

CaixaBank obtains attributable net profits of 335 million euros and completes the integration of Banca Cívica and Banco de Valencia

- **CaixaBank completes the technological integration of Banca Cívica and formalises the acquisition of Banco de Valencia, which become fully integrated for accounting purposes from 1 January 2013.**
 - **With the setting aside of the 902 million euros still pending under Royal Legislative Decree 18/2012, CaixaBank meets the requirements imposed under Royal Legislative Decrees 2/2012 and 18/2012 in their entirety.**
 - **In a complex and demanding environment, the robust nature of CaixaBank's retail business and the positive evolution of its investments have allowed it to obtain income totalling 1,696 million euros.**
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- **Market leader in Spain.** Following the incorporation of customers from Banca Cívica and Banco de Valencia, CaixaBank consolidated its position as Spain's leading financial institution, with 13.8 million customers, total resources of 300,985 million euros (+3.5%) and a loan portfolio of 228,763 million (+2.4%).
 - **Excellent liquidity.** CaixaBank's liquidity rose to 61,325 million euros (up by 8,233 million), all of it immediately accessible, accounting for 16.7% of total assets. With the opening up of the wholesale markets, CaixaBank issued 1,000 million euros of senior bonds and placed a further 1,000 million euros of mortgage bonds.
 - **High levels of solvency, with a Core Capital figure of 10.6%** following the integration of Banco de Valencia and early payment of the public assistance received by Banca Cívica from the FROB. Over this quarter, CaixaBank has organically generated 31 basis points of Core Capital.
 - **Active risk management and increased allowance coverage.** The allowance coverage ratio for doubtful loans rose from 60 to 75% (154% if mortgage guarantees are taken into account) with coverage for handed over loans standing at 48%. Following the integration of Banco de Valencia, the non-performing loan ratio stands at 9.40%.
 - **Rigorous cost management.** Costs have fallen by 5.4% on a like-for-like basis as compared with the first quarter of 2012. The costs associated with the plan to optimise Group structure (following agreement with all the union representatives) will guarantee the achievement of the synergies forecast from the integration of Banca Cívica and Banco de Valencia.

Barcelona, 25 April 2013. CaixaBank obtained attributable net profits of 335 million euros during the first quarter of 2013, following inclusion of the results obtained from Banca Cívica (from 1 July 2012) and Banco de Valencia (from 1 January 2013), which have had an impact on the year-on-year comparisons contained in the accounts statements.

During the early months of 2013, as scheduled, CaixaBank completed the integration of the IT platforms of the four savings banks from which Banca Cívica was formed. It also formalised the acquisition of Banco de Valencia, which is now fully integrated with CaixaBank for accounting purposes and is scheduled for complete technological integration by the third quarter of this year.

CaixaBank, with Isidro Fainé as Chairman and Juan María Nin as Deputy Chairman and CEO, has initiated the second phase of its 2011-2014 Strategic Plan in 2013, focusing its efforts on prioritising the institution's reputation and quality of service, and maintaining its leading position in the sector with profitable growth.

CaixaBank consolidates its position as Spanish market leader, with 13.8 million customers and a total of 15.3% of the loans market and 14.2% of deposits

CaixaBank has consolidated its leading position in the Spanish financial sector, after completing the accounting and operational integration of Banco de Valencia during the 1st quarter, with assets worth 367,940 million euros (+5.6%), a share of 14.7% of banking business and a market penetration of 26.1% in the personal banking segment. Business volumes totalled 529,748 million euros (+3.0%), of which 300,985 million euros correspond to customer funds (+3.5%) and 228,763 million euros to gross customer loans (+2.4%). Total share of the loans market rose to 15.3%, while total share of deposits stood at 14.2%.

The Group's great commercial strength, with 34,334 employees, 13.8 million customers, 6,400 branches (the largest network in the Spanish financial system), 10,068 ATMs and a leading position in on-line banking through *Línea Abierta* and electronic banking means that CaixaBank is showing balanced and high-quality growth in its banking business.

CaixaBank meets 100% of the requirements imposed under Royal Legislative Decrees 2/2012 and 18/2012 and increases its allowance coverage ratio from 60% to 75%

The robustness of its retail banking business and the positive evolution of its investments has led to a rise in the gross margin to 1,696 million euros (+1.4% on the same period last year and up 6.2% on the quarter). The growth in business with an increase in operations and intense management of products and services resulted in significant growth in banking income.

