

CaixaBank posts profit of €620 million in 2014, with all key margins improving, allowing it to consolidate its leadership of the Spanish retail banking sector

Growth in banking income was driven by an 18% rise in recurring pre-impairment income to reach €3,167 million.

Customer funds also fared well (gaining 5.2%, or €13,467 million) to reach €271,758 million, with a marked increase in off-balance sheet funds (€8,480 million, up 15.2%).

In the fourth quarter, the overall loan book grew 1.4% (stripping out the real estate sector, the performing portfolio would have gained 2.7%). Loans to clients reached €197,185 million, bringing the Bank's market share to 14.9%.

- **Core operating income from the banking business net of costs rose by 24.8%** to reach €2,207 million. **Net interest income** saw **5.1% growth to hit €4,155 million** on the back of solid management of retail customer deposits; **fees and commissions** stood at **€1,825 million (+3.7%)** due to higher sales of off-balance sheet products; and **recurring expenses** shed **4.4% to €3,773 million** thanks to the cost containment measures rolled out.
- **The NPL ratio fell for the fourth straight quarter**, shrinking to 9.7% (-2 percentage points in the year), with a sharp drop of €5,255 million in non-performing assets (-21%).
- **Outstanding liquidity level** of €56,665 million. In 2014, CaixaBank fully repaid €15,480 million in financing previously awarded by the European Central Bank (ECB) and took up €6,868 million in the ECB's TLTRO programme.
- **Common Equity Tier1 (CET1) under Basel III is 13.1%**, with an increase of 128bp in 2014 due to capital generation. Fully-loaded CET1 is 12.3%.
- On 2 January, **CaixaBank completed the acquisition of Barclays Bank SAU**, from Barclays Bank PLC, which includes the British bank's retail banking, wealth management and corporate banking businesses in Spain.
- Also in 2014, **"la Caixa" Group** successfully completed its reorganisation, by which "la Caixa" transformed into a **banking foundation** and transferred its stake in CaixaBank to **Criteria CaixaHolding**. The Group also fared well in the **ECB's Comprehensive Assessment** reaching a CET1 capital ratio of 9.3% under the adverse scenario, while **CaixaBank would attain 10.3%**.

Barcelona, 30 January 2015.- CaixaBank, with Isidro Fainé as Chairman and Gonzalo Gortázar as CEO, posted net attributable profit of €620 million for 2014.

When comparing figures with those for 2013, it should be noted that the 2013 income statement has been restated to reflect the latest interpretations of the international financing reporting standard on levies (IFRIC 21). This has generated a net impact of €187 million from registration of the non-recurring contribution paid to the Spanish Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*, or FGD for short) in 2013 and the early registration of the ordinary contribution to the FGD for 2013 and 2014.

Following this impact, profit for 2013 has fallen by €503 million to reach €316 million. Therefore, growth in profit between 2013 and 2014 has jumped from 23.2% to 96.3%.

Continuous improvements to efficiency and profitability shaped the management approach in 2014. More specifically, this entailed an intensive commercial drive, enabling the bank to boost its income generating capacity (gross margin up 9% to €6,940 million), coupled with cost containment measures, which pushed down recurring expenses by 4.4%. The result was growth in recurring pre-impairment income (+18%) and a significant reduction in loan-loss provisions (-48.4%).

Moreover, the enactment of the 2014 tax reform package and the change in the tax treatment of capital gains obtained from the sale of holdings prompted CaixaBank to derecognise certain deferred assets and liabilities (€+310 million) reported in previous years largely as a result of the corporate restructuring of "la Caixa" Group.

In Million Euros	2014	2013	v.a. ¹
Net interest income	4,155	3,955	5.1%
Net fees	1,825	1,760	3.7%
Income from investment	491	446	10.2%
Gains on financial assets	640	679	(5.8%)
Other operating revenues and expenses	(171)	(475)	(64.0%)
Gross income	6,940	6,365	9.0%
Recurring operating expenses	(3,773)	(3,947)	(4.4%)
Extraordinary operating expenses		(839)	--
Pre-impairment income, without extraordinary²	3,167	2,685	18.0%
Impairment losses	(2,579)	(4,329)	(40.5%)
Profit/ loss on disposal of assets and others	(386)	1,770	--
Pre-tax income	202	(980)	--
Taxes and minority interest	418	1,296	(67.8%)
Profit attributable to the Grup	620	316	96.3%

Improvement in pre-impairment income **+18.0%**
YTD

- ▶ Increase in banking income (net interest income + fees)
- ▶ Discipline of cost and synergy capture

Strong reduction in impairment
(Cost-of-Risk 100 bps)

Profit attributable to the Group (without DGF impact in 2013) **+23.2%**
YoY var.

