**
  - Final IT integration expected by April'13
- **BdV acquisition managed in parallel with BCIV's:**
  - Closed on 28th February (1st January for accounting purposes)
  - Merger integration committees already in place
- **Strict management of the incorporated 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[1]

In %

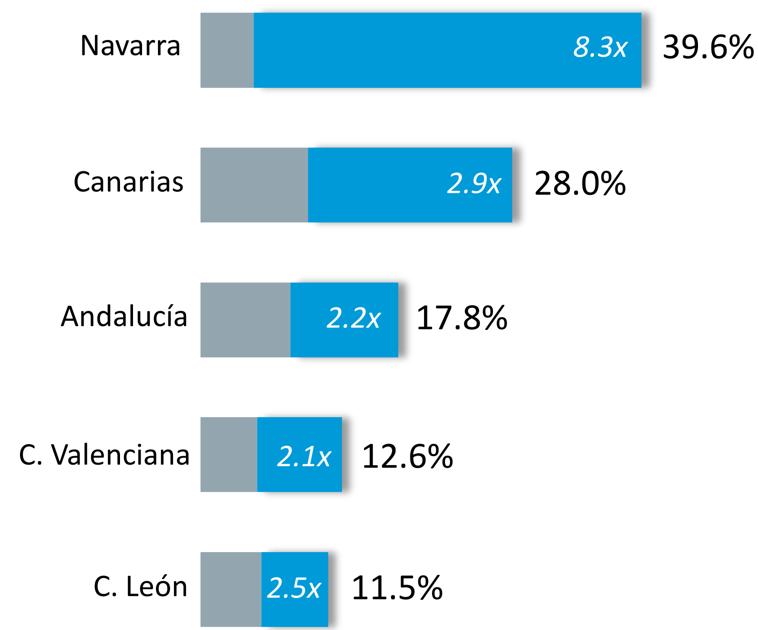


> 10% share > 7% share < 7% share

Contribution of BCIV and BdV in core regions

Market share by business volume

In %



(1) Market shares as of September 2012 include loans and deposits of CABK+BCIV+BdV.

Sources: Bank of Spain, FRS, INVERCO, ICEA, CECA and Factoring Spanish Association. Latest data available for 2012

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

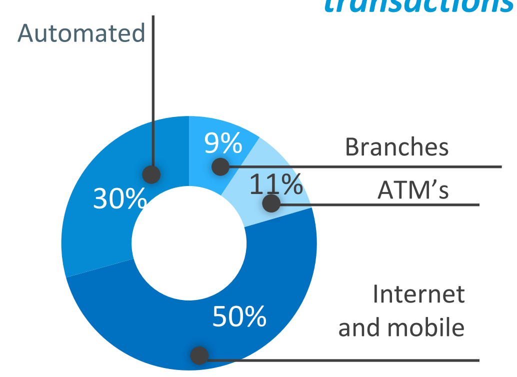
Undisputed leadership in most retail products

Rank	Product	Market share (15% threshold)	YTD
1st	Main banking relationship	22.2%	+5.6%
1st	Payroll deposits	20.0%	+4.2%
1st	Pension deposits	19.9%	+6.1%
1st	Saving insurance	18.3%	+0.8%
3rd	Factoring & Confirming	18.1%	+2.7%
1st	Pension Plans	16.4%	+1.7%
1st	Loans	14.7%	+4.1%
1st	Deposits	14.4%	+4.0%
3rd	Mutual funds	14.0%	+1.8%
1st	Credit cards turnover	20.7%	+3.0%

Supported by a leading multi-channel distribution network

2012 transactions, by distribution channel

~4,824 M transactions



>90% of transactions executed outside of branch network

Strategic priorities

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- **Leading capital ratios**
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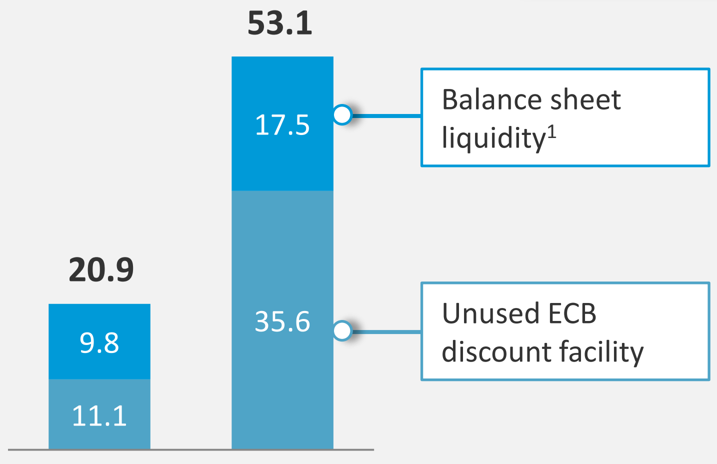
Liquidity is a cornerstone of our balance sheet strength

