



## ***CaixaBank Group FY 2012 Financial Results***

*Barcelona, 1<sup>st</sup> February, 2013*

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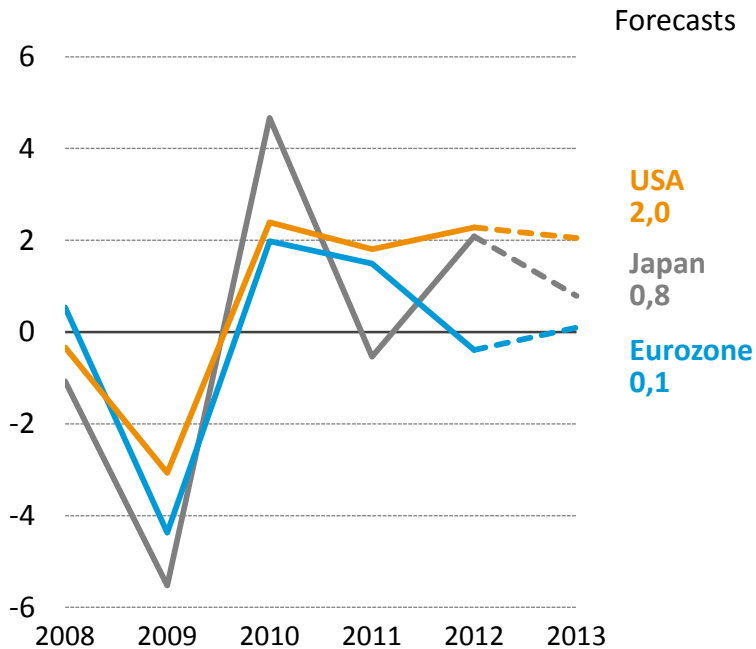
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In so far as it relates to results from investments, this financial information from the CaixaBank Group for FY12 has been prepared mainly on the basis of estimates.

# Global outlook: Weak but improving

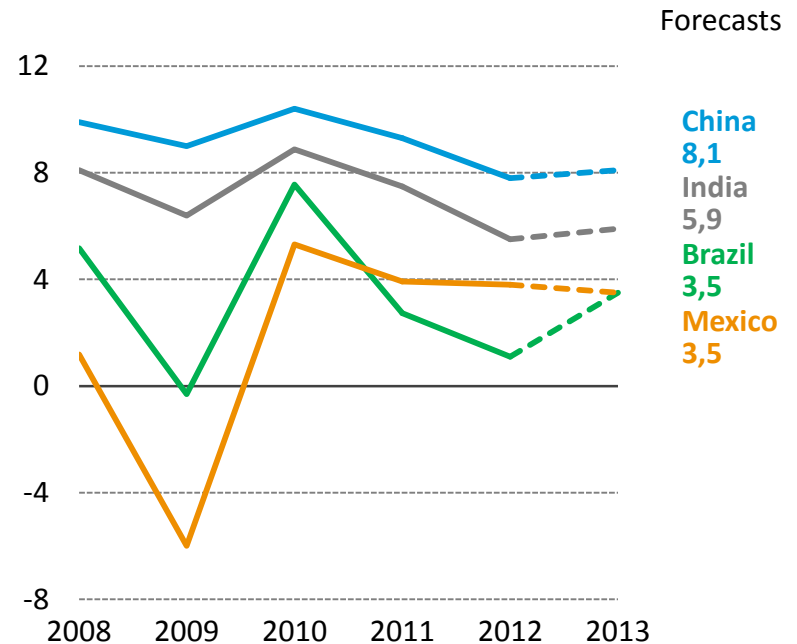
## Advanced economies: 3 continents, 3 speeds

Real GDP, annual % change



## Emerging economies: picking up modestly

Real GDP, annual % change

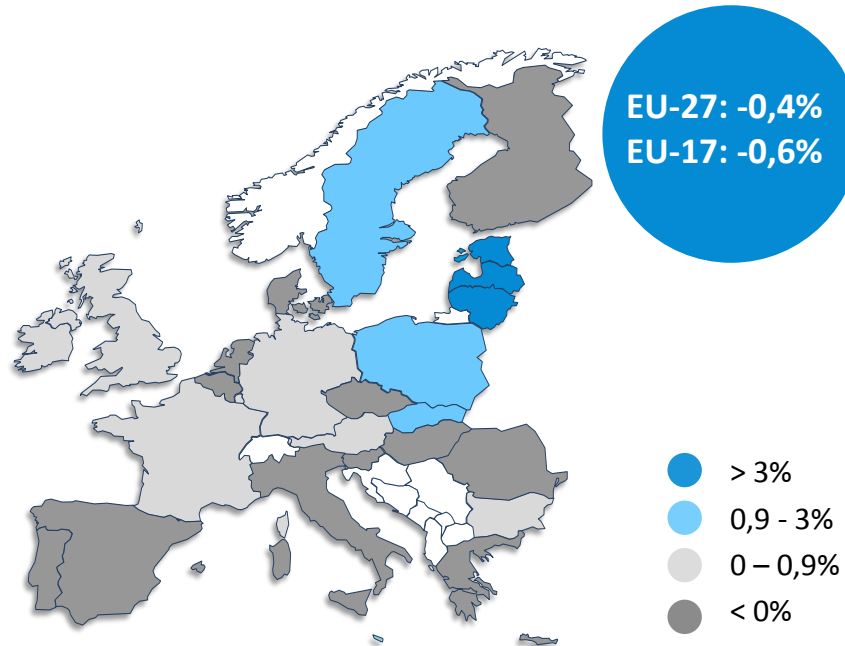


Source: Research Department, "la Caixa"