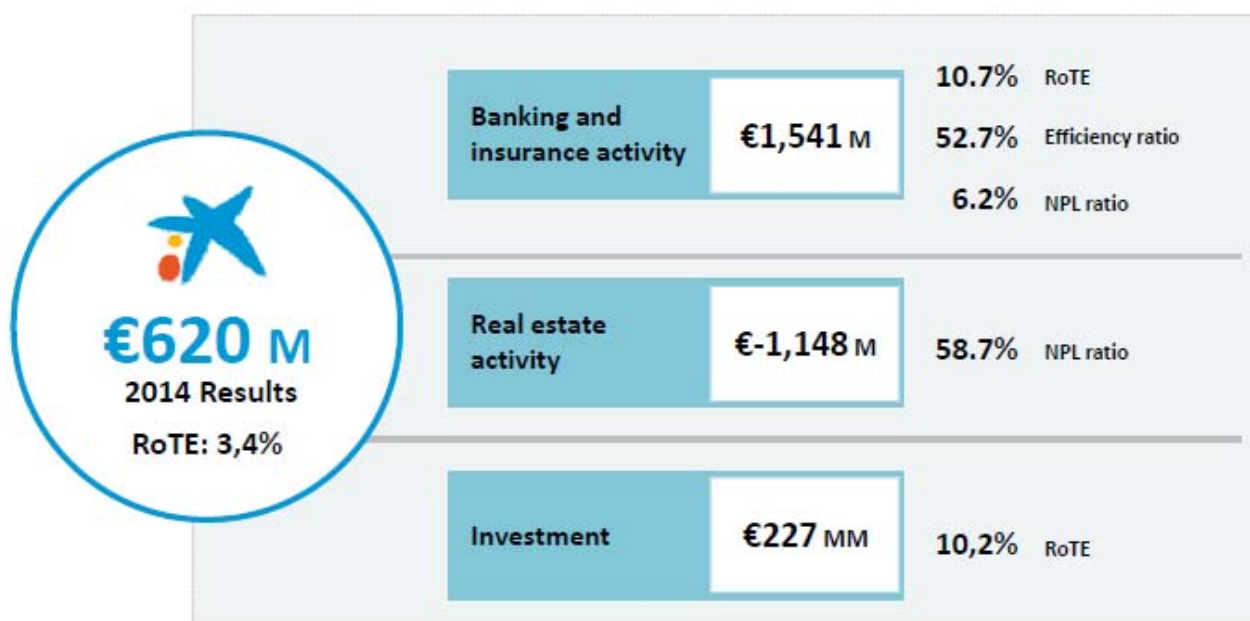
¹ Variations are calculated on 2013 Financial Results reexpressed after applying IFRIC 21 and la NIC 8

² The impact of the new DGF accounting record and extraordinary operating expenses are not included in 2013.

Banking business contributes €1,541 million in 2014

Profit attributable to the banking and insurance business, excluding real estate activity and equity investments, stood at €1,541 million. Profit attributable to the equity investments amounted to €227 million in 2014.

The real estate business generated a net loss of €1,148 million for the same period. Net loans managed by the real estate business totalled €8,890 million at 31 December, marking a drop of 31% in the year. The NPL ratio stood at 58.7%, with a coverage ratio of 56%.



The Group passes comfortably the ECB's comprehensive assessment

The "la Caixa" Group, which includes CaixaBank and the industrial and real estate assets of Criteria CaixaHolding, comfortably passed the comprehensive assessment conducted by the European Central Bank, with a CET1 capital ratio of 9.3% under the adverse scenario. Applying the same assessment to itself as part of an internal process, CaixaBank has surplus capital of €7,706 million and a Common Equity Tier 1 (CET1) ratio of 10.3%; the highest ratio among the ten most capitalised banks operating in the eurozone.

