CaixaBank

CaixaBank Tier 2 securities

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Barcelona, 28th October 2013

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In so far as it relates to results from investments, this financial information from the CaixaBank Group for 9M 2013 has been prepared mainly on the basis of estimates.

Highlights

Leading retail franchise in Spain	▪ Largest customer base in Spain with circa 20% market share in key retail products ▪ Recent acquisitions (BCIV and BdV) strengthen regional footprint and market share leadership, generating significant cost savings ▪ Caixabank is the sole purely domestic Spanish bank with an investment grade rating by all 3 agencies
Q3 results: NII turns ahead of expectations	▪ NII +1% qoq due to improved funding costs: price of new time deposits falls to 137 bps
Robust capital position	▪ Sound capital position: Core Capital BIS 2.5 of 12.5% ▪ Early delivery of BIS 3 targets: Core Capital FL already at 8.3% (pre-DTA reform) ▪ CaixaBank stands out for the quality of its capital and for its low leverage
Asset Quality stabilization	▪ The stock of NPLs was reduced by €173 million in Q3 ▪ 80% of NPLs backed by real collateral, 23% not past due ▪ Coverage ratio still high at 65% even after reclassifying refinanced loans in Q2 ▪ €16.6 billion in credit provisions, €4.4 of which are generic provisions ▪ €1.5 billion of real estate assets sold or rented year-to-date
Rationale to issue Tier 2	▪ CaixaBank has successfully built its senior unsecured curve during 2013 ▪ Issuing a benchmark Tier 2 security is a further step in developing CaixaBank's diversified capital and funding bases ▪ Increased market focus on total capital and loss-absorption capacity

Q3 Results	1. 9M 2013 Financial Results
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Resilient operating results still offset by high provisioning charges

Consolidated income statement *(BdV consolidated from 1st January)*

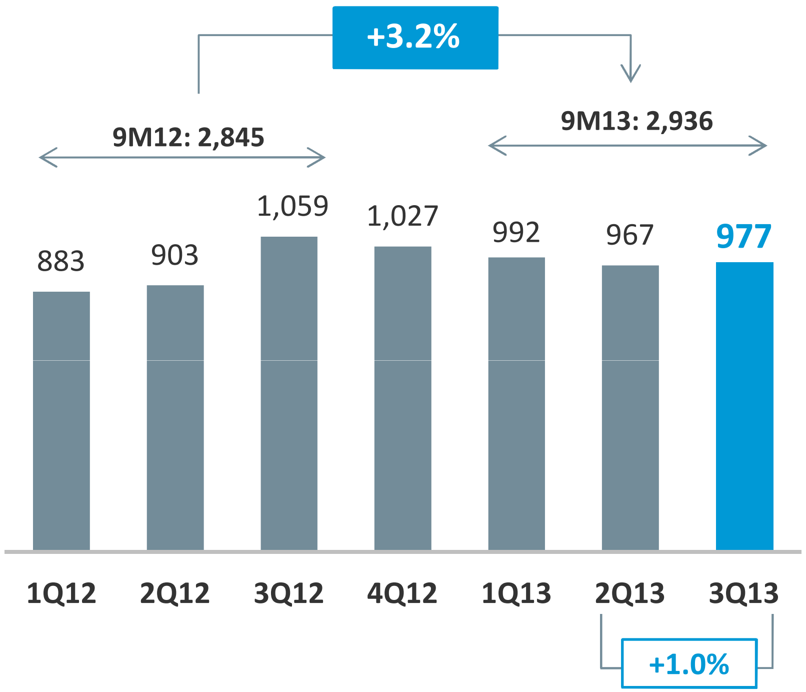
In Million Euros	9M13	9M12	yoy(%)
Net interest income	**2,936**	**2,845**	**3.2**
Net fees	1,320	1,268	4.1
Income from investments[1]	569	720	(21.0)
Gains on financial assets	601	315	91.4
Other operating revenue & exp.[2]	(150)	(8)	
Gross income	**5,276**	**5,140**	**2.6**
Recurring operating expenses	(3,007)	(2,554)	17.7
Extraordinary operating expenses	(832)	0	
Pre-impairment income	**1,437**	**2,586**	**(44.5)**
Impairment losses	(3,449)	(2,689)	28.2
Profit/loss on disposal of assets and others[3]	2,091	34	
Pre-tax income	**79**	**(69)**	
Taxes[4]	373	242	54.5
Profit for the period	**452**	**173**	**161.8**
Minority interest	(6)		
Profit attributable to the Group	**458**	**173**	**164.5**

