

CaixaBank Group Business and results in 1st half 2011

Barcelona, 22nd July 2011

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In so far as it relates to results from investments, this financial information from the CaixaBank Group for 1H11 has been prepared mainly on the basis of estimates.

1H11 Highlights

- **Successful execution of “la Caixa” Group reorganisation**
- **Great commercial activity: market leader**
Continued market share increase in key retail products
- **High financial strengths**
Liquidity and solvency: key priorities and strengths in a fragile operating environment
- **Sustained profit-earning capacity:**
Strong capacity to generate recurring income
 - Increased income: Gross Income €3,417 million, +0.2%
 - Lower costs: -1%
 - Increase in pre-impairment income: €1,759 million, +1.3%
- **Sound asset quality, active risk management and prudent provisioning policies**
 - NPL 4.30% (NPL sector 6.5%)
 - Coverage of 67%, total impairment losses €1,390 million.
 - Generic provision remains unused.

Liquidity, solvency and asset quality have been key themes for 1H 11

Liquidity

Liquidity
€21.6 Bn

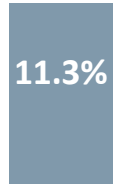


June'11

- ✓ Pre-funding in wholesale markets in anticipation of market instability (€ 5.9 bn; mainly issued in first 4 months of 2011)
- ✓ Significant increase in term deposits (€ +6,553 million in 2Q11)
- ✓ LTD ratio improvement (124% vs 134% in 1Q11)

Solvency

Core capital

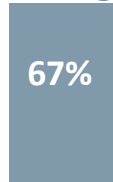


June'11

- ✓ Mandatory convertible bond: +103 bps
- ✓ Organic capital generation: +48 bps
- ✓ Sale of the 50% of non-life insurance business: +44 bps