CaixaBank has also continued with its exacting cost management policy. During the first quarter of 2013, costs were reduced by 5.4% on a like-for-like basis (taking account of the incorporation of Banca Cívica and Banco de Valencia when making the comparison with the first quarter of 2012). Extraordinary costs of 759 million euros were also recorded as part of the plan to optimise Group structure.

This measure will lead to increased efficiency and improvements in productivity, thus ensuring that the cost synergies forecast for 2014 from the integration of Banca Cívica and Banco de Valencia (625 million) are achieved.

High levels of provisioning charges and write-downs have been maintained, with a total of 3,458 million euros (1,951 million in losses for impairment of assets and 1,507 million in reasonable value adjustments at Banco de Valencia).

With the recording of the 902 million euros that remained pending under Royal Legislative Decree 18/2012, CaixaBank met the allowance coverage requirements imposed under Royal Legislative Decrees 2/2012 and 18/2012 in their entirety, with a total of 6,759 million euros in coverage.

As a result, the allowance cover ratio stands at 75% (60% on 31 December 2012), 154% if mortgage guarantees are taken into account. For its part, allowance coverage on the portfolio of investments handed over stands at 48%.

The negative consolidation difference generated by the acquisition of Banco de Valencia has been entered during this quarter in a net amount of 1,777 million euros.

As a consequence, the attributed net profit obtained by CaixaBank during the first quarter of 2013 totalled 335 million euros.

The following are some of the more important highlights from the first quarter of 2013:

- **CaixaBank income** rose to a gross margin figure of 1,696 million euros, up by 1.4% on the same period for the previous year (+6.2% on the previous quarter). This favourable development reflects the institution's robust retail business and income from investments.
- **Net interest income** totalled 992 million euros, a year-on-year increase of 12.3%. The incorporation of the results obtained by Banca Cívica and Banco de Valencia and the efficient management of operational profitability offset the negative impact of the repricing of the mortgage portfolio.
- **Net fees** rose by 8.0% to 446 million euros over the year, due to the increase in banking business and specialisation by segment.
- **Income from investments** (dividends and income accounted for by the equity method) rose by 26.9% to 207 million euros as a result of the positive evolution of business.
- **Income from financial operations** totalled 114 million euros, basically due to the active management of the Group's financial assets and income from retail distribution.

- **Operating costs** were affected to a great extent by the 759 million euros of extraordinary expenses resulting from the plan to optimise Group structure, almost all of it arising from workforce adjustments at CaixaBank. Thanks to strict containment and budget rationalisation policies, costs were reduced by 5.5% on a like-for-like basis (taking account of the incorporation of Banca Cívica and Banco de Valencia when making the comparison with the first quarter of 2012).
- **Net operating income** excluding extraordinary expenses stands at 677 million euros (-23.8%), up 7.0% on the previous quarter.
- **Losses due to the impairment of financial assets** rose to 1,951 million euros, up 103.3% on the same period for the previous year. These include the recording of 902 million euros to cover the allowance coverage required under Royal Legislative Decrees 2/2012 and 18/2012 in its entirety.
- The entry “**Profit/loss from the disposal of assets and others**” in 2013 includes, among other items, the impact from the negative difference resulting from the consolidation of Banco de Valencia.

CaixaBank liquidity totals 61,325 million euros, with a robust financing structure

The management of liquidity, a key element in CaixaBank’s strategy, brought the liquidity figure to 61,325 million euros, all of it immediately accessible, amounting to 16.7% of total assets. This figure increased by 8,233 million euros during the first quarter of the year.

CaixaBank also continued to improve its financing structure, as demonstrated by the Loan to Deposits ratio, which fell 3 percentage points to 126%.

The robust financial situation of CaixaBank and the reopening of the wholesale market have allowed for the highly successful placement of both senior debt and mortgage bond issues at 3 and 5 years respectively, each in a nominal amount of 1,000 million euros.

As regards amounts pending maturity in 2013, these total 6,207 million euros.

During this first quarter, CaixaBank has repaid a total of 4,500 million euros of its LTRO to the ECB. Banco de Valencia has also repaid a total of 4,800 million euros of financing.