- **Resilient operating figures:**
  - NII affected by deleveraging & low rates but supported by inorganic contribution & improving funding costs
  - Recurring fees offset loss of one-off items and supported by off-balance sheet products
  - Other income impacted by sale of life-risk insurance portfolio
  - Recurrent operating expenses affected by acquisitions though *Like-for-Like* evolution shows strong cost-cutting (-6.2% YoY)
- **High provisioning continues:**
  - High recurrent provisioning charges continue. One-off items related to RDL 18/12 & refinanced loans requirements front-loaded in H1
  - Bottom line supported by extraordinary profits of previous quarters: BdV badwill (Q1) and partial sale of Inbursa (Q2)

(1) Includes dividends and income from associates.
(2) 2013 includes €79 M income from the insurance business, €-215 M deposit guarantee fund contribution and €-14 M other. 2012 includes €170 M income from the insurance business, €-199 M deposit guarantee fund contribution and €21 M other
(3) 2013 includes mainly BdV badwill and the capital gain of the partial disposal of Inbursa. 2012 includes mainly €96 M of the disposal of the custody business
(4) Note that income from investments is reported net of tax.

NII turns ahead of expectations

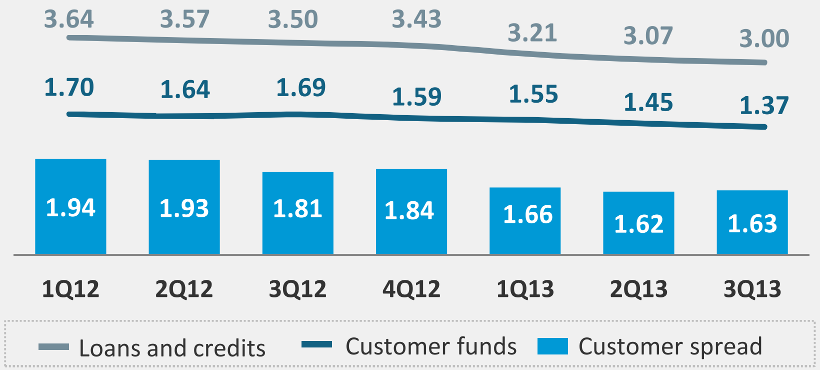
NII evolution - In Million Euros



- Positive trends in funding costs more than offset deleveraging and continuing negative index resets of mortgage back-book
- New production still at very healthy spreads

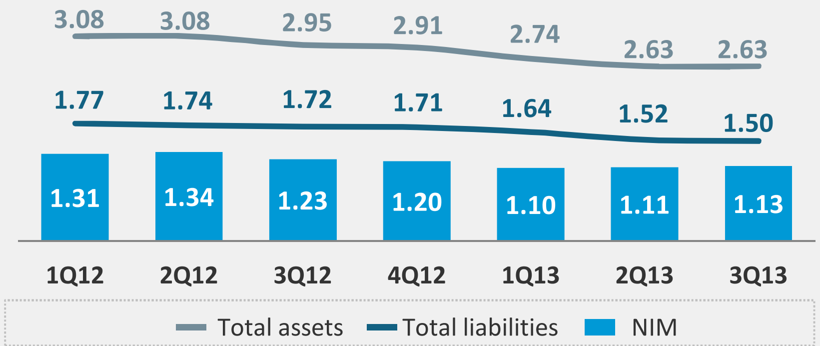
Improved retail funding costs compensate for deleveraging & index resets

In %



NIM begins to reflect improved funding conditions

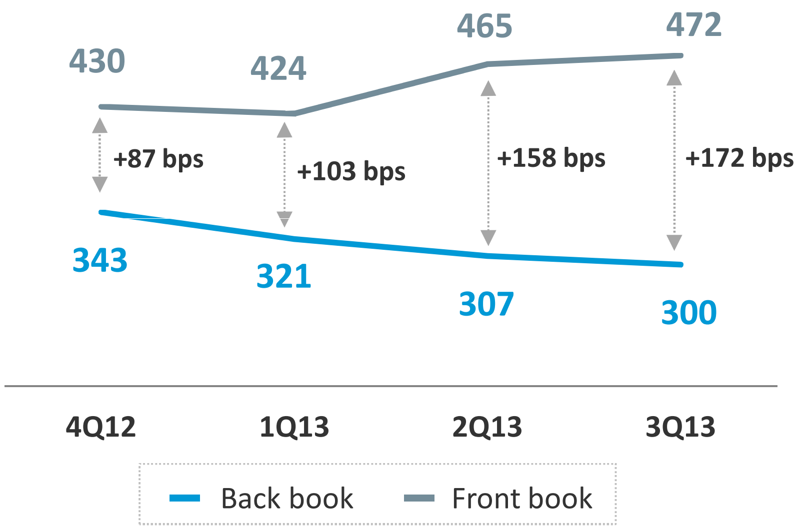
In %



Successful management of time deposits spreads has been critical to offset low rate impacts

New asset production continues at high spreads, with limited impact due to the lack of credit demand