Proactive reinforcement of liquidity

In billion Euros

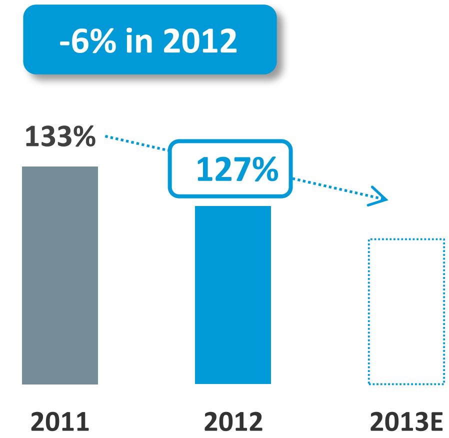
Total Liquidity
€53.1bn



	Dec'11	Dec'12
As a % of total assets	7.7%	15.2%

- **ECB LTRO: €28.3 bn with €4 bn kept in deposit**
- **€9bn of ECB funding repaid in Jan.'13[3]**

- **In 2012, closing of funding gap has led to a progressive reduction of the LTD ratio[2]**



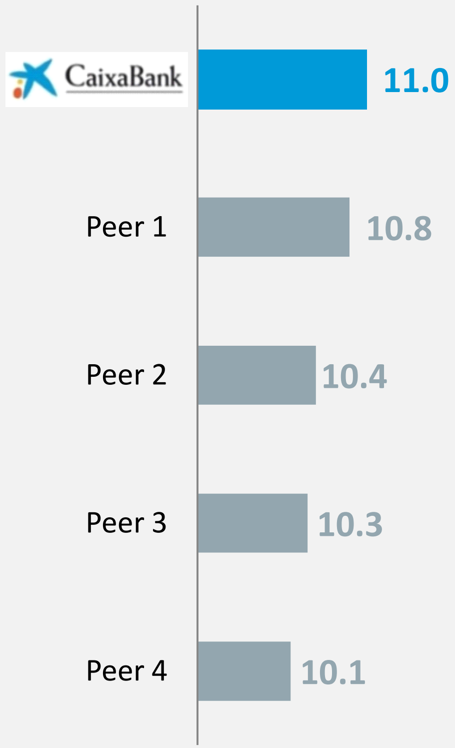
- **Further decline in commercial funding gap expected in 2013**
- **Wholesale funding markets remain open-recent €1.0bn 5 yr covered bond at MS+210bps**

(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

Leading capital ratios

BIS II Core Capital

In %, as of 31st December 2012



BIS II Core Capital for CaixaBank

11.0%

EBA Core Tier1 for CaixaBank

10.4%[1]

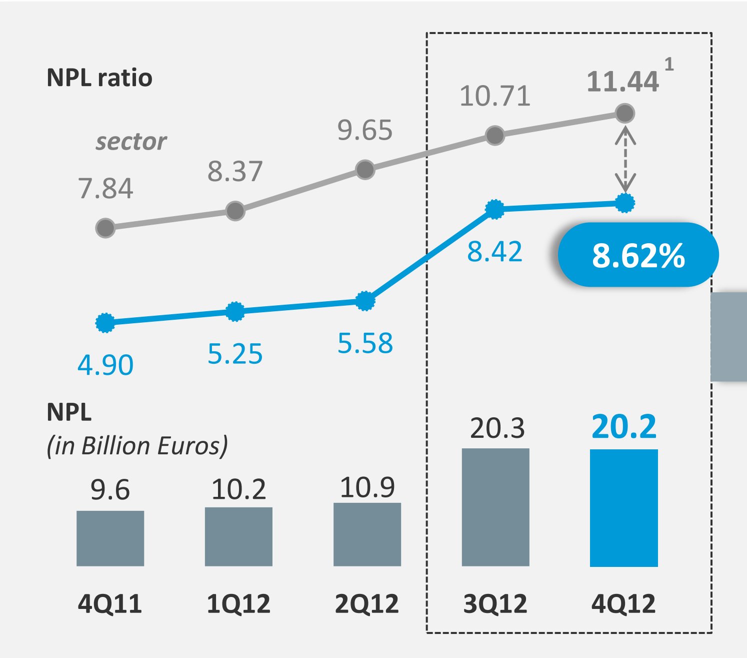
- Recently announced FROB prepayment (€977 M)
- BdV capital accretive
- EBA Core Tier1 to increase 50bps in Q1'13 due to approved changes in Series I/11 mandatory convertible (+€750 M)
- Expect above 10% B III Core Tier 1 during the phase-in period

