CaixaBank

REPORT ON THE PROPOSAL OF REDUCTION OF THE COMPANY CAPITAL BY TREASURY STOCK REDEMPTION AND THE CONSEQUENT AMENDMENT OF ARTICLES 5 AND 6 OF THE COMPANY BY-LAWS CONCERNING SHARE CAPITAL AND SHARES

Board of Directors - 10 March 2016

1. PURPOSE OF THE REPORT

This report is prepared by the Board of Directors of CaixaBank, S.A. ("**CaixaBank**" or the "**Company**") in accordance with the provisions of Articles 286 and 318 of the Capital Companies Act, to justify the proposed reduction of share capital through cancellation of treasury shares is subject to approval by the General Shareholders' Meeting under item 6 on the Agenda (the "**Capital Reduction**"). In virtue of the aforementioned articles, the Board of Directors must issue a report with the justification of the proposal submitted to the General Shareholders Meeting, to the extent that the capital reduction necessarily entails the amendment of Articles 5 and 6 of the Articles of Association regarding social capital and shares.

In order to facilitate understanding of the operation that motivates the proposed share capital reduction which is submitted for the approval of the Board, the shareholders are first offered a description of the justification of the Capital Reduction to lastly include the proposed capital reduction agreement which is subject to approval by the General Meeting.

2. JUSTIFICATION OF THE PROPOSAL

On 3 December 2015, the Company signed an exchange agreement with its shareholder Criteria Caixa, SAU ("**Criteria**"), under which CaixaBank Criteria will transfer all its shares in Grupo Financiero Inbursa, S.A.B. de C.V. and The Bank of East Asia, Limited, and by which Criteria will in turn, transfer to CaixaBank shares in CaixaBank, owned by Criteria, representing approximately 9.9% of the share capital of CaixaBank, plus a cash amount of 642 million euros (the "Exchange Agreement"), all in accordance with the settlement and other terms published via a relevant event dated 3 December 2015.

On that same date, the CaixaBank Board of Directors announced its intention to propose at the Company's next General Shareholders' Meeting the cancellation of a number of treasury shares which represent a minimum of the shares it would acquire from Criteria under the Exchange Agreement and a maximum of 10% of the share capital that CaixaBank may have in treasury stock at that time.

Based on the above, the Board of Directors has agreed to propose a capital reduction to the General Shareholders' Meeting for the cancellation of treasury stock. If this is finally approved, it is foreseen that the share capital of the Company be reduced by an amount of 584,811,827, euros, once this acquisition becomes effective. The capital reduction would be performed via the cancellation of 584,811,827 own shares, for a nominal value of (1) euro each.

The reduction of treasury stock via cancellation would reduce the number of shares in circulation, increasing the share percentage of the shareholders and the profit per share.

The execution of the Exchange Agreement is subject to certain conditions precedent, as was declared in the Relevant Event published by the Company on 03 December 2015, including the authorisation of the European Central Bank for CaixaBank to acquire the mentioned own shares and their subsequent cancellation. Consequently, the effectiveness of the proposed capital reduction agreement would be conditioned by the prior acquisition of the shares by the Company. In this regard, it is proposed to delegate the necessary powers to the Board of Directors so that, in a period of no more than six (6) months from the date of acquisition of the shares, it may execute the Capital Reduction.

Lastly, the fact that the implementation of the Capital Reduction depends on the previous execution of the Exchange Agreement and, therefore, the indeterminate time span arising from this, justifies it being expressly stated in the resolution proposal to delegate to the Board of Directors the power to not proceed with the execution of the Capital Reduction if during that time span, initially indeterminate, new circumstances should arise that support the non-implementation of the reduction due to company interests.

3. Agreement proposal

In virtue of all the above, the agreement proposal regarding item 6 on the Agenda submitted for the approval of the Company's Ordinary General Shareholders' Meeting, is as follows:

Reduction of the company capital by treasury stock redemption, charged against reserves and with exclusion of the right to opposition, and consequent amendment of Articles 5 and 6 of the Company By-Laws relating to share capital and shares.

*To reduce the share capital of CaixaBank by 584.811.827 euros (the “**Capital Reduction**”), through the cancellation of 584.811.827 shares of CaixaBank of a nominal value of one (1) euro each (the “**Shares**”).*

The Capital Reduction does not entail any refund of contributions due to the Company itself being the holder of the Shares redeemed at the time of the reduction, and it is made against the Company’s freely available reserves, by provision of a redeemed capital reserve for an amount equal to the par value of the redeemed Shares, which will only be available subject to the same requirements as those of the share capital reduction, by virtue of Article 335.c) of the Corporation Law. Consequently, and in accordance with the same precept, the Company’s creditors shall not have the right to oppose the Capital Reduction.

Within the framework of the Capital Reduction resolution, delegation to the Board of Directors, with express authorisation for the Executive Committee to substitute it, where the case may be, of the necessary powers for it to implement this agreement, within a maximum period of six (6) months from the date of acquisition of the Shares, the Board also being entitled to determine any aspects not expressly established in this resolution or deriving from the same. In particular, and for illustrative purposes only, the Board of Directors is authorised to exercise the following powers, with the express power to delegate in turn to the Executive Committee:

1. *To determine the date of implementation of the Capital Reduction resolution, which in any case must be within the period of six (6) months from the date of acquisition of the Shares.*
2. *To proceed as required or appropriate in order to implement and formalise the Capital Reduction before whatsoever Spanish or foreign public or private bodies or entities, which shall include declaring, complementing or rectifying any faults or omissions that may prevent or hinder the full effectiveness of the foregoing resolutions.*
3. *To grant the power to proceed as necessary or appropriate for the implementation and formalisation of the Capital Reduction, with express powers to delegate in turn to the Executive Committee or members of the Board of Directors it deems appropriate, or to the Secretary or Deputy Secretaries of the Company's Board of Directors (each one of them individually, jointly and severally) and in particular, by way of example:*
   - *(i) to post the legally required announcements and to redeem the Shares under the terms agreed on herein;*
   - *(ii) to declare the agreed Capital Reduction closed and executed in accordance with the provisions of this rersolution;*
   - *(iii) to redraft Articles 5 and 6 of CaixaBank's By-laws concerning share capital and shares in order to adapt them to the results of the Capital Reduction;*
   - *(iv) to proceed as required and to sign and execute the necessary documents for the public announcement of the characteristics of the Capital Reduction and the procedure with regard to the Spanish regulatory bodies and Stock Exchanges.*

The Capital Reduction and consequent amendment of Articles 5 and 6 of the Company By-laws is subject to the authorisation system established in Article 10 of Royal Decree 84/2015 of 13 February implementing Law 10/2014 of 26 June regarding regulation, supervision and solvency of credit institutions.

The effectiveness of this Capital Reduction agreement is subject to the Company's prior acquisition of the Shares from Criteria Caixa, S.A.U., after having obtained the necessary authorisations, all in accordance with the terms of the redemption contract entered into between CaixaBank and Criteria Caixa, S.A.U. on 3 December 2015, announced as a Relevant Event on the same date.

The Board of Directors is expressly authorised to agree the non-execution of this Capital Reduction resolution if, based on the Company's interests and due to circumstances which may arise affecting the Company, it were not advisable to execute such resolution in the best interests of the Company, and regardless of whether the necessary authorisations for its effectiveness have been obtained. The Board of Directors would announce its decision to not execute the Capital Reduction in the corresponding publication as a relevant event on the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores) webpage.

Barcelona, 10 March 2016