Asset Quality

Coverage



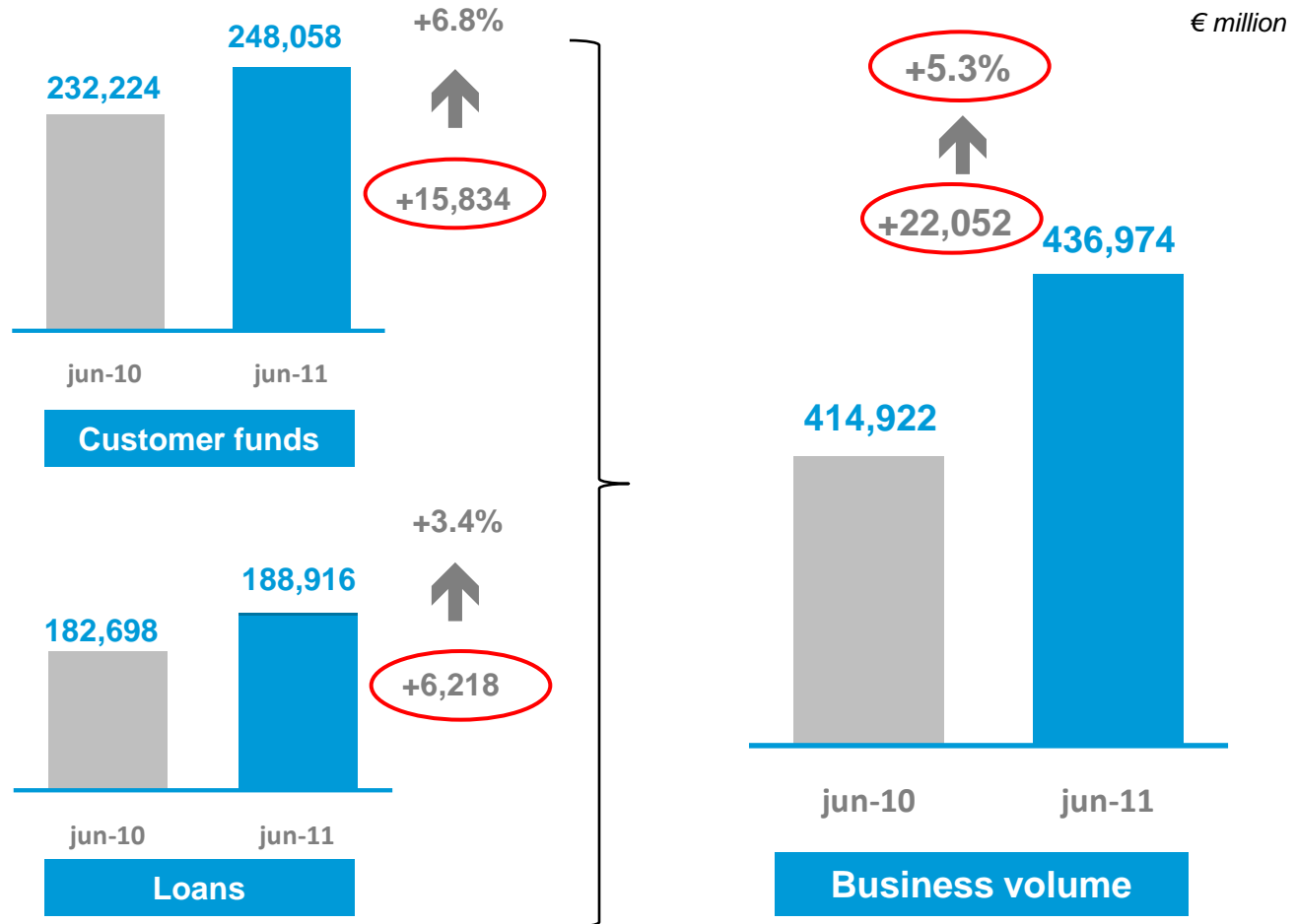
June'11

- ✓ More conservative approach to developers book as the sector deteriorates
- ✓ Extraordinary income used to bolster provisioning levels
- ✓ Increased coverage up to 67%

CaixaBank – 1H 2011 Financial Results

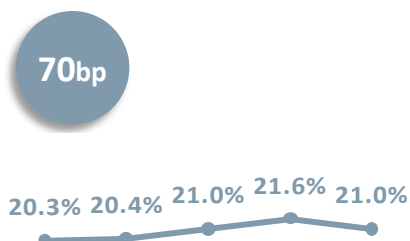
- **Great Commercial activity**
- High Quality of Results
- Risk management with high coverage
- Increased liquidity
- Increased solvency
- Good Ratings

Balanced business growth in an environment of slowdown → Increase of market shares



- Sustained growth on market shares on key retail products and services

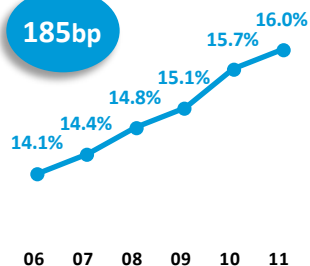
Individual customers penetration



2006 2007 2008 2009 2010

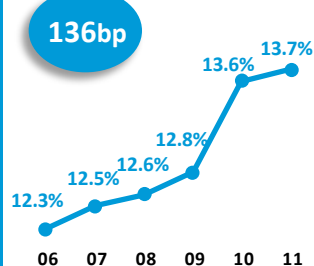
16.5%
As 1st bank

Payroll deposits



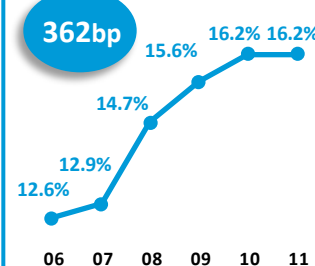
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Pension deposits



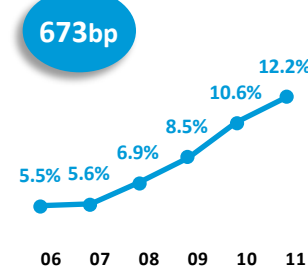
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Pension plans



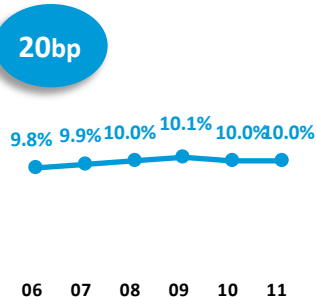
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Investment funds