# Eurozone: Still in recession

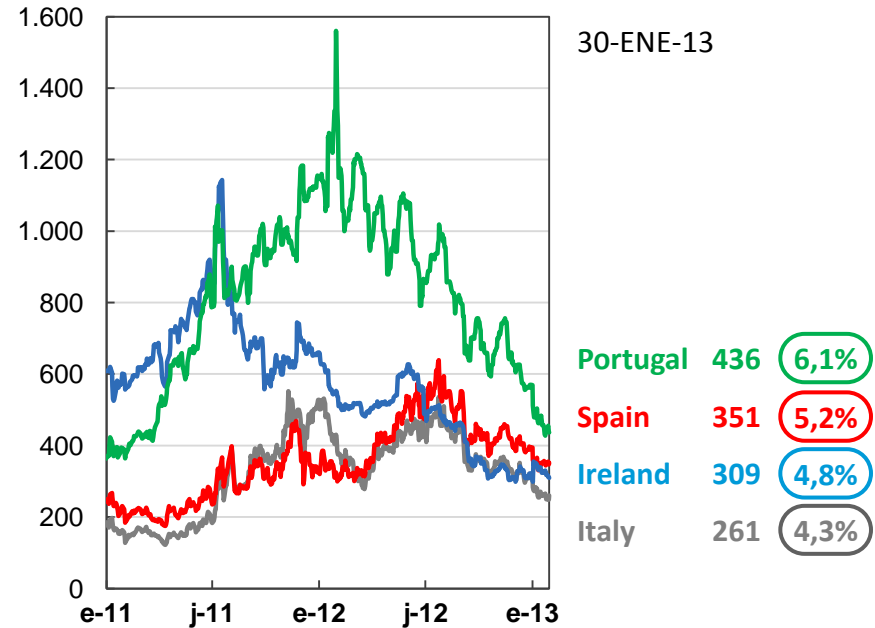
## Annual GDP growth\*

%



## Yield spread with the German bund

10 year bonds, basis points



\* Latest available data  
Source: Eurostat and Bloomberg

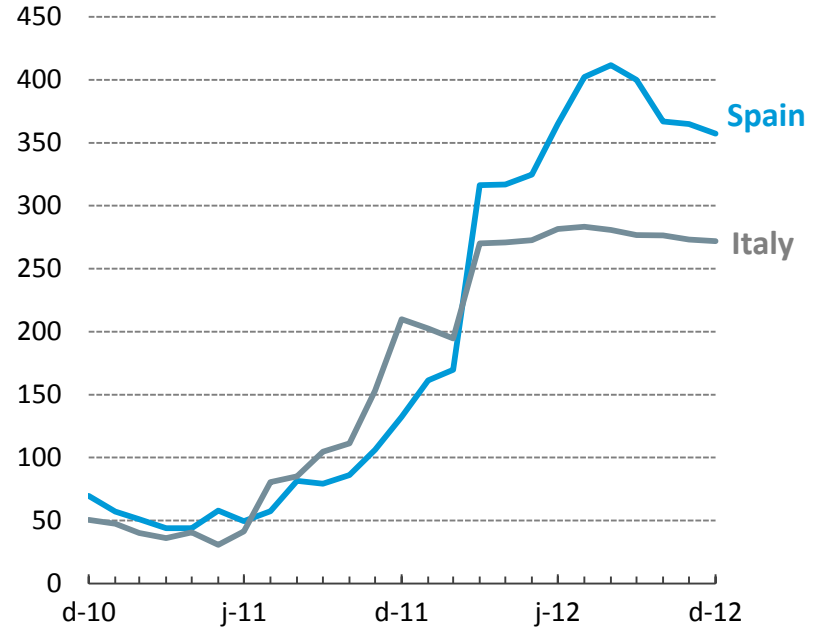
## Eurozone: ECB to the rescue

### ECB measures

- Interest rates at minimum levels
- 3 year LTROs
- Public debt purchase program (OMT)
- But the periphery still faces financing problems

### ECB gross lending

Billions of euros



Source: Bloomberg

## Eurozone: A big challenge

Moving towards a genuine economic and monetary union

### Banking union

→ Unified banking supervision



→ Unified resolution authority



→ European Deposit Guarantee Fund



### Fiscal union

→ Deficit and debt rules



→ Budget coordination



→ Debt mutualization

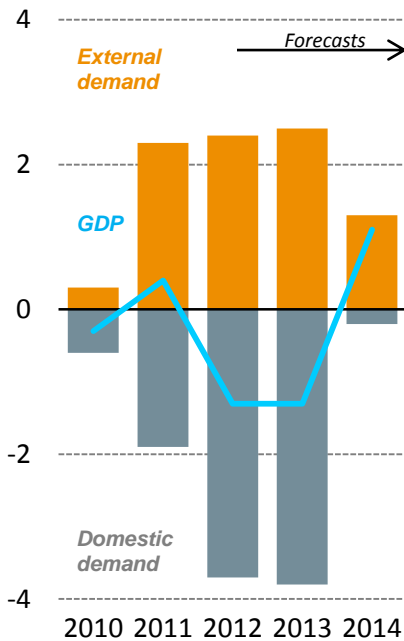


# Spain: Three challenges

## 1. Competitiveness and employment

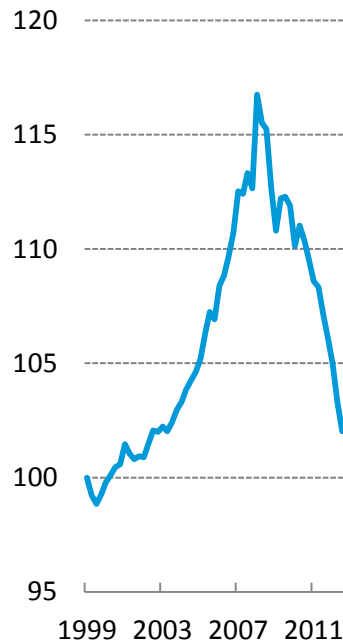
### GDP

% contribution to GDP



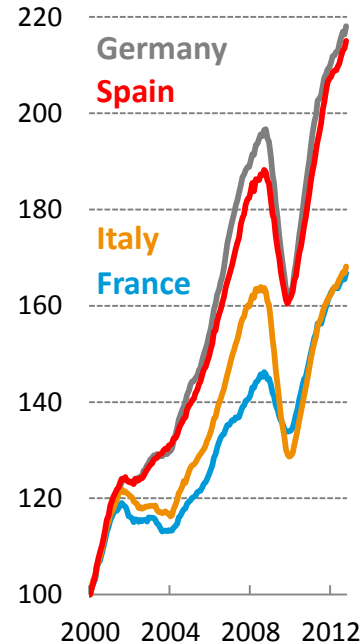
### Unit labor costs

Relative to Eurozone (1999=100)