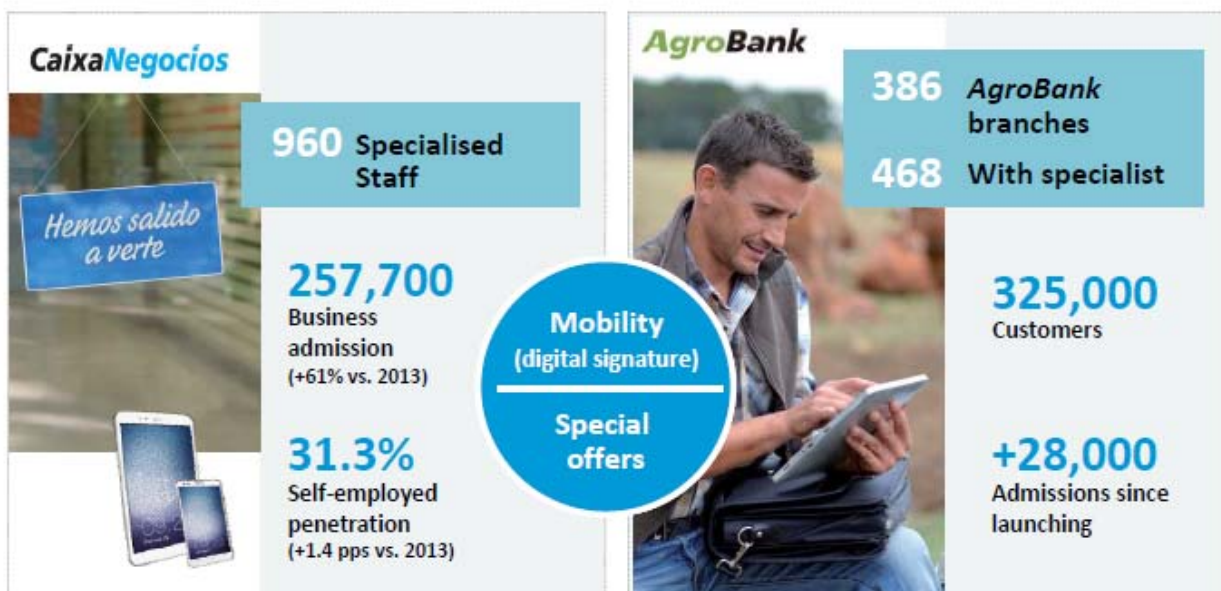
CaixaBank consolidates its leadership in Spain

CaixaBank has remained the leading bank in the Spanish market with 13.4 million customers and 5,251 branches (excluding, at 31 December 2014, relocated customer care centres attached to other branches). Market penetration for retail customers stood at 27.6% (with 23.5% of customers having CaixaBank as their preferred bank).

Moreover, CaixaBank completed its acquisition of Barclays Bank SAU on 2 January, with the deal extending to the British bank's retail banking, wealth management and corporate banking arms in Spain. The acquisition will allow the Bank to improve its competitive standing in key segments and regions (the customer penetration rate is expected to gain 60 basis points).

On the commercial front, the Bank continues to focus efforts on attracting and retaining customers, as shown by the 600,000 payrolls secured in 2014 (up 28% on 2013), pushing up the Bank's payroll market share to 23.1% (+144bp) and a total of 2,625,000 payrolls.

CaixaBank rolled out its CaixaNegocios commercial strategy in early March 2014 with the aim of strengthening ties with businesses, self-employed workers and small SMEs. The initiative has attracted a total of 257,700 new customers. September witnessed the arrival of AgroBank, a new line of business conceived to boost growth in the agricultural banking sector. Close to 400 specialist branches have been set up and the initiative has already attracted 28,000 customers.