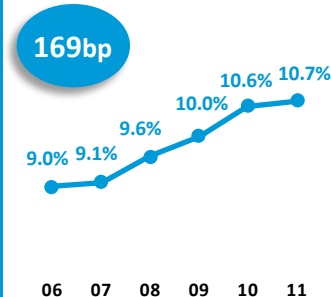
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Deposits¹



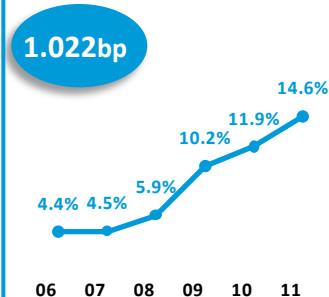
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Loans¹



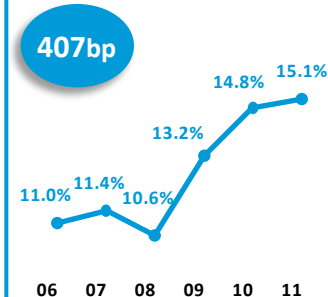
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Factoring



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Confirming



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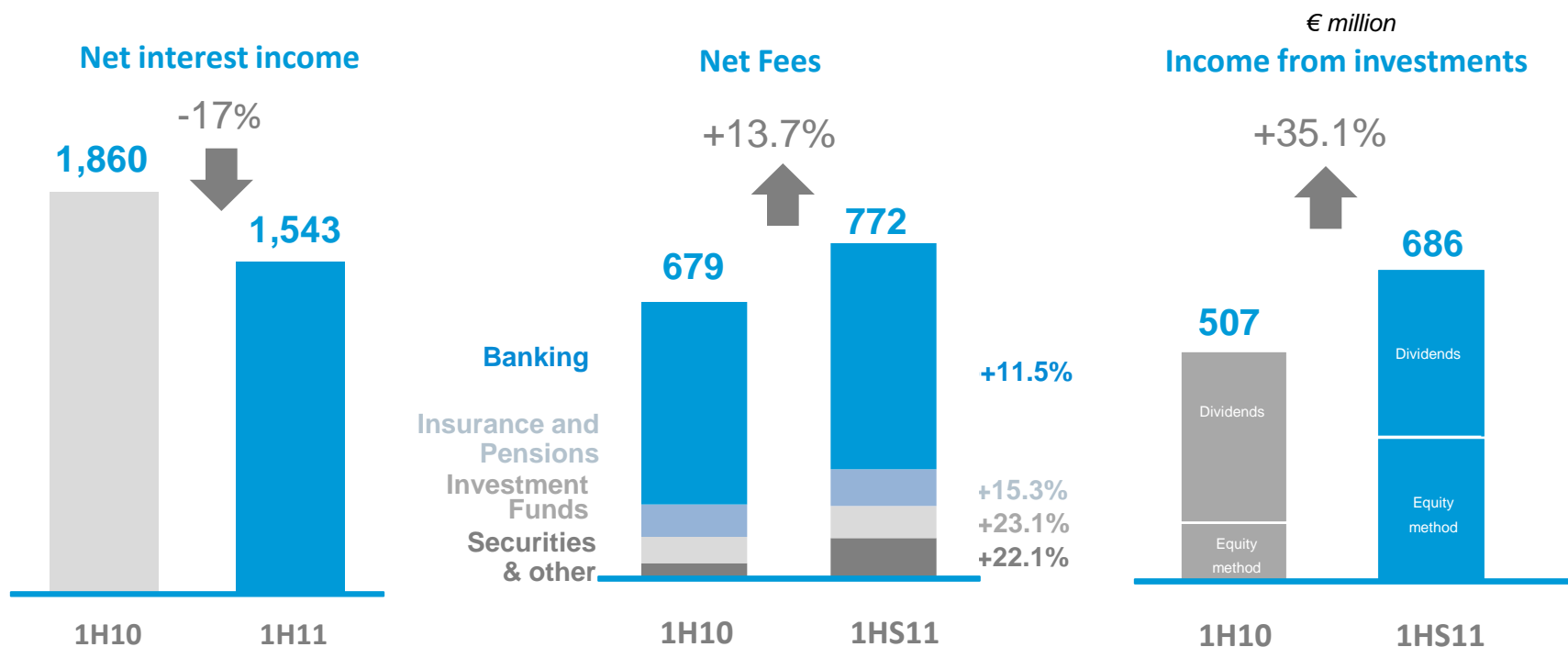
Leadership of CaixaBank