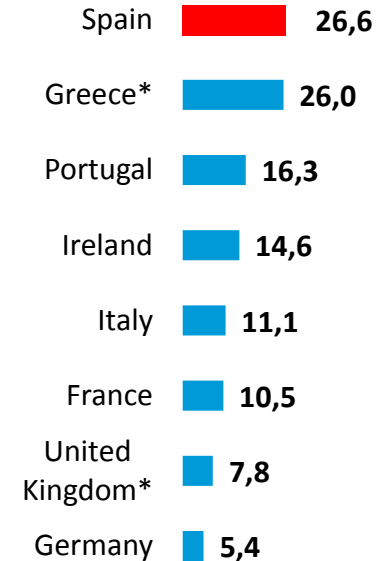
### Exports

Goods and services  
Cumulative 12 months  
Base 100, January 2000



### Unemployment

% November 2012



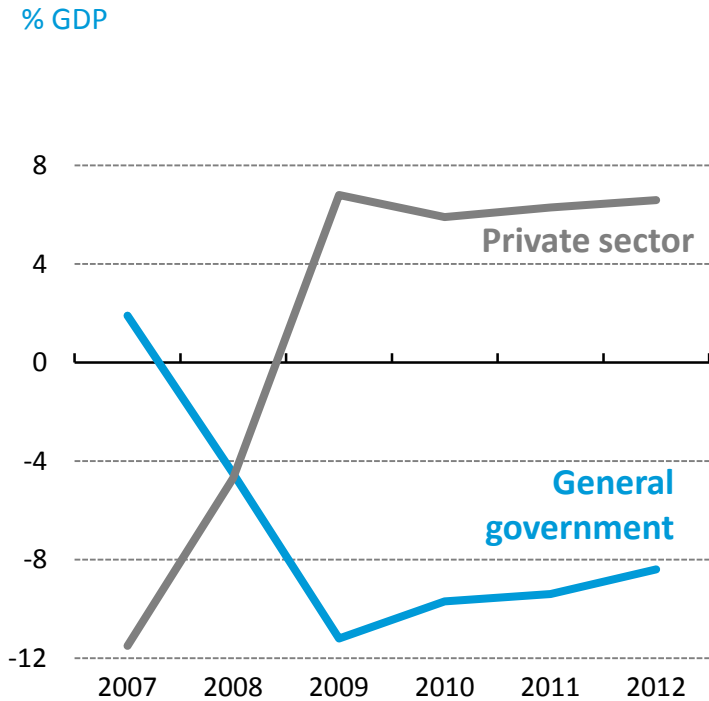
\* September

Source: Eurostat, INE and own estimates

# Spain: Three challenges

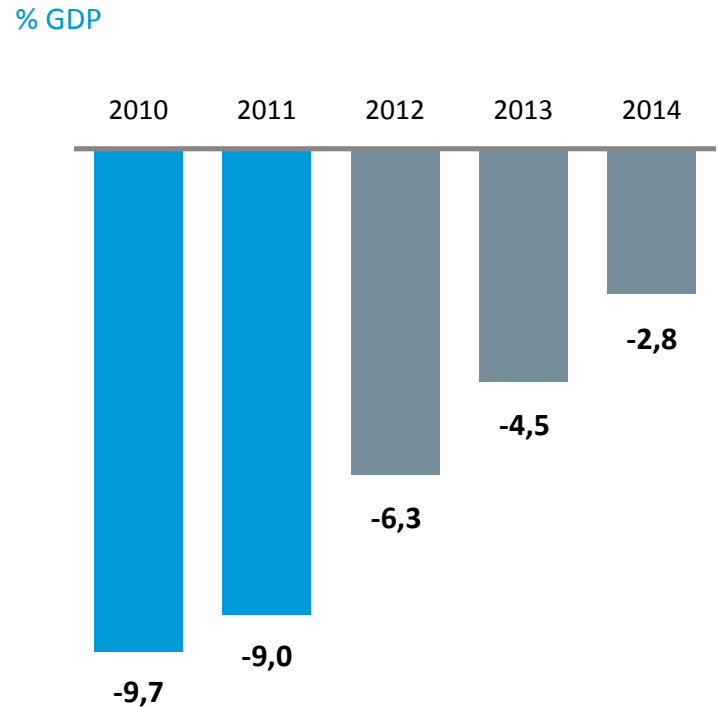
## 2. Deleveraging

### Net lending (+) or borrowing (-) by sector



Adjustment is taking place

### Fiscal targets \*



Meet the targets

\* Deficit excluding public recapitalization costs  
Source: INE and own estimates



## Spain: Three challenges

### 3. Restructuring the financial system

Transparency



Stress tests

Loss recognition



Royal Decrees, Sareb

Recapitalization



New requirements (9%), public and private injections

Improving  
profitability



Revenue increases



And cost adjustments

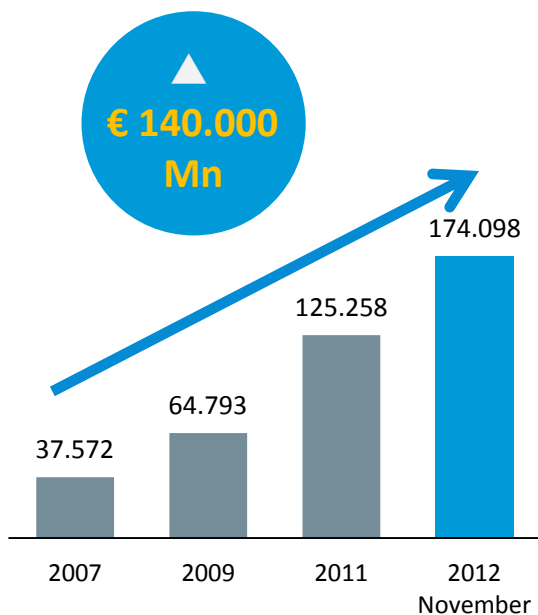


Focus  
2013

# Financial System: Impairments and recapitalization

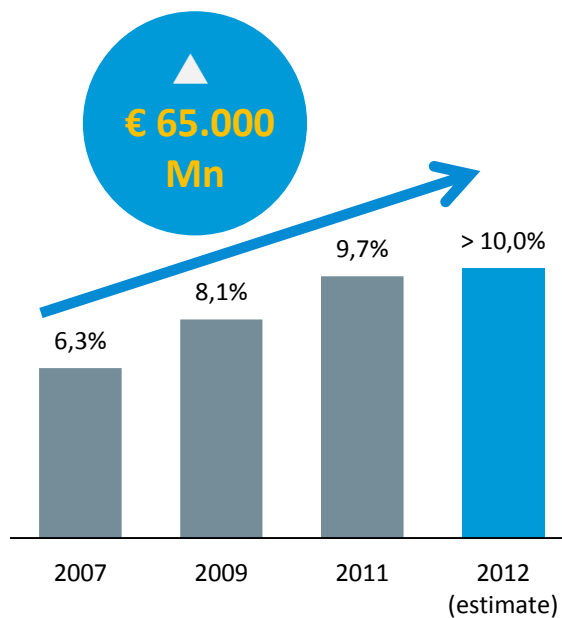
## Provisions

Million Euros



December 2012 (estimate):  
**€ 200.000 Mn**

## Evolution of Core Capital\*



Approved State Aid in 2012:  
**€ 38.833 Mn**

## Sareb

Million Euros after haircut

	Transferred assets
BFA	<b>22.318</b>
Catalunya Banc	<b>6.708</b>
NCG Banco	<b>6.122</b>
Banco Valencia	<b>1.894</b>
Group 2 (est.)	<b>~15.000</b>