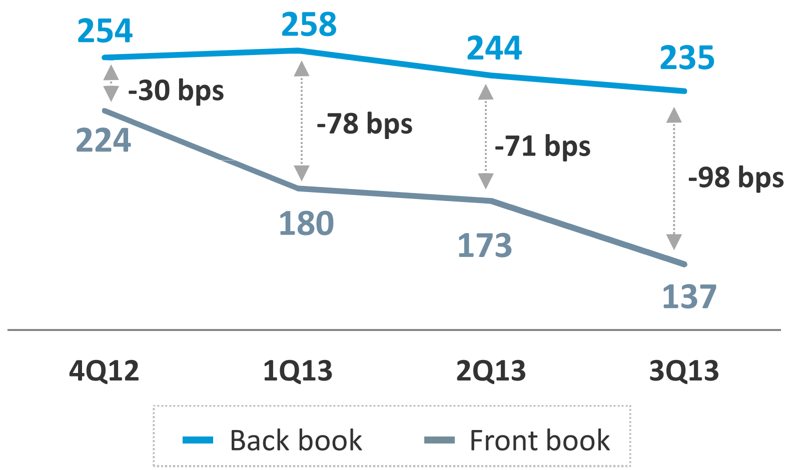
Loan book yields - Back vs. front book (bps)



- Back book still affected by negative Euribor 12M index resets

Strict pricing discipline leads to a significant reduction in new time deposit costs

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



- Favourable trends on deposit costs though maturity profiles delay impact

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Reinforced B/S	**2. Accelerating the "clean-up" to reinforce asset quality** 3. Liquidity levels maintained at record highs 4. Delivering on capital optimization
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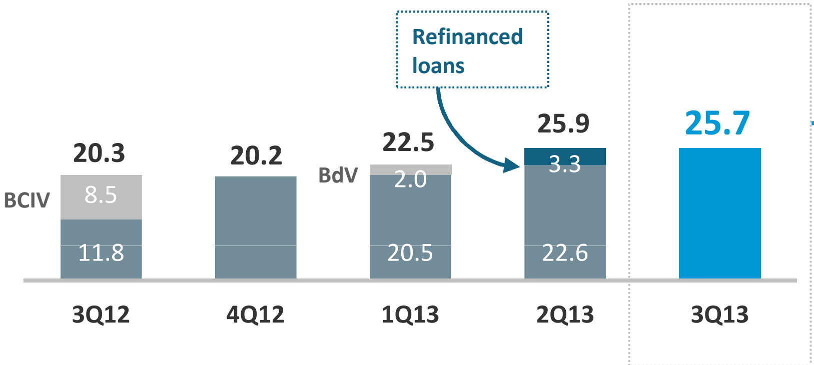
Organic trends confirm gradual reduction in pace of NPL formation

Stabilisation of new net NPL formation.

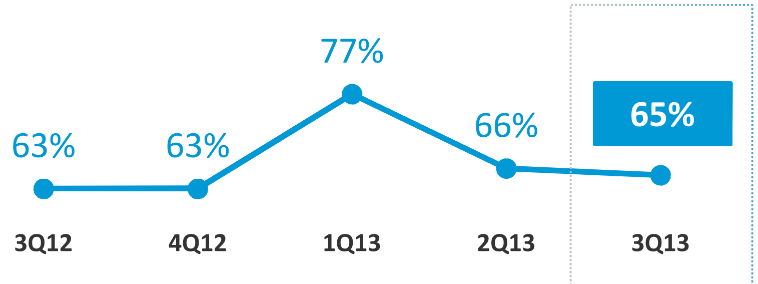
NPL ratio increases partly due to denominator effect (deleveraging)

NPLs (in Billion Euros)



€25.7 bn	Total NPLs
~80%	Backed by real collateral
€5.8 bn	Are not past due (23% of total)
11.40%	NPL ratio
6.69%	Ex RE developers

NPL coverage remains high at 65% after front-loading required provisions on refinanced loans in 1H13



€16.6 bn	Total Credit provisions
Including:	
€4.4 bn	Generic Provisions

NPL ratios affected by reclassification of refinanced loans and denominator effect

NPL[1] ratio by segments

	30th Sep	30th Jun	31st Dec
Loans to individuals	**5.72%**	**5.67%**	**3.57%**
Residential mortgages - home purchase	4.54%	4.70%	2.80%
Other	9.11%	8.37%	5.72%
Loans to businesses	**21.59%**	**20.98%**	**17.24%**
Corporate and SMEs	10.29%	9.41%	5.96%
Real Estate developers	51.53%	50.59%	44.22%
Public sector	**1.39%**	**1.54%**	**0.74%**
Total loans	**11.40%**	**11.17%**	**8.63%**
Ex- Real Estate developers	**6.69%**	**6.41%**	**3.98%**

Key drivers of YTD NPL ratio evolution:

YTD change:	+277bps
Banco de Valencia	+23bps
Refinanced loans	+134bps
Deleveraging (lower denominator)	+101bps
NPL formation	+19bps