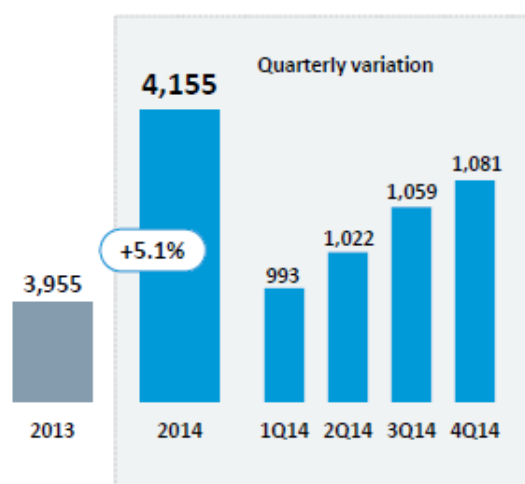


Net interest income grows 5.1% to €4,155 million

The health of the income statement can be seen in the 5.1% year-on-year growth in net interest income, driven by the continuous reduction in the cost of maturity deposits. This has lifted net income from the banking business (interest income + fees and commissions - recurring expenses) to €2,207 million (+24.8%).

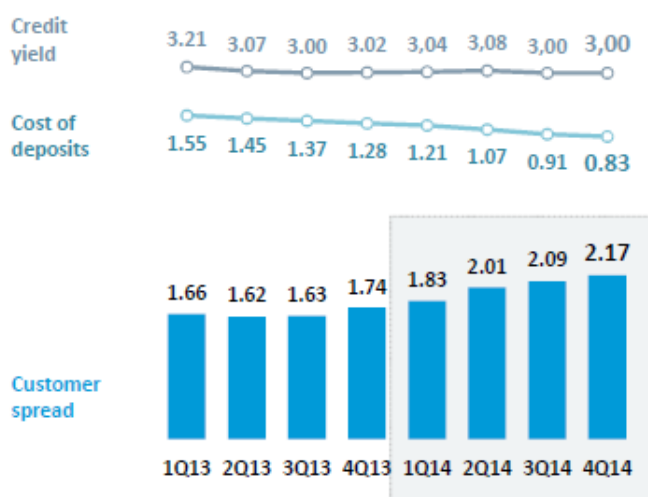
Net interest income

In Million Euros



Customer spread

Percentage



Fees and commissions totalled €1,825 million (+3.7%) due to increased sales of off-balance sheet products, while recurring expenses dropped by 4.4% to €3,773 million thanks to the synergies obtained coupled with the cost streamlining process.

Changes in income and expenses brought pre-impairment income to €3,167 million, up 18% year-on-year without factoring in the non-recurring costs of 2013 (€839 million) or the new contribution paid to the Spanish Deposit Guarantee Fund. The recurring cost-to-income ratio saw a 5.1 percentage point improvement in 2014 to reach 54.4%.

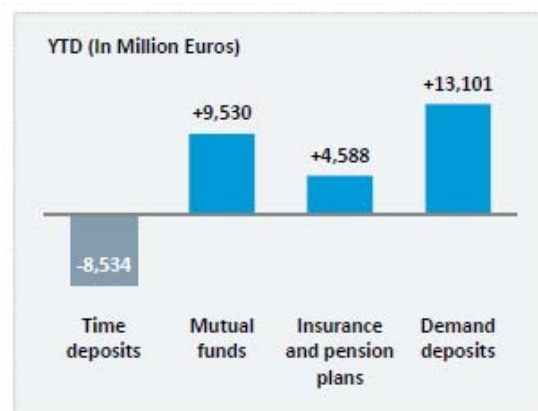
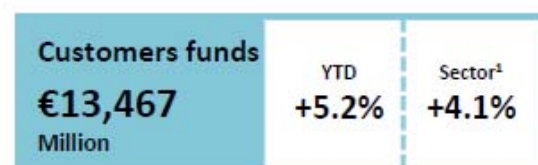
Impairment losses amounted to €2,084 million, down 48.4% on the same period of 2013 due to the lower cost of risk (which fell from 1.86% to 1%) and the reporting in 2013 of one-off impacts such as the €902 million needed to comply with the terms of Royal Decree-Law 18/2012.

Customer funds up €13,467 million (+5.2%)

Total customer funds stood at €271,758 million, up €13,467 million for the year (+5.2%). Market share for customer deposits was 14.5%. Further highlights included an increase in demand and term deposits and a highly significant 15.2% jump (€8,480 million) in off-balance sheet funds (investment funds, pension plans and others). CaixaBank attained a market share of 15.3% (+120bp) in investment funds and 20.6% in savings insurance (+86bp).