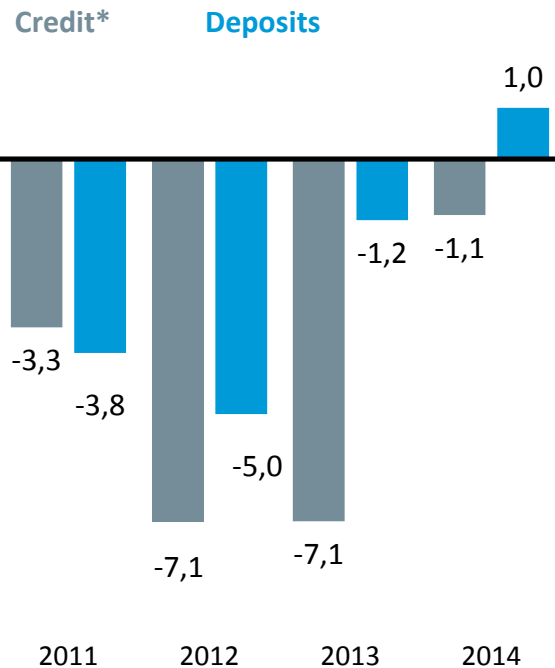
**>50%**  
Problematic assets in the system

\*Source: Bank of Spain, AEB,CECA and own estimates

# Financial System: Profitability under stress (1)

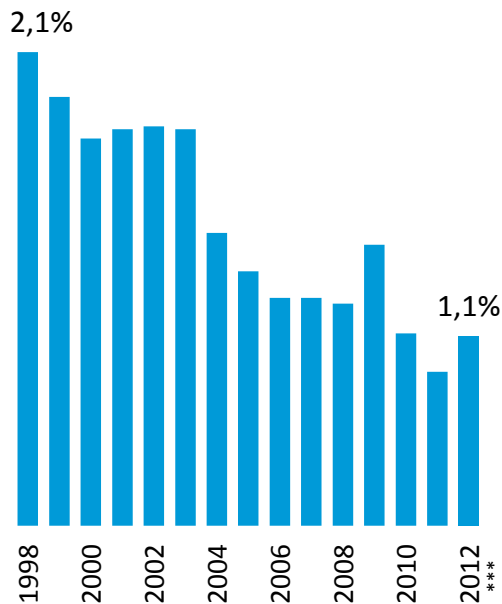
## Business volume

Percent change

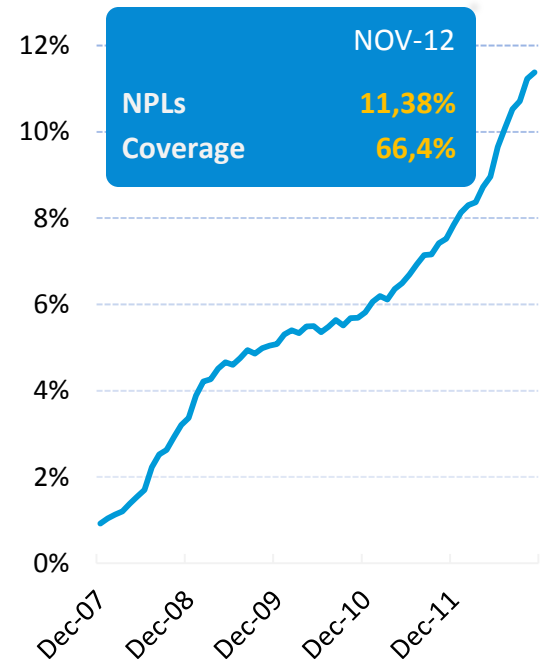


## Interest margin

% of average total assets\*\*



## Non-performing loans



\* Includes credit transferred to Sareb

\*\* Non-consolidated data

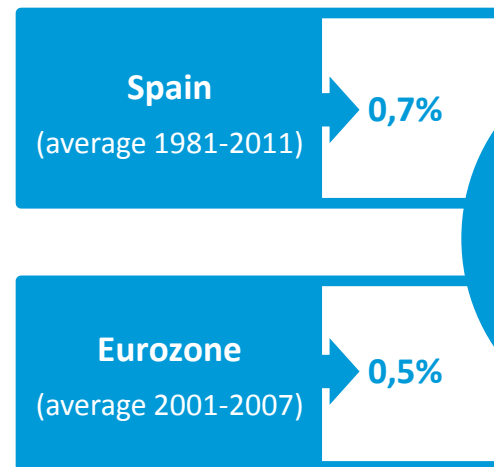
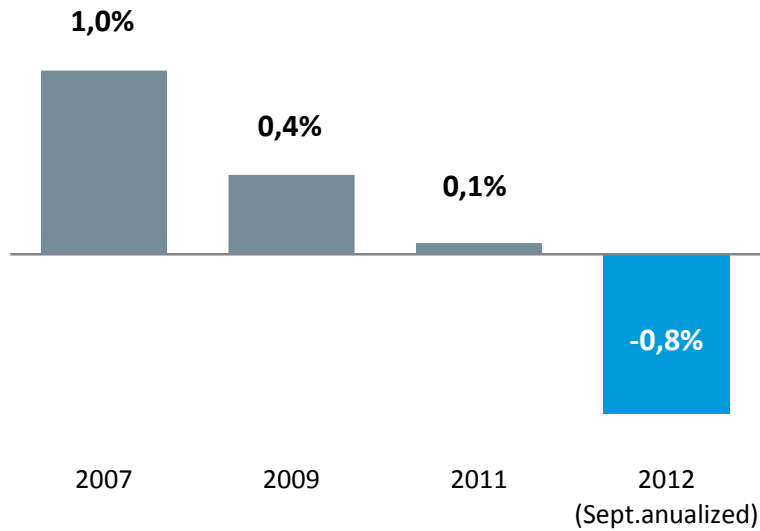
\*\*\* As of September, annualized data