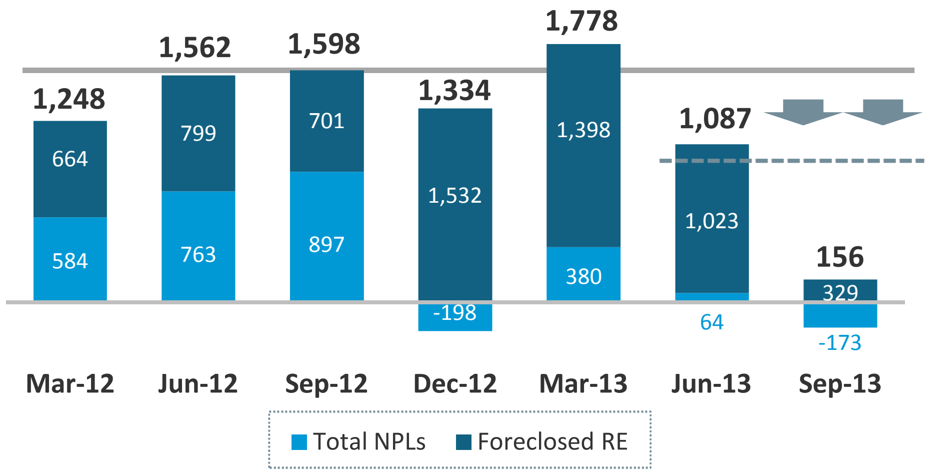
- **Ratio affected by extraordinary items**
- **Residential mortgages continue to show resilience while pressure remains on SMEs as economic weakness persists**
- **RE Developer ratio deteriorates at lower pace and transfers to foreclosed assets continue**

(1) Includes contingent liabilities

Falling net inflows of problematic assets consistent with improving macro

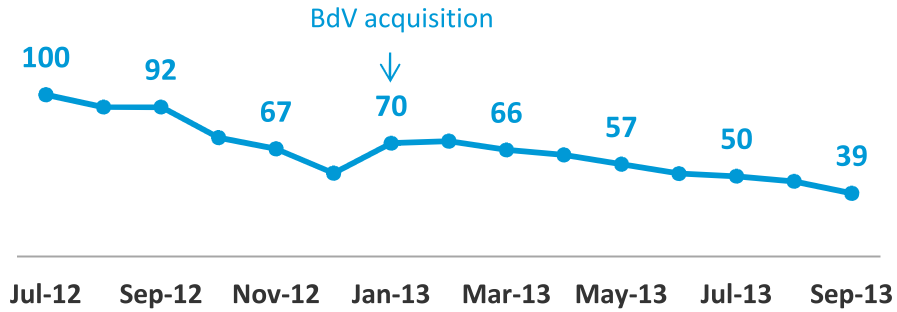
NPLs & Foreclosed assets[1] – Organic QoQ variation

€M



Positive Evolution of 0-90 Days Past Due Bucket

Rebased to 100



- **Organic trends confirm progressive reduction of new net NPL formation**
- **High foreclosure levels gradually offset by RE disposals**

Expect this gradual trend to continue:

- **Stabilisation of the economy**
- **Increased sales in Real Estate market**
- **Continued positive evolution of 0-90 days past due bucket**

(1) Quarterly change in NPLs and gross foreclosed assets (loan-equivalent amounts), excluding the one-off impact of the BCIV and BdV acquisitions and the Q2 reclassification of refinanced loans.

High coverage of foreclosed assets enables a quick pace of disposals

Building Center[1] repossessed real estate assets for sale breakdown

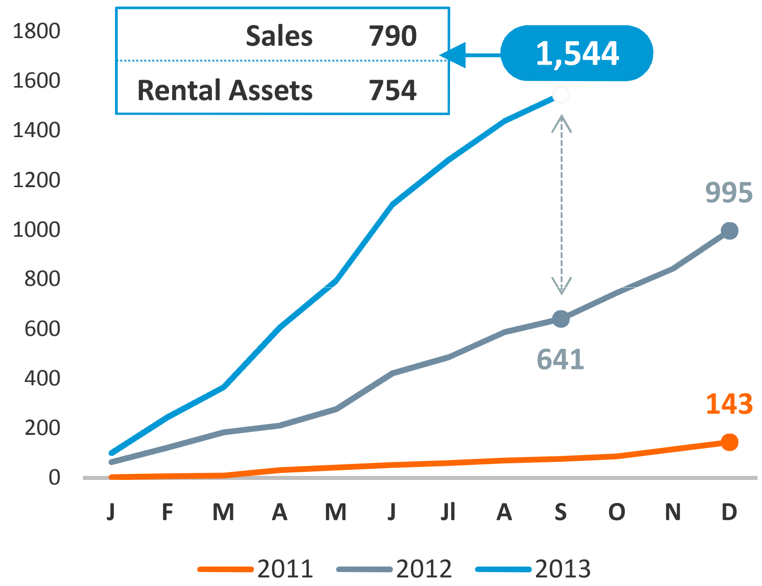
As of September 2013. In Million Euros

	Net amount	Coverage
RE assets from loans to construction and RE development	**4,761**	**50%**
Finished building	2,753	40%
Buildings under construction	315	53%
Land	1,693	60%
RE assets from mortgage loans to households	**1,190**	**46%**
Other repossessed assets	**376**	**50%**
Total (net)	**6,327**	**49%**
Rental portfolio (net)	**1,531**	