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 decrease in absolute terms as CABK risk management standards are implemented across BCIV platform**
- **Provisioning coverage maintained at 60%**

NPL ratio by segments

In Billion Euros

	NPL ratio 31st Dec	NPL ratio 30th Sept[2]
Loans to individuals	**3.56%**	**3.50%**
Residential mortgages, home purchase	2.80%	2.77%
Other	5.65%	5.47%
Loans to businesses	**17.24%**	**16.55%**
Corporate and SMEs	5.96%	5.67%
Real Estate developers	44.22%	40.91%
Public sector	**0.74%**	**0.75%**
Total loans	**8.62%**	**8.42%**
Ex- Real Estate developers	**3.97%**	**3.83%**

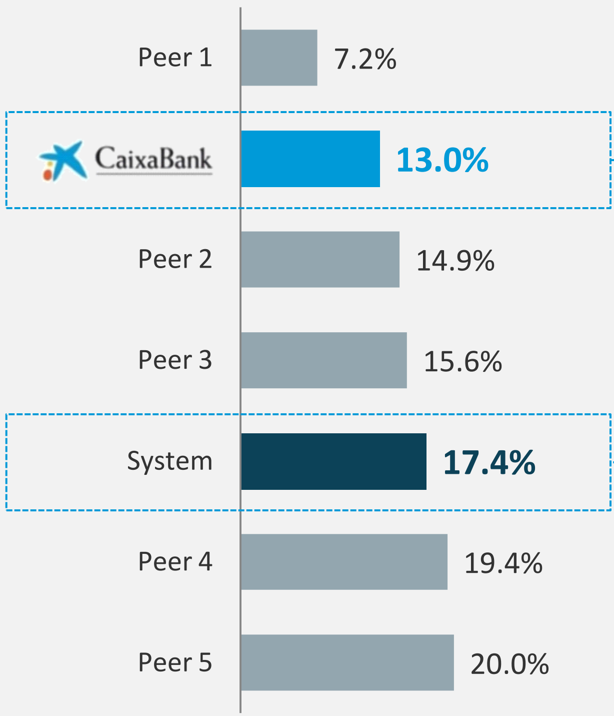
- **NPL inflows still mostly attributable to RE Developers**
- **Stability returns to retail book post BCIV**
- **SMEs deteriorate in line with recession**

(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



Expected Loss under adverse scenario- sector comparison

	System	CaixaBank	Gap%
Total EL	**17.4%**	**13.0%**	**4.4**
RE Developers	42.8%	37.6%	5.2
Retail Mortgages	4.1%	3.4%	0.7
Corporate[1]	13.7%	9.4%	4.2
Retail Other	18.6%	9.3%	9.3
Foreclosed RE	63.4%	62.0%	1.4

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

Source: Oliver Wyman

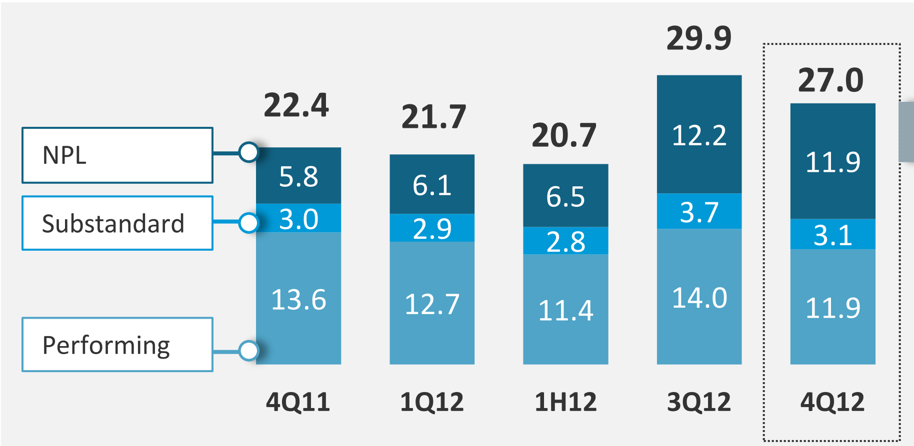
Note: Peers include Bankinter, BBVA + Unnim, Santander, Popular + Pastor and Sabadell + CAM