Source: Bank of Spain and own computations

## Financial System: Profitability under stress (2)

### Return on Assets (RoA)

Spanish institutions\*



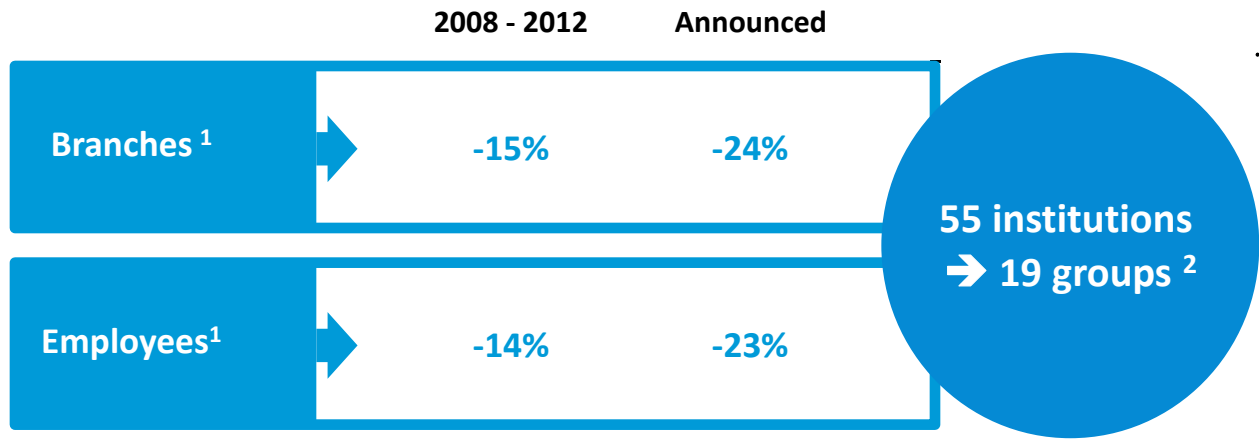
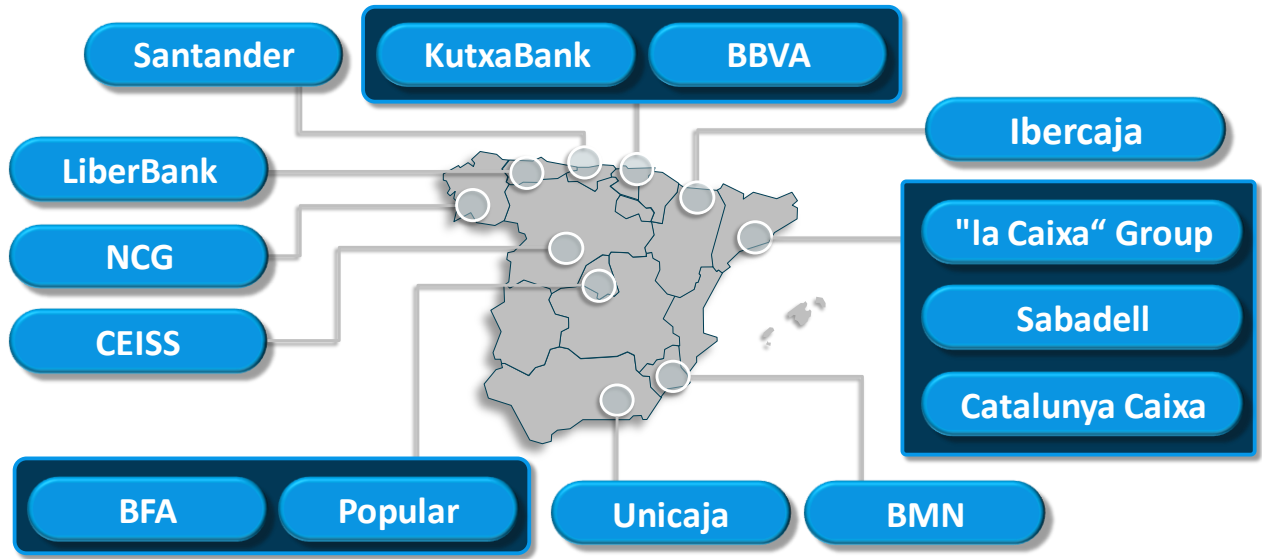
**Unsustainable profitability**

**RoE**



\* Net profit over average total assets. Non-consolidated data  
Source: Bank of Spain