Increased commercial activity

Building Center commercial activity

In Million Euros



- 9M13 unit disposal[2]: **12,988**

- **Disposals continue to accelerate, although seasonality has impacted the quarter**
- **Rentals represent 49% of total 9M13 commercial activity**
- **Total rental portfolio of €1.5 bn NBV, with 87% occupancy ratio and gross yield of 4.8% of net book value**

(1) The real estate holding company of CaixaBank, S.A.
(2) Total disposals of €3.6 bn and 21,705 units, at loan-equivalent amounts & including developer disposals

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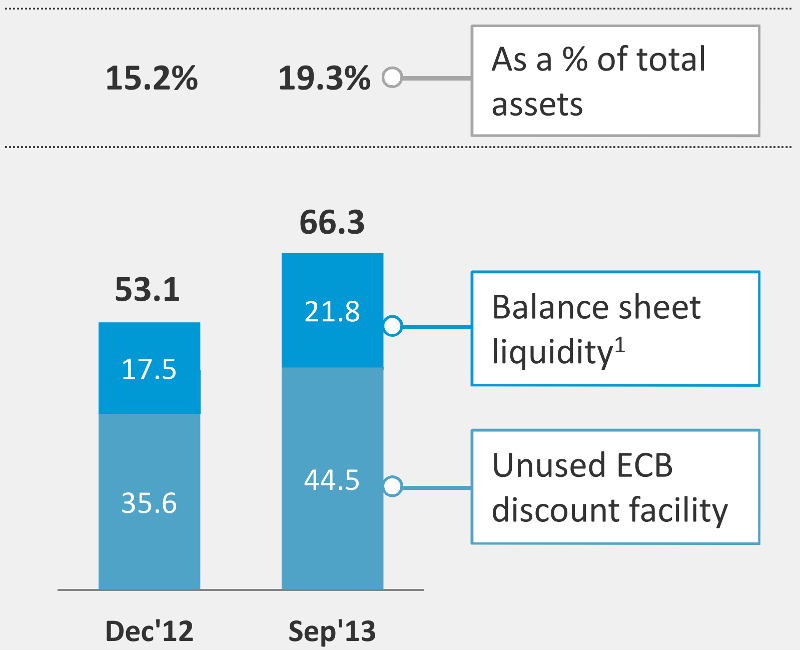
Access to wholesale markets at attractive prices a reflection of liquidity position

Total available liquidity

In Billion Euros

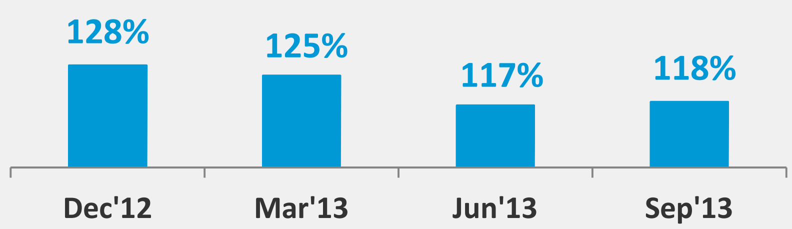


- **LTRO facility: €21.5 bn (€12.6 bn[2] prepaid in 1H13)**

Existing liquidity > outstanding LTRO

Strong deleveraging has gradually reduced funding gap

LTD ratio evolution[3]



- Wholesale maturities and LTRO repayment can be comfortably managed:

Wholesale maturities as of September 30th

€3.5bn	€8.6 bn	€7.0 bn
2013	2014	2015

- Proven access to market at attractive prices: €4 bn issued in 2013

  → Oct'13: issuance of €1bn of 3.5yr senior unsecured at MS+170

(1) Includes cash, interbank deposits, accounts at central banks and unencumbered sovereign debt
(2) €6.8 bn from CABK + €5.8 bn from BdV
(3) Defined as: gross loans (€215,312 M) net of loan provisions (€16,133 M) (total loan provisions excluding those corresponding to contingent guarantees) and excluding pass-through funding from multilateral agencies (€7,364 M) / retail funds (deposits, retail issuances) (€163,040 M)