A high level of solvency at 10.6%, following the integration of Banco de Valencia and the early repayment of 977 million euros in assistance from the FROB to Banca Cívica

CaixaBank has maintained a high level of solvency, with a Core Capital figure of 10.6% following the integration of Banco de Valencia. Organic capital generation amounted to 31 basis points; in addition the positive effects of the integration of Banco de Valencia have been recorded during this quarter (+61 basis points).

Its robust solvency position has allowed CaixaBank to complete the early redemption of the 977 million euros in convertible preferential shares in Banca Cívica, as well as making extraordinary provisioning charges and other non-recurrent items (-68 basis points), including full application of the provisions of Royal Legislative Decree 18/2012.

Nevertheless, CaixaBank's attributable own funds amounted to 17,555 million euros, with a surplus of 4,737 million euros. Risk-weighted assets (RWA) stand at 160,218 million euros.

Non-performing loans ratio of 9.40% following the incorporation of Banco de Valencia. If defaults from the property development sector are excluded, the figure falls to 4.70%

The non-performing loans ratio stands at 9.40% (up by 33 basis points as a result of Banco de Valencia's incorporation). The continuing application of conservative risk-management policies which are an established feature of CaixaBank's strategy have meant that the institution has maintained a favourable differential position, with a non-performing loans ratio that is 99 basis points lower than the average for the sector as a whole (10.39% in February 2013 following the transfer of assets to SAREB).

Doubtful loans in the property development sector continue to account for the highest volume of problematic assets at CaixaBank. If defaults from this sector are excluded CaixaBank's non-performing loans ratio stands at 4.70%.

Total allowance coverage for insolvencies stands at 16,826 million euros (+4,755 million euros on the amount recorded at the end of 2012). This robust level of coverage results from the efforts made in setting high levels of provisioning charges and write-downs and the application of conservative criteria during the integration of Banca Cívica and the acquisition of Banco de Valencia.

As a consequence, the allowance coverage ratio stands 75% (60% on 31 December 2012), 154% if mortgage guarantees are taken into account.

Management of real estate assets: reduction of exposure in the property development sector and sales and rentals worth 365 million euros

Commercial activities by Building Center, CaixaBank's real estate subsidiary, have brought sales and rentals worth 365 million euros. The total number of buildings marketed reached 3,227 units. If commercial activities are assessed at their original investment value, the total rises to 976 million euros, with 6,896 buildings sold, including developers.

As regards CaixaBank's exposure in the property development sector, on 31 March 2013 this stood at a figure of 26,483 million euros, 509 million less than at the end of 2012. Setting aside the effect of the incorporation to Banco de Valencia (840 million euros) the total fall in exposure would be 5%.

The high proportion of financing for finished developments, 58.4%, demonstrates the robustness of the guarantees in the property developer portfolio. The percentage of financing guaranteed by land is limited to 20.2%.

With the significant levels of provisioning charges and write-downs, coverage for problematic (doubtful and sub-prime) assets relating to the financing of the real estate development sector stood at 42.1% on 31 March 2013, 127% if mortgage guarantees are taken into account (38.2% on 31 December 2011, 127% with mortgage guarantees). If generic allowance coverage is taken into account, the figure rises to 59.2%.

The portfolio of net assets handed over to CaixaBank and available for sale was worth a net total of 5.753 million euros, with coverage of 48.0%. Of the real estate property handed over, 25% relates to land, with allowance coverage of 61.2%.

Intense commercial activity: leading market position in payroll deposits and pensions deposits and positive evolution of insurance and commercial campaigns

CaixaBank maintains its goal of consolidating its leading position in the Spanish individual banking sector with the implementation of a specialised model for personal banking, private banking, SME banking, business banking and corporate banking that offers services to all of its 13.8 million customers, following the inclusion of the customer base from Banca Cívica and Banco de Valencia.

Commercial business at CaixaBank branches during the first quarter of the year focused on generating new business and ensuring that the needs of both individuals and businesses were covered, with notable campaigns in the insurance and commercial sectors:

- ✓ Following the introduction of a campaign to attract insurance business, around 400,000 operations have been formalised, with premiums worth 133 million euros.
- ✓ Over the same period, the number of commercial customers has increased by 31,000, a rise of 17% in the portfolio of customers from this segment.
- ✓ Market leader in the management of payroll deposits and pensions deposits, with respective market shares of 20.0% and 19.5%.
- ✓ As regards salaries, by the end of March a total of 2,400,000 of CaixaBank's customers had their salaries paid directly into their accounts, an increase of 400,000 on March 2012.
- ✓ The two funds that have attracted most business in the guaranteed fixed income and passive management markets are both managed by InverCaixa: FC Garantía Renta Fija 2017, with 503 million euros invested, and FC Rentas 2017, with 556 million.
- ✓ Leading growth in the financing of operational capital, with market share of factoring and confirming operations rising to 18.2%.