(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

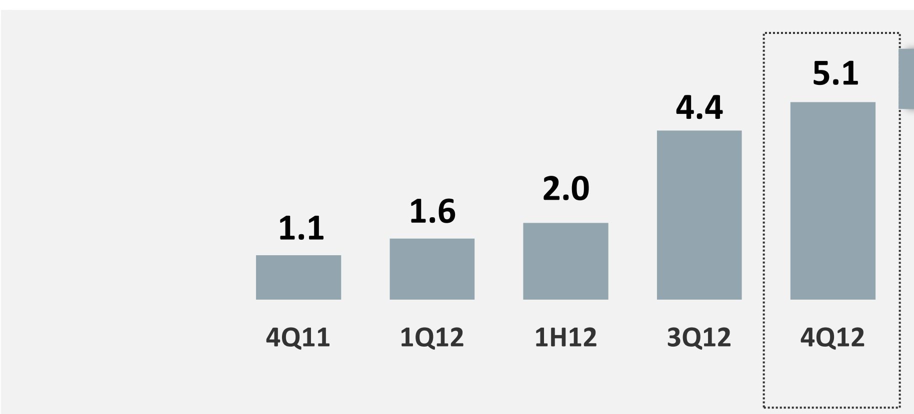
(in Billion Euros)



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

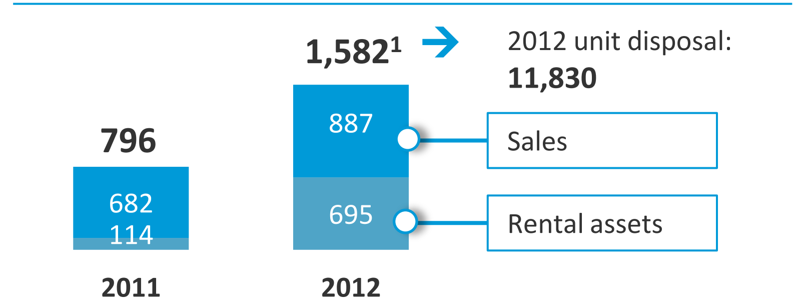
Repossessed real estate assets evolution

(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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- Fees continue to underline core business strength
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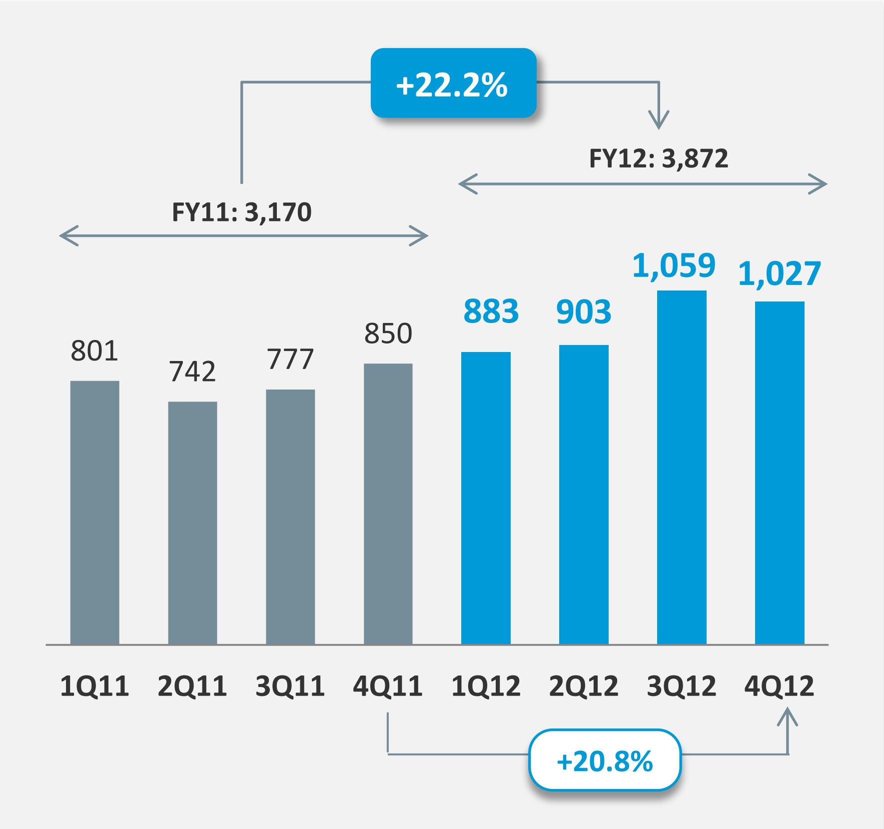
Resilient NII despite historically low interest rate environment