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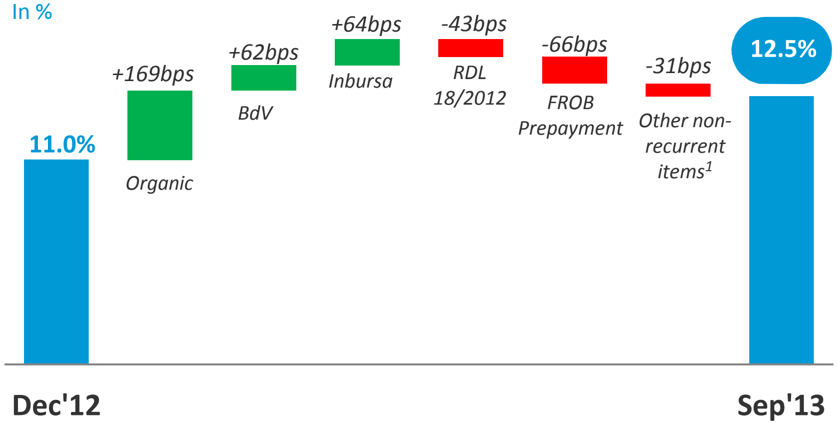
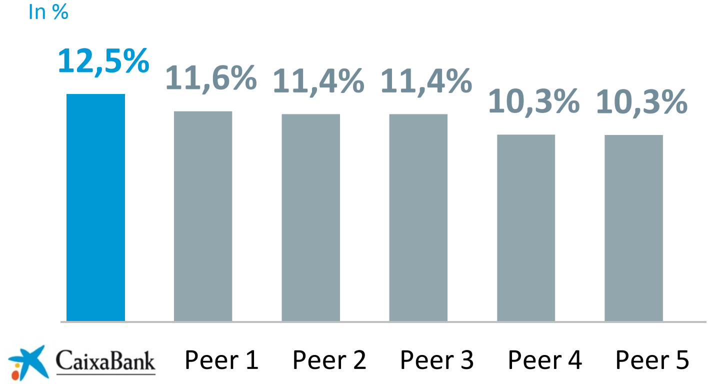
Sound capital position

BIS-2.5 Core Capital evolution



	Dec'12	Sep'13
Core Capital	17.7 bn	17.7 bn
RWAs	161.2 bn	141.4 bn

BIS-2.5 Core Capital peer comparison[3]



Reinforcement of Core Capital continues: 150 bps of core capital generated in 9 months despite €1bn of BCIV FROB prepayment

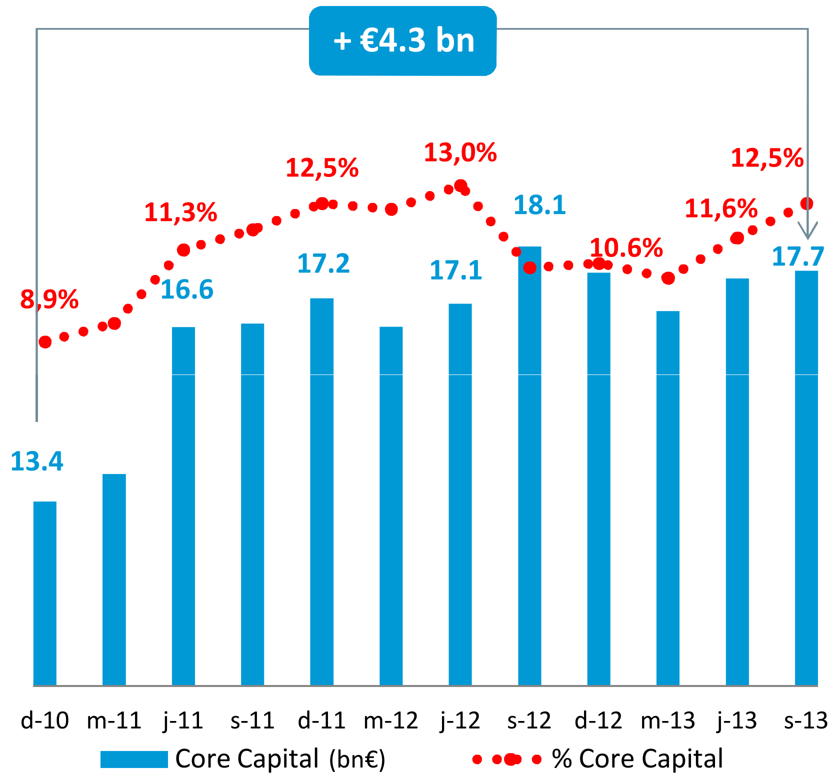
Core Capital BIS-3 FL (Sep'13) 8.3%

- **Early delivery of year-end BIS-3 FL targets. Core Capital BIS-3 FL stands at 8.3%.**
- **Main impact under BIS-3 FL regime related to DTA deductions: significant capital uplift from the outcome of the negotiation on DTAs expected by year end[2]**