CaixaBank – 1H 2011 Financial Results

- Great Commercial activity
- **High quality of Results**
- Risk management with high coverage
- Increased liquidity
- Increased solvency
- Good Ratings

(amounts in millions of euros)	January - June		% Change
	2011	2010	
Financial income	3,692	3,517	5.0
Financial expenses	(2,149)	(1,657)	29.6
Net interest income	1,543	1,860	(17.0)
Dividends and income accounted for by the equity method	686	507	35.1
Net fees	772	679	13.7
Income from financial operations and other products and charges	416	364	14.5
Gross income	3,417	3,410	0.2
Total operating expenses	(1,658)	(1,674)	(1.0)
Pre-impairment income	1,759	1,736	1.3
Losses for the impairment of financial assets and others	(1,029)	(868)	18.7
Profits/losses on disposal of assets and others	(11)	(6)	
Pre-tax income	719	862	(16.7)
Income tax	(17)	(104)	
Net Recurring Profit	702	758	(7.4)
Extraordinary income	463	94	
Extraordinary write downs	(332)	(102)	
Extraordinary subtotal	131	(8)	
Profit attributable to the Group	833	750	11.0

Impressive income-generating capacity with reasonable management of margins



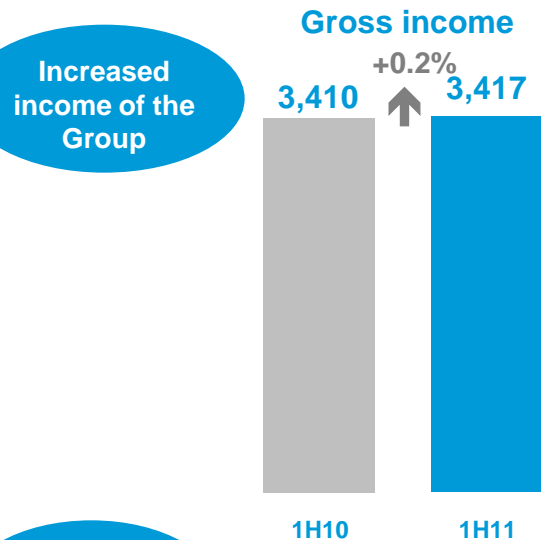
- ✓ Fall in rates passed on to mortgage payments
- ✓ Active management of margins
- ✓ Increase in cost of funding due to ▲ in liquidity (deposits & wholesale funding)
- ✓ Positive evolution of the customer spread: 2Q11 1.47% and 1Q11 1.45%.

- ✓ Increase of business
- ✓ Management and quality of service
- ✓ Increased activity in Personal-Private Banking and Business Banking activities/services

- ✓ Positive performance of the investments (Repsol as an associate since 1/01/11)

Strong recurrent revenues and lower costs

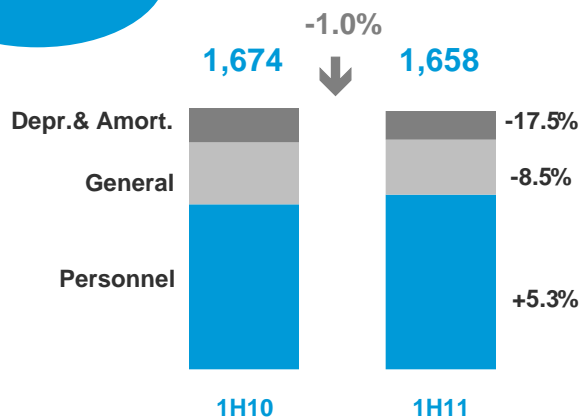
€ million



Operating expenses

Expenses reduction

-1.0%



Pre-impairment income



Net operating income growth +1.3%

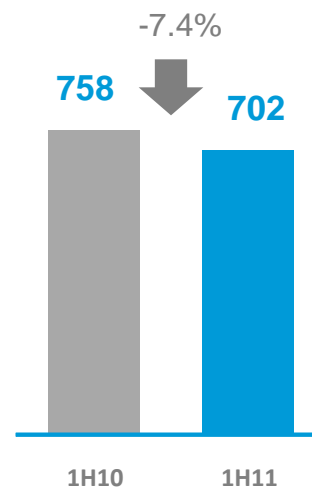
Cost-to-income ratio 45.7%

**Strong recurring income generation allows for prudent provisioning policies.
Extraordinary income used to bolster balance sheet**