NII peaked in 2012 as lower index rates make an impact

In Million Euros



Conflicting forces to affect 2013 NII

Main tailwinds (+)

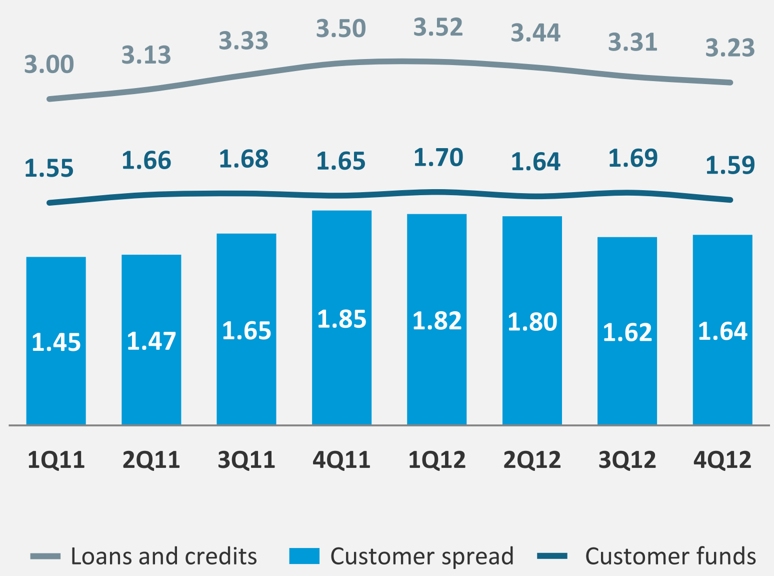
- Reduced pricing pressure in new production of time deposits
- M&A: BCIV and BdV contribute for the full year
- Positive index repricing of wholesale funding
- High credit spreads for new production

Headwinds (-)

- Negative mortgage back book repricing
- Volume effect: deleveraging
- Non- performing loans

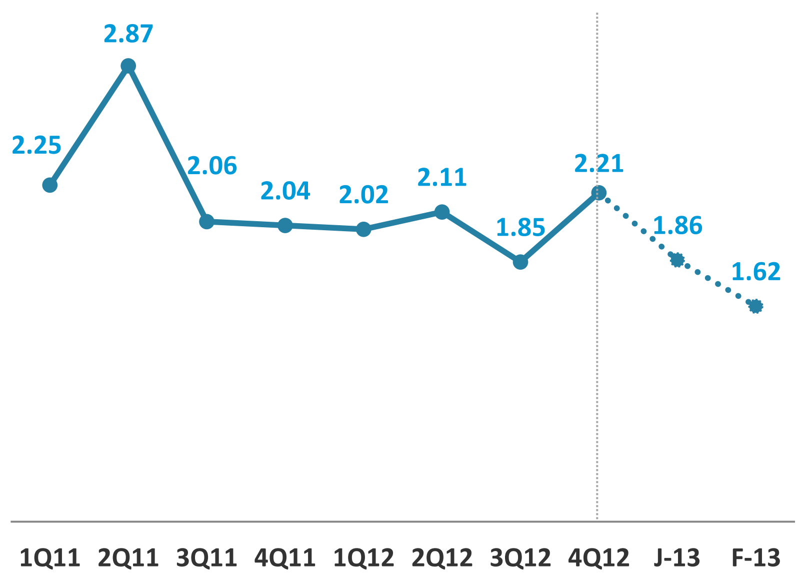
Improvement of retail funding costs a key factor in sustaining NII

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



New production in 2013 confirms improvement in time deposit costs

Time deposit rates[1] (front book) (%)