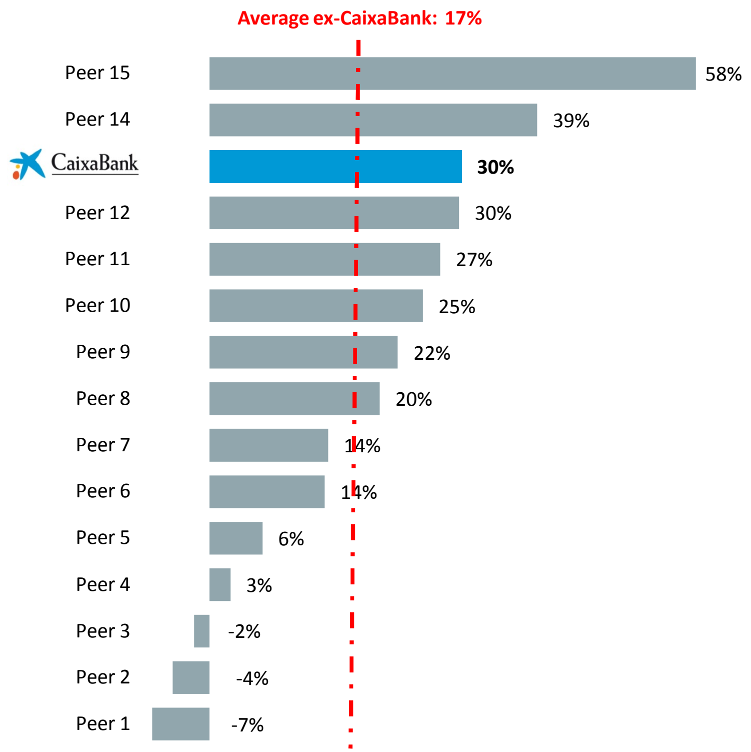
(1) Mainly includes the impact of restructuring costs, the charges related to refinanced loan book, the booking of €700M of net FV adjustments attributable to the BCIV acquisition and other non-recurrent adjustments
(2) DTAs as of Sept 30th include €2.8 bn of temporary differences related to credit provisions and foreclosed assets
(3) Peers include: Bankia, BBVA, Popular, Sabadell and Santander. Last reported figures

Strong capital generation

Core Capital evolution



Core Capital Base growth since Dec 2010

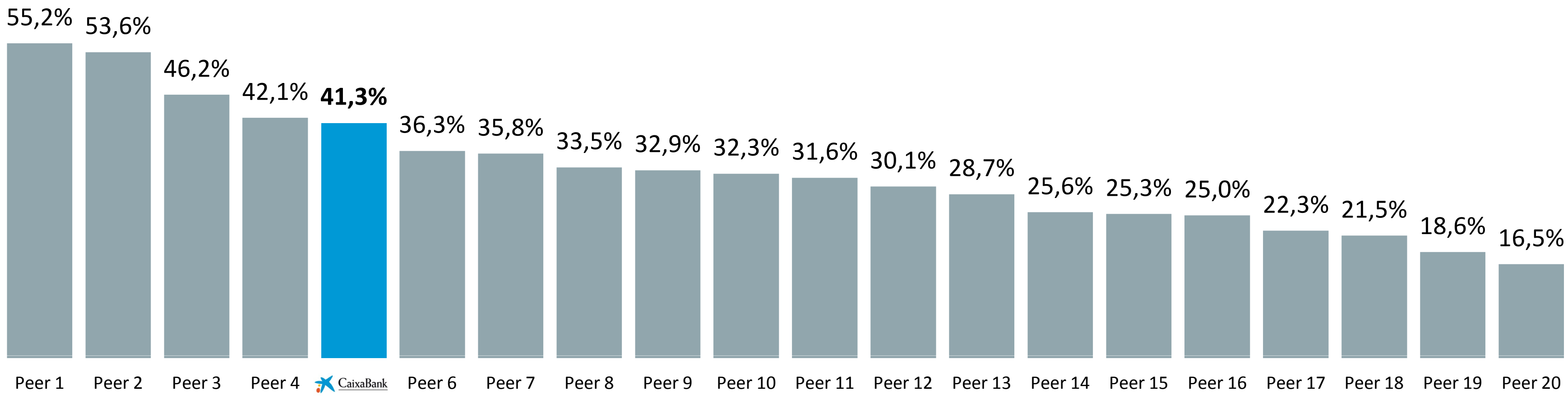


CaixaBank has grown its Core Capital base by more than 30% since Dec 2010… without resorting to public aid, rights issues or selling core assets, and while absorbing significant provisions