(amounts in millions of euros)

	1H11	1H10	% Change
Pre-impairment income	1,759	1,736	1.3%
Losses for the impairment of financial assets and others	(1,029)	(868)	18.7%
Profits/losses on disposal of assets and others	(11)	(6)	
Income tax and minority interests	(17)	(104)	
Recurring profit attributable to the Group	702	758	(7.4%)
Extraordinary income (sale of 50% of non-life insurance business €450 million net)	463	94	
Extraordinary write downs (extraordinary impairment losses €361 million gross/ 253 net and reorganisation expenses)	(332)	(102)	
Total Profit attributable to the Group	833	750	11.0%

Recurring income



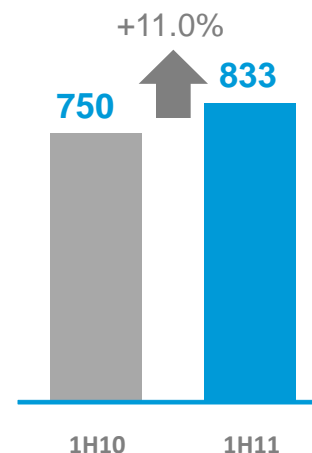
Impairment losses

Recurring	1,029
Extraordinary	361

Total impairment losses 1H11 **1,390**

Generic provision remains unused

Profit attributable to the Group



Profit attributable to the Group: € 833 M

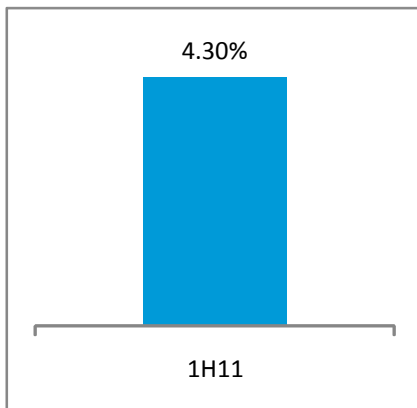
CaixaBank – Results 1H11

- Great Commercial activity
- High quality of Results
- **Risk management with high coverage**
- Increased liquidity
- Increased solvency
- Good Ratings

CaixaBank: active risk management

June 2011

NPL ratio



CaixaBank NPL ratio:
€8,531 million
(June 2011)

Sector 6.5% (May 2011)

Higher coverage among peers

- **67%** coverage (**139%** mortgage-backed)
- **€5,689 million** of provisions
- **€1,835 million** generic provision remains unused (100% alfa)

High quality of CaixaBank assets

- | | | |
|-------------------------------------------------|---|---------------------------------------------------------------|
| ▪ Diversified risk | ➡ | ▪ With advanced management processes and tools |
| ▪ Business model focused on households and SMEs | ➡ | ▪ Loan portfolio: Households (50%) and SMEs (25%) |
| ▪ Good guarantees | ➡ | ▪ 65% mortgage-backed |
| ▪ Focus on financing in big cities | ➡ | ▪ 89% of the mortgage guarantees financing primary residences |
| ▪ Prudent LTV policy | ➡ | ▪ 89% of mortgage portfolio with LTV < 80% |

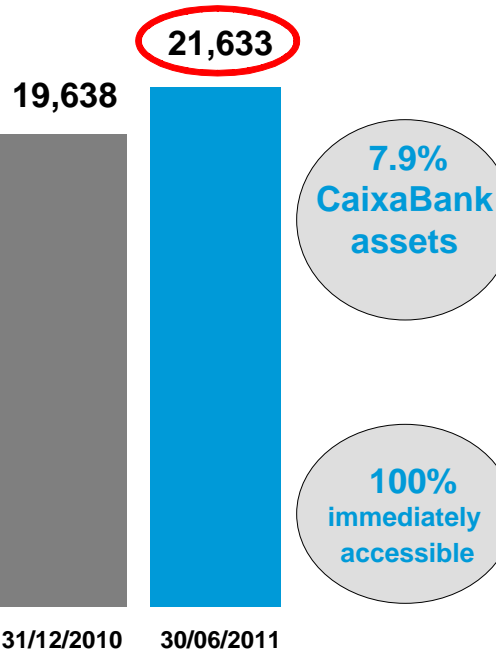
CaixaBank – Results 1H11

- Great Commercial activity
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- **Increased liquidity**
- Increased solvency
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Liquidity of €21,633 million