In Million Euros	2014	YTD
Client funds	271,758	5.2%
Funds on balance sheet	207,309	2.5%
Of which:		
Demand deposits	93,583	16.3%
Time deposits	72,682	(10.5%)
Insurance	32,275	4.7%
Off-balance sheet funds	64,449	15.2%
Of which:		
Mutual funds	37,482	34.1%
Pension plans	19,941	18.7%

¹ "la Caixa" Research estimation



Gross customer loans and advances totalled €197,185 million (-4.8%). This drop was triggered mainly by the sector-wide deleveraging process aimed mainly at reducing exposure to the real estate developer sector (down 29.6%, or €5,911 million). The drop stood at just 1.7% for the performing loan portfolio (ex real estate developers). Gross lending climbed 1.4% in the fourth quarter (+2.7% if we strip out the real estate developer sector).

CaixaBank remains the market leader for the main financing products: total loans (14.9%), mortgages (15.9%) and factoring and reverse factoring (18.4%). This dominant position stems from the Bank's unwavering commitment to backing the projects and ventures of its customers and financing production. The bank managed to increase new loans by 26% in 2014, with mortgage loans gaining 30% and consumer loans seeing a 19% increase.

NPL ratio falls into single digits to rest at 9.7%

The NPL ratio fell for the fourth straight quarter, shedding 197bp for the year to reach 9.7%, comfortably below the sector average (12.8% in November) and with a coverage ratio of 55%. This improvement was largely driven by the sharp drop of €5,255 million in non-performing assets (-242bp), enabling the bank to offset the impact of the deleveraging process (+45bp). Stripping out the impact of the real estate business, the NPL ratio would drop further to 6.2%.

BuildingCenter sales of real estate up 15%

Thanks to the sterling efforts of BuildingCenter, CaixaBank's real estate subsidiary, sales and rentals of real estate assets totalled €2,512 million for the year, up 15.3% year on year. A total of 23,400 properties were either sold or rented over the year. Sales and rentals of real estate assets, including real estate developers and factoring in the value of the original investment, stood at €5,432 million, with 35,870 properties sold or rented.

At year-end 2014, CaixaBank's real estate assets held for lease stood at €2,771 million, net of provisions. The net carrying amount of foreclosed real estate assets available for sale amounted to €6,719 million, with coverage of 55%.

Capital strength and outstanding liquidity position

At 31 December 2014, CaixaBank's Common Equity Tier 1 (CET1) under Basel III stood at 13.1% according to gradual transition criteria for the year, up 128 basis points in 2014. Applying the fully loaded approach (based on rules to apply at the end of the transition period), CaixaBank has a CET1 ratio of 12.3%.

Moreover, the Bank's ample liquidity of €56,665 million means that it is less reliant on ECB financing, which has seen a net reduction of €8,612 million. In 2014, CaixaBank fully repaid the ECB the €15,480 million previously extended under a LTRO and has secured new targeted long-term funding from the ECB (TLTRO) of €6,868 million.



"la Caixa" Welfare Projects: 9.5 million beneficiaries

Welfare Projects was successfully merged into "la Caixa" Banking Foundation in 2014. This structural change, which was prompted by the need to adapt to the new legal framework, has led to an increase in operational capacity and further reinforced - if indeed this is possible - the Foundation's unwavering commitment to society, which has remained its true calling and one of its hallmarks ever since it started life in 1904.

Under the chairmanship of Isidro Fainé and the general management of Jaume Giró, **the "la Caixa" Banking Foundation intends to keep its Welfare Projects budget unchanged at €500 million for 2015**, the same figure as for the last seven years. This allowance for welfare projects makes "la Caixa" Banking Foundation Spain's leading private foundation and one of the most important in the world.

The foundation will continue to focus heavily on social programmes geared towards pressing social issues, such as unemployment, the fight against social exclusion and access to housing. The bulk of the investment, **representing 67.1% of the total budget (€336 million), will be earmarked for social and welfare initiatives**; cultural work will be awarded 13.4% (€67 million); science and environmental programmes 11.2% (€56 million); and support for education and research 8.2% (€41 million).