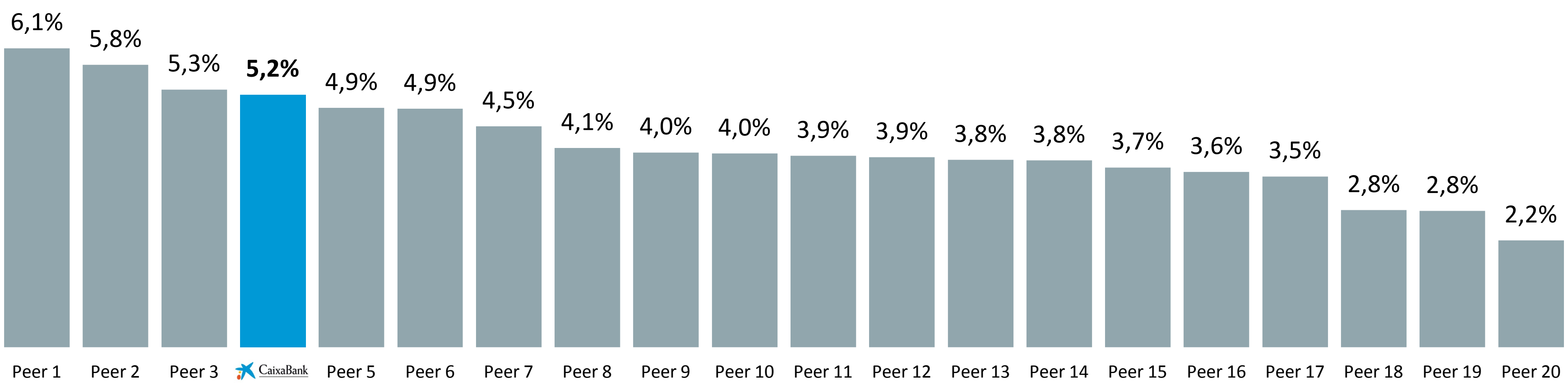
Peers Include ABN, Barclays, Commerzbank, CS, DB, ING, Lloyds, Nordea, Rabobank, RBS, SEB, SHB, SG and UBS. Last reported accounts

CaixaBank stands out for the quality of its capital and for its low leverage

RWAs / Assets (%)



Basel 2.5 Leverage Ratio (%)



Peers Include ABN, Bankia, Barclays, BBVA, Commerzbank, CS, DB, ING, Lloyds, Nordea, Popular, Rabobank, RBS, Sabadell, Santander, SEB, SHB, SG and UBS.
Last reported accounts. Leverage ratio is defined as CET1 B2.5 over Total Assets

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CaixaBank Tier 2 securities: rationale

Focus on total capital	▪ With core capital exceeding 12.5%, CaixaBank wants to focus on its non-core capital and sees value for Tier 2 capital in its capital structure, as it contributes to reinforce CaixaBank's total capital position (13.4%) and loss-absorption capacity[1] (above 8%)
Regulatory clarity on bank capital	▪ CRR and CRD IV were published on the EU Official Journal on 27 June 2013 ▪ EBA published the Final Draft Technical Standards on Own Funds on 26th July 2013
Replacing Tier 2	▪ Out of a total of €4.15bn Tier 2 securities outstanding, €600 million are losing eligibility as capital instruments as they approach maturity
Building presence in the unsecured market	▪ CaixaBank has successfully built its senior unsecured curve over the past few months with 3 €1bn issues: 3.25% 2016 in Jan; 3.125% 2018 in April and 2.5% 2017 in October ▪ Issuing Tier 2 is a further step in developing CaixaBank's diversified capital and funding base. CaixaBank to gradually build up Tier 2 capital based on institutional demand

Issuing a benchmark Tier 2 security is a further step in CaixaBank's strategy to:
- **Reinforce its total capital position and loss-absorption capacity**
- **Diversify its capital and funding bases**

(1) Gone-concern loss-absorbing-capital according to our understanding of the upcoming bail-in framework, as described in the current draft (dated 28th June 2013) of the Directive establishing a framework for the recovery and resolution of credit institutions in the EU.

Summary terms of the CaixaBank € Tier 2 Securities

Issuer	CaixaBank S.A.
Expected Ratings	[BB+] / [BBB-] (S&P / Fitch)
Security	Dated Subordinated, Tier 2
Size	EUR Benchmark
Format	EUR Reg S Bearer
Maturity	[] 2023 (10NC5 - one time call)
Coupon	Fixed, annual, one time reset after year 5 to the then prevailing 5yr MS rate + initial margin(1)
Coupon Deferral	None
Special Redemption Events	Regulatory and Tax call at any time at par, subject to regulatory approval
Non-Viability	Within risk factors
Denoms / Docs / Listing	EUR 100k + 100k / EMTN Programme / Irish Stock Exchange
Governing Law	English Law(2)

Summary terms should be read in conjunction with full Terms and Conditions of the Offer
(1) Re-offer spread vs 5y MS
(2) except the provisions relating to the status of the Notes, the capacity of the Issuer, the relevant corporate resolutions, the syndicate of the Noteholders and the Commissioner which are governed by Spanish law

Institutional Investors & Analysts Contact

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