# Financial system: Consolidation and capacity adjustment



(1) Credit institutions

(2) Includes banks with assets above €10bn in 2008 and all the savings banks

Source: Bank of Spain and own estimates

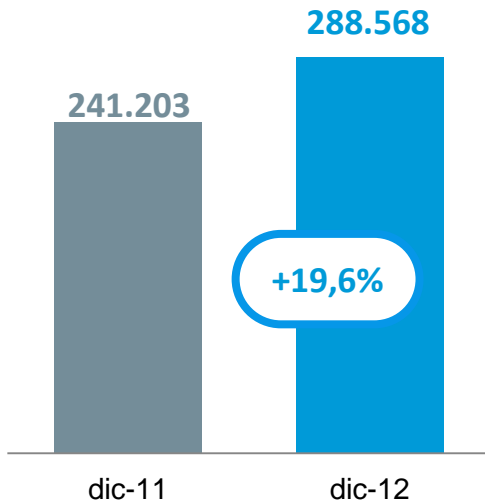


CaixaBank

## Strong increase in business volumes

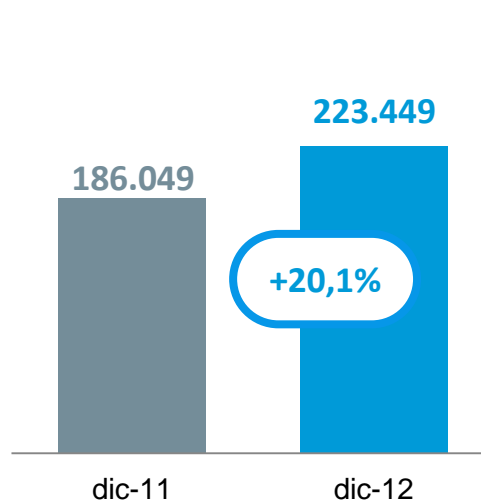
### Customer funds

Million Euros



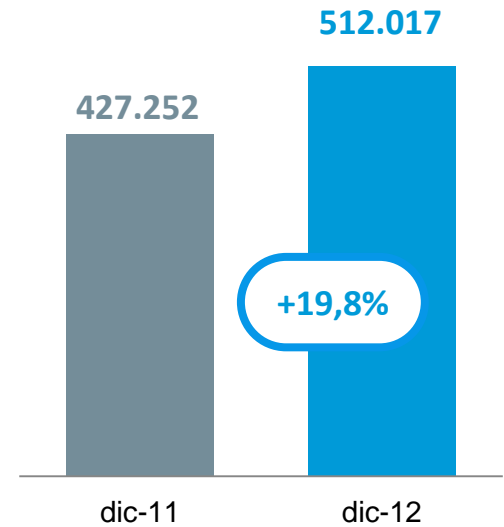
### Loan-book

Million Euros



### Business volumes

Million Euros



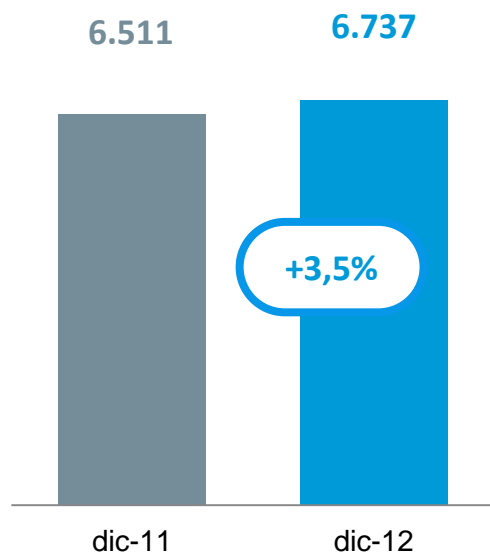
**1st Retail banking**  
institution in Spain

**26,1%**  
Customer penetration

## Solid recurrent results

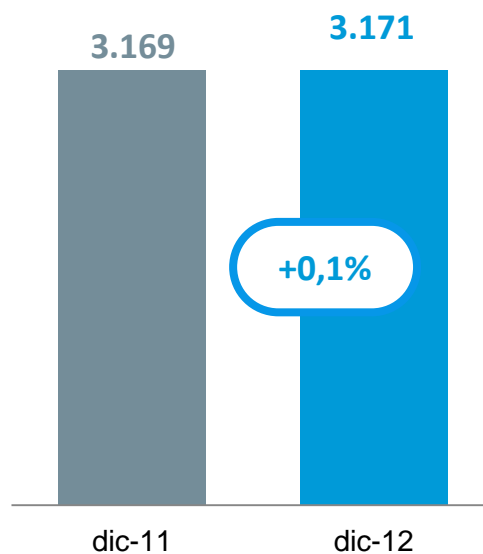
### Gross income

Million Euros



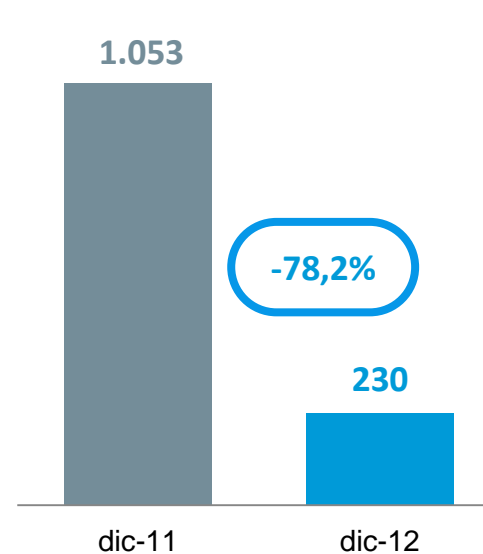
### Pre-impairment income

Million Euros



### Profit attributable to the Group

Million Euros

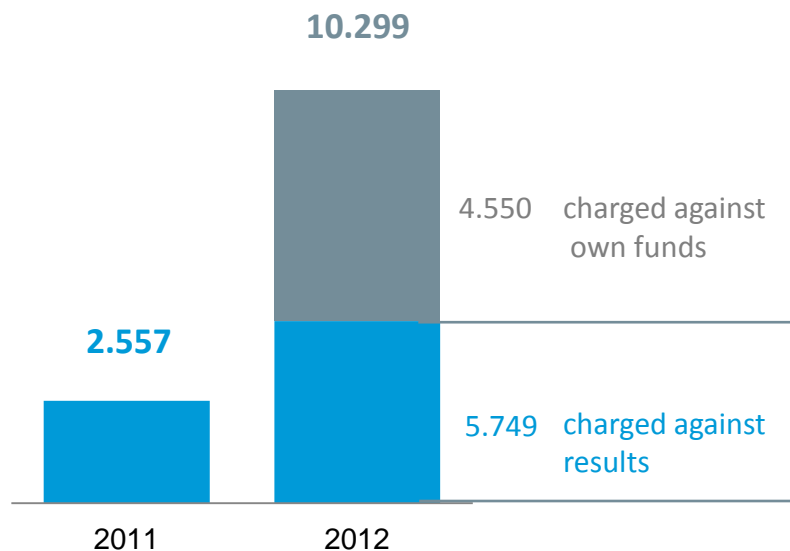




## Huge efforts in provisioning policy

### Provisions and write-offs

Million Euros



### Huge provisioning effort

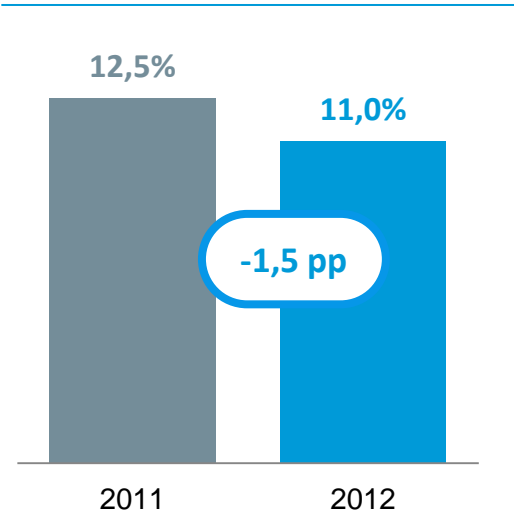
- RD 2/12: (€ 2,4 bn)
- RD 18/12: (€ 1,2 bn)
- Other provisions (€ 2,1 bn)