The commitment of Welfare Projects to creating jobs and fostering employment is articulated chiefly through its **job integration programme**, called Incorpora, which in 2014 provided **18,405 jobs to people at risk of exclusion** (up 3,767 year on year) at 4,426 companies across Spain. Since 2006, the scheme has secured jobs for a total of 86,176 people at 31,207 different companies. As part of the same project, the Reincorpora programme has provided training to 1,884 inmates nearing the end of their prison term in order to help them fit back into society and find work.

The **CaixaProinfancia programme was set up to combat child poverty** and has handed out aid to **56,875 socially excluded children**. The budget awarded to this worthy initiative was raised to €43.8 million in 2014. **Fundación de la Esperanza** (Hope Foundation) undertakes direct action to combat social exclusion in the district of Gótico, Raval and Ciutat Vella in Barcelona, and has lent its support to over 1,600 people in its first year of life.

Health promotion is another cornerstone of Welfare Projects. On the subject of hospital treatment and care, support has been given to **13,956 terminally ill patients nearing the end of their life** as part of an initiative that also provides support for their family members (19,630 individuals cared for). Welfare Projects has extended the scope of the project to over 104 hospitals across Spain.

Health promotion knows no boundaries, as shown by the **international cooperation programme in developing countries**. A prime example of this is the ambitious "la Caixa" programme to fight malaria, which was rolled out in 2014 alongside the **Bill & Melinda Gates Foundation** in a bid to eradicate the disease in Sub-Saharan Africa. In the experimental phase, the vaccine under development by the team led by Dr. Pedro Alonso is currently achieving success rates of close to 50% in children

aged 5 to 17 months. A total of 2.1 million children have already been immunised thanks to the joint Child Vaccination programme between "la Caixa" and GAVI Alliance and a total of 65 cooperation projects are currently under way to champion social and economic development across 24 low-income countries.

The elderly and housing: key priorities

Since its inception, "la Caixa" has always strived to foster active and healthy ageing. The elderly remain a key priority for the entity and **763,250 individuals have taken part in the various initiatives rolled out under the Gente 3.0 programme of Welfare Projects** at a total of 609 centres across Spain.

In addition, the various **programmes to provide access to social housing** (affordable housing through both charity-assisted renting and social renting) currently have **upwards of 23,600 flats available to low-income members of society** at below market prices.

The Banking Foundation is backing 950 projects being developed by community-interest entities across Spain through **aid schemes** (with investment of €20 million) and initiatives aimed towards **intercultural coexistence, prevention of violence and victim support, volunteering** (with over 12,000 people actively involved), and **care for hospital children**; these being just some of the many areas Welfare Projects targeted in 2014.

Welfare Projects continues to view education as the best driver of individual and social progress. The **eduCaixa platform** is an excellent example of the Banking Foundation's support for training initiatives aimed at students aged 3 to 18 and for teachers and parents associations. Over two million pupils from 7,755 different schools have already taken part in these educational schemes.

Support for research and culture

On the subject of science outreach, **CosmoCaixa Barcelona** has just celebrated its tenth anniversary, a period during which the science museum has welcomed over **seven million visitors**. In addition to this commitment to science outreach, we have the Banking Foundation's tireless support for research, embracing all areas of investigation and the most prevalent diseases in the world today: research into AIDS (**IrsiCaixa**), cancer ("**la Caixa**" **Molecular Therapy Unit at Hospital Vall d'Hebron**); Alzheimer's, Parkinson's and neurodegenerative diseases (working alongside CSIC and, within the framework of the BarcelonaBeta project, with Fundació Pasqual Maragall), cardiovascular diseases (with CNIC as partner) and genetic diseases (with IDIBGI as partner), among others. On top of this, the Banking Foundation actively supports universities and handed out a further 200 grants in 2014, allowing students to study postgraduate courses at the world's finest universities.

Turning to the environment, Welfare Projects rolled out a total of 219 projects, with staff hiring for these focusing on individuals at risk of social exclusion. A total of 987 beneficiaries found work through these projects in 2014 alone.