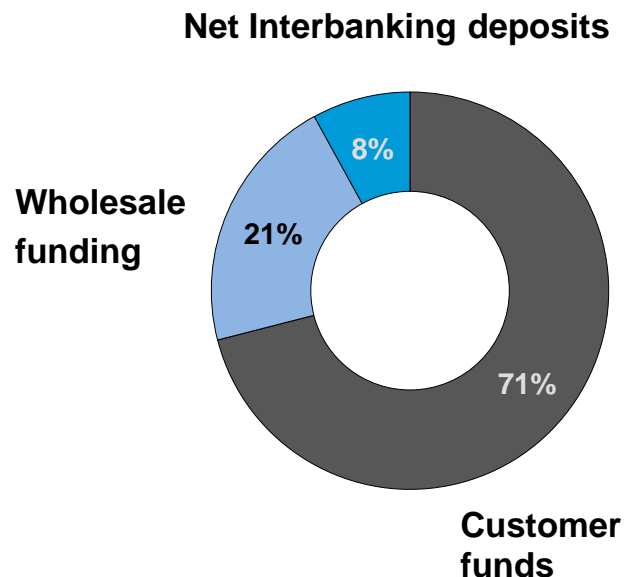
(amounts in millions of euros)

Excellent liquidity position...



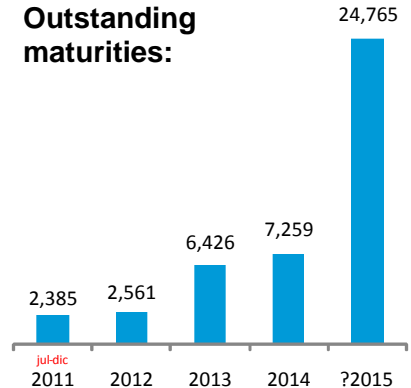
Unused ECB credit facility as of 30 June 2011
Balance of €13,388 M

... with a good funding structure...



Total funding of €194,520 M
Improved LTD ratio to 124%

Wholesale activity



Maturities	1H11:	<u>-4,065</u>
Issues	1H11:	<u>5,874</u>
Covered bonds:		5,324
Public sector covered bonds:		200
Bonds		350

Total issuances of €43,397 M

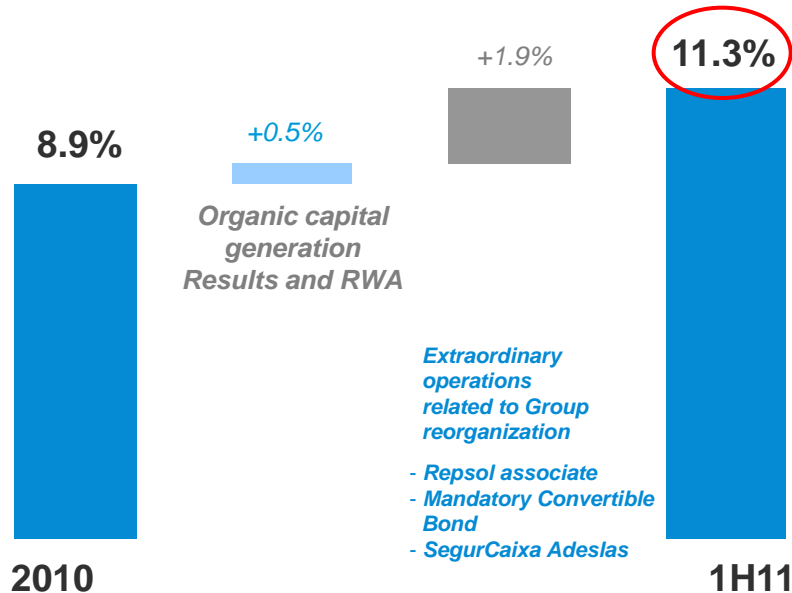
CaixaBank – Results 1H11

- Great Commercial activity
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- Increased liquidity
- **Increased solvency**
- Good Ratings