**87%**  
of RD 2/12  
& 18/12 already  
covered



# Financial strength

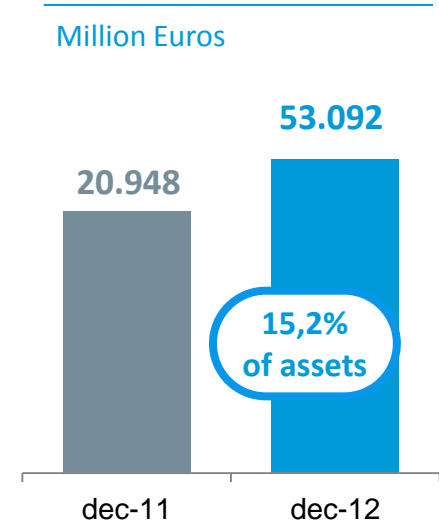
## Core capital



## Asset quality

	Dec.2012	Sector*
NPLs	8,6%	11,4%
Coverage	60%	66%
With collateral	142%	

## Liquidity



## Stress test

Sept 2012 adverse scenario



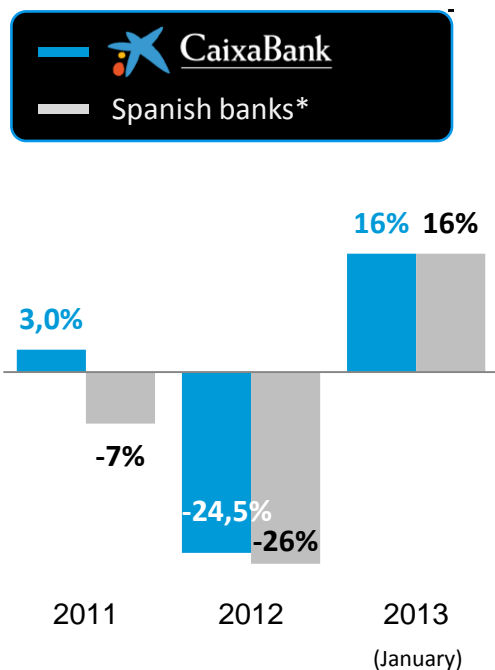
Capital buffer	€ 5,7 bn
Expected loss	13,0% vs 17,4% Sector

\* Sector NPLs and coverage as of November 2012  
Source: Bank of Spain and own computations

# Share price performance, shareholders base and capital gains

## Share price performance

Includes dividends except in 2013, in percentage



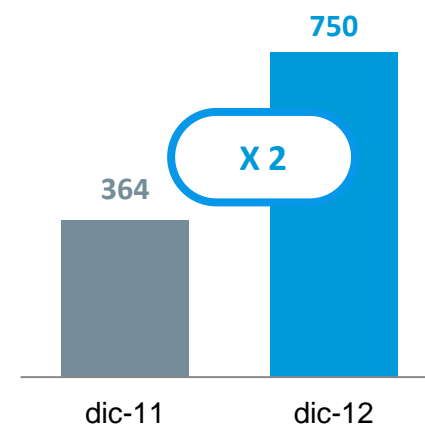
Base 100 in 31/12/2010



Dividend paid in 2012	<b>0,23 €</b>
Dividend yield 2012**	<b>7,9%</b>
Price / Book value (31dec)	<b>0,58</b>

## Number of shareholders

Thousands



\* Simple mean of the change in share prices across Spanish banks, excluding CaixaBank (BTO, BKIA, BKT, BBVA, POP, SAB, SAN).

\*\* Over average share price in 2012

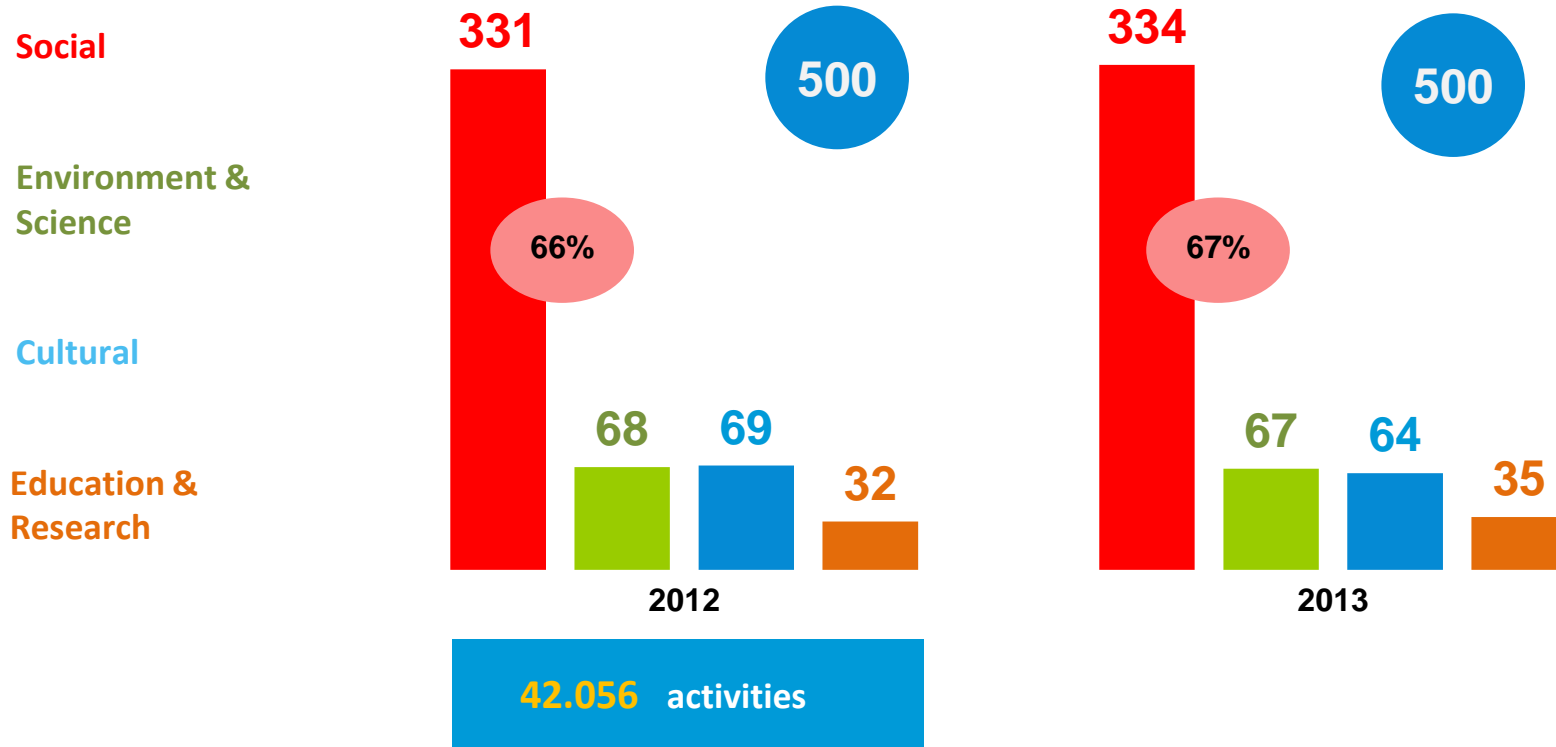
Source: Bloomberg



Obra Social "la Caixa"