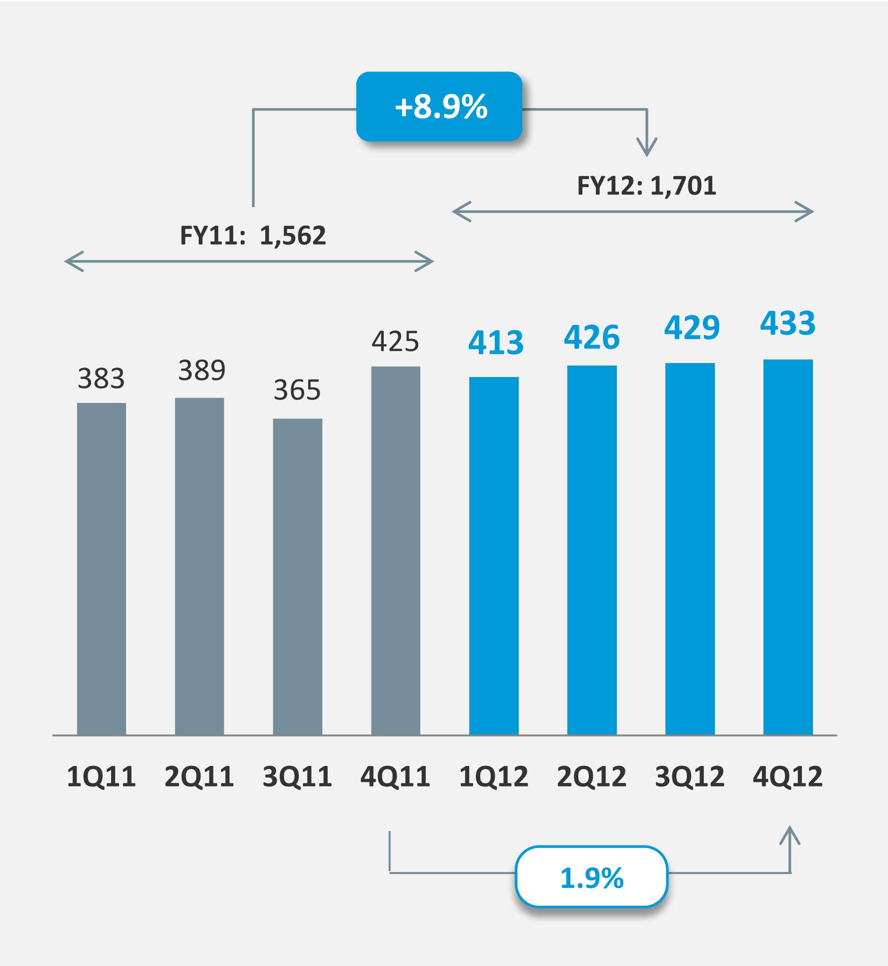


1) Excludes Banco de Valencia

Fees continue to underline core business strength

Net fees

In Million Euros



Net fees breakdown

In Million Euros

	FY12	yoy (%)
Banking fees[1]	1,354	10.4
Mutual funds	150	(4.3)
Insurance and pension plans	197	9.8
Net fees	**1,701**	**8.9**

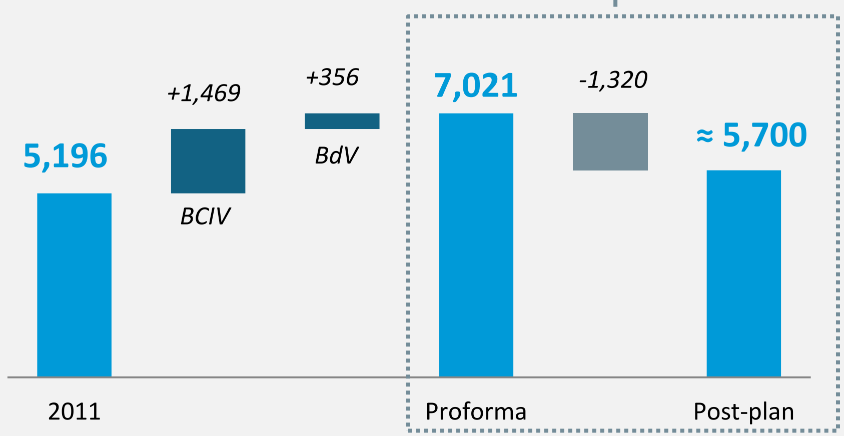
Positive trends expected in recurring fees, driven by:

- 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

1) Includes fixed income distribution of €50M (-64%)

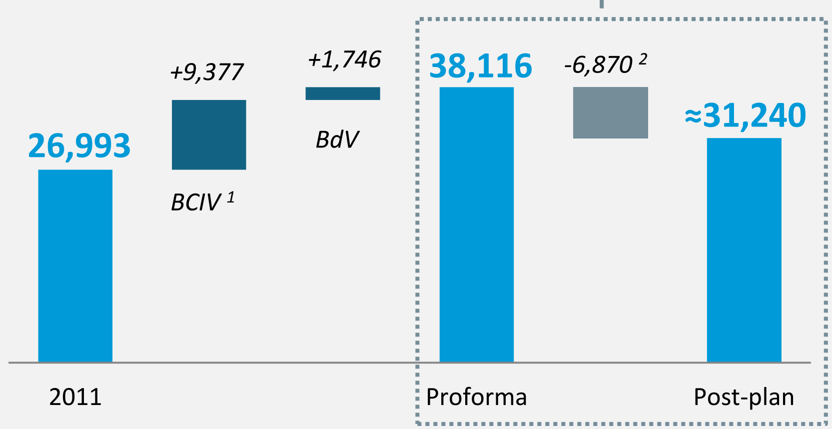
Rightsizing is a critical process in improving profitability

Branch reduction plan



- **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



- **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**

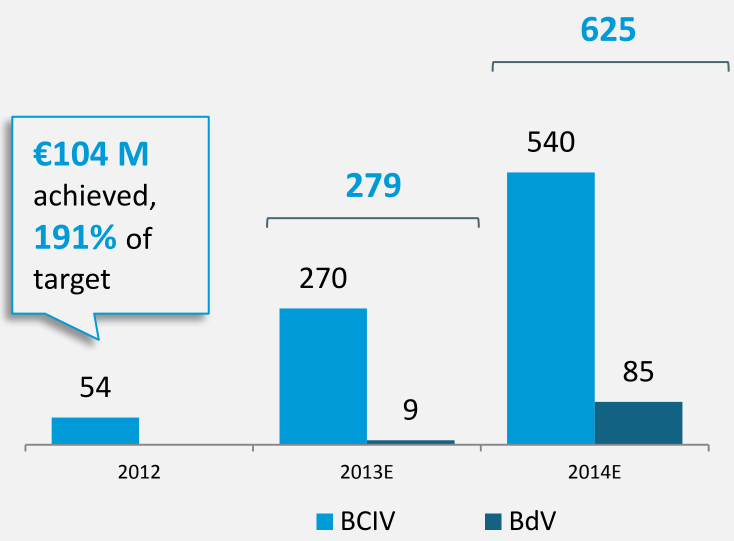
Expected 2014 cost synergies: €625M

(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.

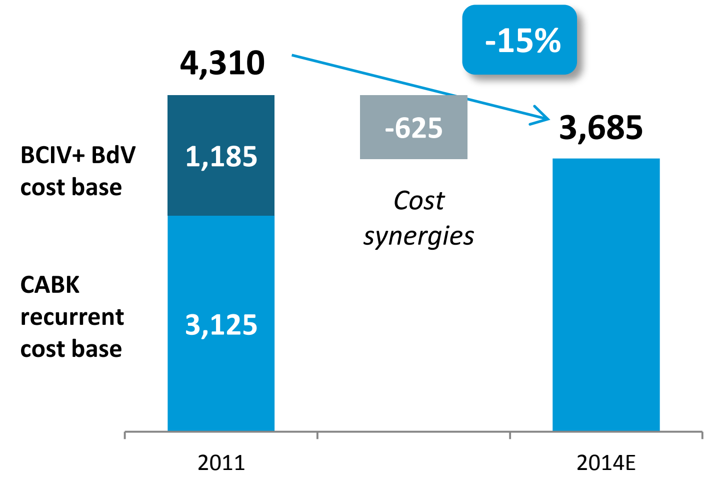
Extraction of synergies will play a significant role in reducing recurring cost base

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

RDL 2/2012	2,436
RDL 18/2012	1,200
Other credit provisions	1,970
Other provisions[1]	143
Impairment losses	**5,749**
BCIV Fair Value Adjustments	**4,550**

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

2013- The Year of Execution

- **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

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