Solid solvency ratios further reinforced by placement of mandatory convertible bonds

CaixaBank Group solvency levels remain extremely high, with an increase in **Core Capital** up to **11.3%**, +2.4

CORE CAPITAL EVOLUTION



Core Capital:
- Self-financing of growth
- Extraordinary operations

Solvency Ratios – Basle II June 2011

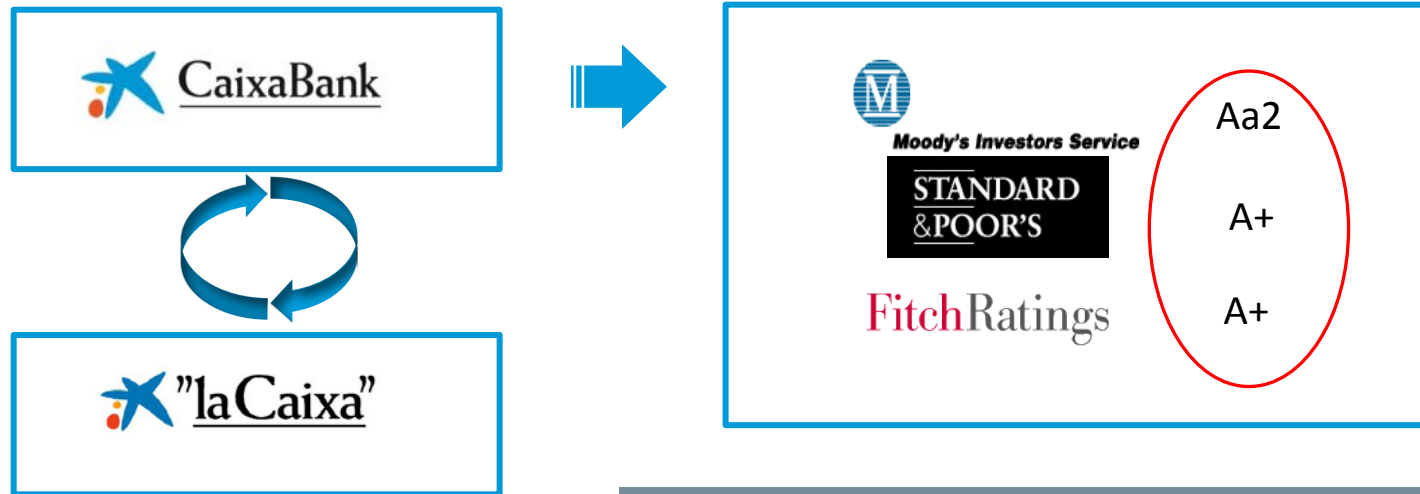
	Ratio	€million	Chg. 1H11
Core Capital	11.3%	16,643	+2.4
Minimum requirement	8%	11,807	
Capital surplus		4,836	
Risk-weighted assets (RWA)		147,584	-1.9%

Additional ~122 bps¹ of unrealised after-tax gains in Telefónica & Repsol

CaixaBank – Results 1H11

- Great Commercial activity
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- Increased liquidity
- Increased solvency
- **Good Ratings**

The strength of balance sheet endorsed by rating agencies post-reorganisation



In a very complex environment ,
the rating agencies confirm rating

- Robust Spanish retail banking franchise
- Excellent liquidity and solvency
- Strong management and successful strategy
- Contained risk profile
- Good evolution of the banking business

Key takeaways

- **Successful execution of “la Caixa” Group reorganisation**
- **Great commercial activity: market leader**
Market share increase in key retail products
- **Increased financial strengths**
Liquidity and solvency: key priorities and strengths in a fragile operating environment
- **Sustained profit-earning capacity:**
Strong capacity to generate recurring income
- **Sound assets quality, active risk management and prudent provisioning policies**