Cultural projects also enjoyed considerable attention in 2014. During the year, **Welfare Projects broadened its network of cultural centers** by unveiling **CaixaForum Zaragoza**, which in barely six months has already become a landmark in Aragon's capital city. This latest opening underscores the entity's vocation to staging as many cultural events as possible to interest people from all walks of life. This impressive range of cultural events now includes the **new CaixaForum Seville**, which is under construction, and the entity's project to restore and refit the Seville Royal Dockyards (Atarazanas de Sevilla).

On the subject of exhibitions, events included **Sorolla. The colour of the sea; The captive beauty. Small treasures from the Prado Museum; Genesis. Sebastião Salgado; or Pixar. 25 years of animation**, all of which proved hugely successful with the public at the different CaixaForums staged during the year. In total, over 4.6 million people marvelled at the social, cultural, scientific and educational exhibitions organised by "la Caixa" Welfare Projects. This figure is 1.9% higher than in 2013.

The entity's cultural commitment was also borne out through support for **Fundación Arte y Mece-nazgo**, the staging of El Mesías participatory concerts and conferences and other events relating to the humanities (with Palau Macaya the flagship centre here), promotion of the Classic Library Collection edited by the Royal Spanish Academy (RAE), and aid for cultural projects with a social impact.

In short, a busy year in which all the activities, programmes and initiatives organised and promoted by the "la Caixa" Banking Foundation through its Welfare Projects arm reached out to 9,562,191 people (surpassing the 8,784,752 participants in 2013).

This figure for "la Caixa" Welfare Projects is mightily impressive and the entity would like to thank all the volunteers, collaborators, employees, clients and shareholders who made this possible. Titled simply "**Thank you**", the "**la Caixa**" **Banking Foundation's first advertising campaign** is dedicated to all those who through their trust and aid have helped build a fairer society and one richer in opportunities.

Key indicators for the CaixaBank Group

€ million	January - December		Change	4Q14	3Q14
	2014	2013			
INCOME STATEMENT HEADINGS					
Net interest income	4,155	3,955	5.1%	1,081	1,059
Gross income	6,940	6,365	9.0%	1,696	1,641
Recurring pre-impairment income ¹	3,167	2,685	18.0%	747	701
Pre-impairment income	3,167	1,579	100.5%	747	701
Profit attributable to the Group	620	316	96.3%	154	161
BALANCE SHEET					
Total assets	338,623	333,479	340,320	1.5%	(0.5%)
Equity	25,232	24,946	23,946	1.1%	5.4%
Customer funds	271,758	267,281	258,291	1.7%	5.2%
Customer loans, gross	197,185	194,447	207,231	1.4%	(4.8%)
EFFICIENCY AND PROFITABILITY (last 12 months)					
Cost-to-income ratio (Total operating expenses/ gross income)	54.4%	59.5%	75.2%	(5.1)	(20.8)
Recurring cost-to-income ratio ¹	54.4%	57.0%	59.5%	(2.6)	(5.1)
ROE (profit attributable to the Group/ average equity)	2.7%	1.4%	1.4%	1.3	1.3
ROA (net profit / average total assets)	0.2%	0.1%	0.1%	0.1	0.1
RORWA (net profit / risk-weighted assets)	0.5%	0.3%	0.2%	0.2	0.3
ROTE (attributable profit / average tangible equity)	3.4%	1.8%	1.7%	1.6	1.7
RISK MANAGEMENT					
Non-performing loans	20,110	21,440	25,365	(1,330)	(5,255)
Non-performing loan (NPL) ratio	9.7%	10.5%	11.7%	(0.8)	(2.0)
Non-performing loan (NPL) ratio stripping out real estate developers	6.4%	6.7%	6.8%	(0.3)	(0.4)
Provisions for non-performing loans	11,120	12,353	15,478	(1,233)	(4,358)
NPL coverage ratio	55%	58%	61%	(3)	(6)
NPL coverage ratio including collateral	132%	135%	140%	(3)	(8)
NPL coverage ratio stripping out real estate developers	54%	59%	63%	(5)	(9)
Foreclosed available for sale real estate assets	6,719	6,956	6,169	(237)	550
Foreclosed available for sale real estate assets coverage ratio	55%	53%	54%	2	1
of which: land coverage	65%	63%	65%	2	0
LIQUIDITY					
Liquidity	56,665	61,172	60,762	(4,507)	(4,097)
Loan to deposits	104.3%	102.4%	109.9%	1.9	(5.6)
CAPITAL ADEQUACY - BIS III					
Common Equity Tier 1 (CET1)	13.1%	12.8%	11.8%	0.3	1.3
Tier Total	16.2%	16.0%	14.6%	0.2	1.6
RWAs	139,519	141,764	152,502	(2,245)	(12,983)
Surplus CET1	12,011	11,823	11,178	188	833
Surplus Tier Total	11,489	11,275	10,073	214	1,416
Leverage ratio	5.8%	5.7%	5.4%	0.1	0.4
Common Equity Tier 1 (CET1) fully loaded	12.3%	12.3%	11.3%	0.0	1.0
SHARE INFORMATION					
Share price (€/share)	4.361	4.821	3.788	(0.460)	0.573
Market capitalization	24,911	27,233	19,045	(2,322)	5,866
Number of outstanding shares (millions)	5,712	5,649	5,025	63	687
Book value per share - fully diluted (€/share)	4.42	4.42	4.36	0.00	0.06
Tangible book value per share - fully diluted (€/share)	3.54	3.53	3.46	0.01	0.08
Number of shares - fully diluted (millions)	5,712	5,649	5,498	63	214
Net income attributable per share (EPS) (€/share) (12 months)	0.11	0.06	0.06	0.05	0.05
Average number of shares - fully diluted (millions)	5,712	5,648	5,416	64	296
PER (Price/ Profit)	39.65	80.35	64.96	(40.70)	(25.31)
Tangible PBV (Market value/ book value of tangible assets)	1.23	1.37	1.09	(0.14)	0.14
BANKING BUSINESS AND RESOURCES (Units)					
Customers (millions)	13.4	13.5	13.6	(0.1)	(0.2)
CaixaBank Group Employees	31,210	31,517	31,948	(307)	(738)
Branches in Spain ²	5,251	5,391	5,436	(140)	(185)
ATMs	9,544	9,659	9,597	(115)	(53)