As a consequence of these intense levels of commercial activity and the incorporation of the Banca Cívica business, the Group has considerably enhanced its leading position in the Spanish market, with a market share of 20.0% in payroll deposits, 19.5% in pension deposits, 15.3% in loans, 14.2% in deposits, 14.0% in investment funds and 16.9% in pension plans.

Social Projects: Assisting people yesterday, today and always

“la Caixa” has approved the allocation to its Social Projects of a **budget of 500 million euros for 2013**, the same amount allocated over the last five years, once again underlining its commitment to people and the advancement of society.

The way that this investment is to be distributed among the different areas of activity breaks down as follows: 334 million euros for the development of social and welfare programmes (67% of the total investment); 67.1 million for scientific and environmental initiatives; 64.3 million for cultural activities; and 34.6 million euros for educational and research projects.

With efficiency as the driving principle behind all its activities, the Social Projects programme maintains the strategic objective of **offering a response to the major challenges of our society: fairness** (support for equal opportunities, with particular emphasis on the most disadvantaged groups); **longevity** (active and healthy ageing and the comprehensive involvement of the elderly in society); the management of **diversity**, (especially on inter-cultural issues) and **sustainability** (understood to mean enduring social and economic development).

On this basis, the Social Projects programme continues to provide support for **projects aimed at combatting poverty and exclusion in Spain**, creating employment among disadvantaged groups, facilitating **access to housing**, providing psychosocial attention for the terminally ill and their families, encouraging independence in the elderly, enhancing scientific **research and knowledge**, **disseminating culture** and preserving and improving the environment, among other things.

During the first quarter of 2013, the Social Projects programme has provided **11.4 million euros in grants to 31,989 children** in a project designed to break the cycle of poverty in their families. *Incorpora* has offered **job opportunities to 2,550 people at 762 ordinary businesses** over the same period, while 3,673 patients have received support from the programme that offers support to the terminally ill, which the Social Projects programme operates at more than 50 hospitals and at patients’ own homes.

Other continuing Social Project priorities include healthy ageing under the *Gente 3.0* programme, which has now been implemented at 598 centres throughout Spain, and support for access to housing (**the Social Projects programme has so far provided more than 6,000 residential properties through its Accessible Housing and Rental schemes**, offered to people on low incomes).

The award of **100 new grants to continue postgraduate studies** at Spanish universities and the offer of grants to 20 projects selected as part of the social entrepreneurship support programme run in conjunction with IESE were notable highlights of the last quarter.

In the **environmental arena**, the Social Projects programme continued to support conservation and the improvement of natural spaces across the whole of Spain (2,946 projects, which have also helped more than 9,760 people re-enter the labour market since 2005). The programme has also provided support for the advancement of research (with the recent award of a third round of grants in the *recerCaixa* programme) and the introduction of scientific knowledge to audiences of all kinds (with exhibitions like *Technorevolution* and *Let's talk about drugs*).

Notable happenings in the cultural calendar have included *Seduced by Art* (in Barcelona), *Mesopotamia. Before the Flood* and *Masters of Chaos* (in Madrid) and *Nordic Landscapes at the Prado Museum* (Seville). Other events included the presentation of the report on the State of Art, commissioned by the *Fundación Arte y Mecenazgo* and supported by "la Caixa", and the presentation of the literary prize *Plataforma – Neo*, which was awarded to the novel "*Los días que nos separan*" by Laia Soler.

At an international level, the Social Projects programme signed **strategic alliances during the first quarter of 2013 with two of Europe's most important foundations**, the **Cariplo Foundation** (in Italy) and the **Calouste Gulbenkian Foundation** (in Portugal). The programme is also currently operating 67 projects in 26 developing countries, and it has now vaccinated more than 2 million children as part of its Child Vaccination programme, which it runs jointly with GAVI Alliance.