Note: The financial information has been restated to reflect the impact of the new accounting entries of the contributions to the Deposit Guarantee Fund, as per IFRIC 21.

(¹) Figures for 2013 do not include the €-267 million impact of the new accounting entry for the Spanish Deposit Guarantee Fund, nor €-839 million for Group restructuring costs.

(²) Excludes relocated client support centres, attached to another branch, both at 31 December 2014 and previous quarters.

Consolidated Profit & Loss Account, CaixaBank Group

€ million	January-December		Change %
	2014	2013	
Financial income	8,791	9,301	(5.5)
Financial expenses	(4,636)	(5,346)	(13.3)
Net interest income	4,155	3,955	5.1
Dividends	185	107	73.4
Share of profit (loss) of entities accounted for using the equity method	306	339	(9.8)
Net fees and commissions	1,825	1,760	3.7
Gains on financial assets and exchange rate differences	640	679	(5.8)
Other operating income and expenses	(171)	(475)	(64.0)
Gross income	6,940	6,365	9.0
Recurring expenses	(3,773)	(3,947)	(4.4)
Extraordinary expenses		(839)	
Pre-impairment income	3,167	1,579	100.5
Recurring pre-impairment income¹	3,167	2,685	18.0
Impairment losses on financial assets and others	(2,579)	(4,329)	(40.5)
Gains/(losses) on disposal of assets and others	(386)	1,770	
Pre-tax income	202	(980)	
Income tax	418	1,288	(67.6)
Profit for the period	620	308	101.1
Minority interest		(8)	
Profit attributable to the Group	620	316	96.3

Note: The income statement for 2013 has been restated to reflect the impact of the new accounting entries of the contributions to the Deposit Guarantee Fund, as per IFRIC 21 and IAS 8.

(1) Figures for 2013 do not include the €-267 million impact of the new accounting entry for the Spanish Deposit Guarantee Fund, nor €-839 million for Group restructuring costs.