This quarter has once again demonstrated the **sensitivity**, the **commitment** and the **involvement** of the "la Caixa" Social Projects programme with regard to the needs of the individual. During 2012, more than **eight million people benefited from 42,000 initiatives supported by the Social Projects programme** throughout the whole of Spain.

CaixaBank Group - Key indicators

€ million	January - March		Change
	2013	2012	
Income statement headings			
Net interest income	992	883	12.3%
Gross income	1,696	1,672	1.4%
Pre-impairment income	(82)	889	
Pre-impairment income stripping out extraordinary costs	677	889	(23.8%)
Net income	335	48	597.3%
	March 2013	December 2012	Change
Balance sheet headings			
Total assets	367,940	348,294	5.6%
Book value	23,275	22,793	2.1%
Total banking business volume	529,748	514,377	3.0%
<i>Total customer funds</i>	300,985	290,928	3.5%
<i>Customer loans and advances, gross</i>	228,763	223,449	2.4%
Efficiency and profitability (last 12 months)			
Cost-to-income ratio (total operating expenses / gross income)	67.4%	52.9%	14.5
Cost-to-income ratio stripping out extraordinary costs	55.5%	52.2%	3.3
ROE (attributable profit / average equity)	2.3%	1.0%	1.3
ROA (profit / average total assets)	0.2%	0.1%	0.1
RORWA (profit / risk-weighted assets)	0.4%	0.2%	0.2
ROTE (attributable profit / average tangible equity)	2.8%	1.3%	1.5
Risk management			
Non-performing loan (NPL) ratio	9.40%	8.62%	0.78
Allowances for non-performing loans	16,826	12,071	4,755
NPL coverage ratio	75%	60%	15
NPL coverage ratio including collateral	154%	142%	12
oreclosed available for sale real-estate asset covera e ratio	48.0%	45.5%	2.5
<i>of which: land coverage</i>	61.2%	61.2%	
Liquidity			
Loan to deposits ¹	61,325	53,092	8,233
	126%	129%	(3)
Solvency ²			
Core Capital - BIS II	10.6%	11.0%	(0.4)
Tier 1	10.6%	11.0%	(0.4)
Tier Total	11.0%	11.6%	(0.6)
Eligible equity	17,555	18,641	(1,086)
Risk Weighted Assets (RWA)	160,218	161,200	(982)
Surplus capital	4,737	5,745	(1,008)
Core Tier 1 EBA	10.5%	10.4%	0.1
Share information			
Share price (€/share)	2.640	2.637	0.003
Market capitalization	11,853	11,839	14
Number of shares outstanding (thousands) ³	4,450,743	4,450,743	(0)
Book value per share - fully diluted (€/share)	4.48	4.53	(0.05)
Number of shares - fully diluted (thousands)	5,260,699	5,164,642	96,057
Net income attributable per share (EPS) (€ per share) (12 months)	0.11	0.05	0.06
Average number of shares - fully diluted (thousands)	4,789,091	4,711,294	77,797
PER	24.45	54.02	(29.57)
Banking business and resources (units)			
Customers (millions)	13.8	12.9	0.9
Employees CaixaBank Group	34,334	32,625	1,709
Branches	6,400	6,342	58
ATMs	10,068	9,696	372

(¹) Net lending as a % of on-balance sheet retail customer funds

(²) Proforma information following prepayment to the FROB of public funds extended to Banca Cívica, in April 2013.

(³) Excluding treasury shares

Consolidated Profit & Loss Account CaixaBank Group

€ million	January - March		Change %
	2013	2012	
Financial income	2,471	2,076	19.0
Financial expenses	(1,479)	(1,193)	24.0
Net interest income	992	883	12.3
Dividends and Income accounted for using the equity method	207	163	26.9
Net fees	446	413	8.0
Gains on financial assets	114	197	(42.3)
Other operating income and expenses	(63)	16	
Gross income	1,696	1,672	1.4
Recurring expenses	(1,019)	(783)	30.1
Extraordinary expenses	(759)		
Pre-impairment income	(82)	889	
<i>Pre-impairment income stripping out extraordinary costs</i>	677	889	(23.8)
Impairment losses	(1,951)	(960)	103.3
Gains/(losses) on disposal of assets and others	2,223	74	
Pre-tax income	190	3	
Income tax	144	45	
Profit for the period	334	48	592.2
Minority interest	(1)		
Profit attributable to the Group	335	48	597.3