## Budget evolution

Million Euros



## 2012 Programs: Support for vulnerable groups

### Child poverty



**56.941**

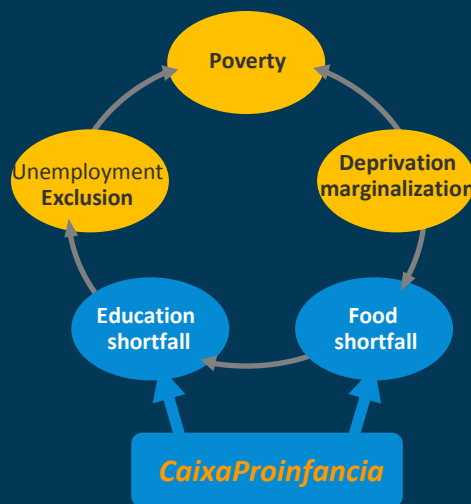
children

**€ 46**

Mn

**10**

cities



### Aid distribution

**44%** Educational support

**37%** Food and hygiene

**12%** Psychosocial care

**7%** Extra-school activities

### Beneficiary profile

**45%** Single parent families

**27%** With three or more children

**54%** Unemployed head of the family

## 2012 Programs : Support for vulnerable groups

### Incorpora



**10.504**

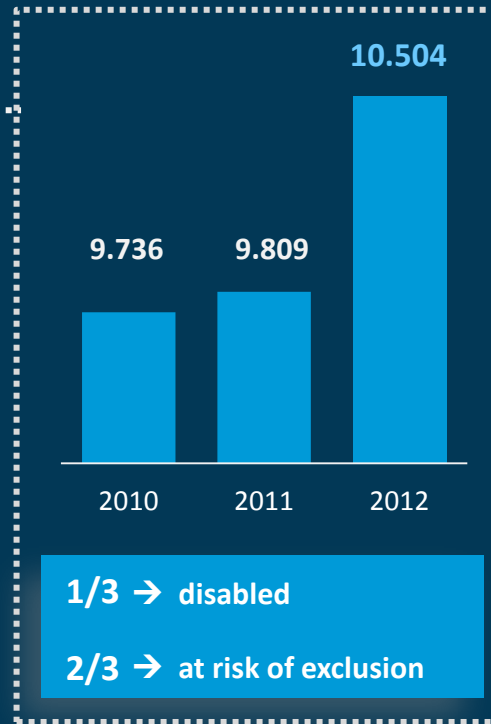
Labor opportunities

**4.013**

companies

**35.256**

people waiting



### Beneficiary profile

**18%** Young people

**16%** Immigrants

**8%** Over 45 years old

**16%** Physically disabled

**6%** Psychically disabled

...

## 2012 Programs : Support for vulnerable groups

### Older people



**598**

centers

**636.911**

beneficiaries

**12.903**

activities

**3.768**

volunteers

### Comprehensive end-of-life care



**12.422**

patients

**17.468**

Family members

**29**

teams

**133**

professionals

**55**

hospitals

**62**

Home care units



## 2012 Programs : Support for vulnerable groups

### Support to social organizations

#### Projects via tenders



- Disabled and dependent **285**
- Poverty – social exclusion **260**
- Labor insertion **234**
- Cultural projects with social impact **36**
- Social action **81**
- Interculturalism **47**
- Social undertaking **20**

**963**

projects

**275.710**

beneficiaries

**€ 18,9**

Mn

#### Activities supported by the network



- Culture, science & environment **6.135**
- Education/ sports base **4.368**
- Social & welfare **3.996**
- Poverty – social exclusion **3.575**
- Elderly **1.786**
- Volunteering **435**
- Labor insertion **395**

**20.690**

grants

**620.700**

beneficiaries

**€ 23,8**

Mn

## 2012 Programs : Support for vulnerable groups

### Microbank



- Social Microcredit
- Family assistance
- Financial microcredit

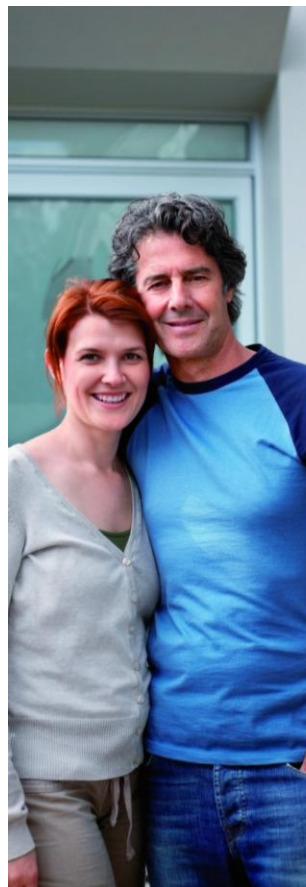
€ 257

Mn

51.987

financed projects

### Housing



8.000

Total housing

4.000

Affordable housing

4.000

supportive rentals

5.350

allocated

### International cooperation



71

projects

26

countries

254.710

children vaccinated

## 2012 Programmes : Promoting science and culture

### Science, Culture and Education



**CosmoCaixes**  
≈ 1,1 Mn visitors

**CaixaForums**  
> 2,4 Mn visitors

**Exhibitions**  
> 1,4 Mn visitors



Participative &  
school concerts

**296.697**  
attendees

**628**  
concerts



**eduCaixa**

> 1,1 MM  
school children

**3.985**  
schools

**Activities 26.545**



## 2012 Programs : Investing for the future

### Grants



100 Spain  
122 Abroad  
40 Biomedicine

**3.412**

“la Caixa” scholarships

### Research



- Aids
- Oncology
- Cardiovascular
- Endoscopic surgery
- Alzheimer's

### Environment



**Natural spaces**

**271**

projects

**1.600**

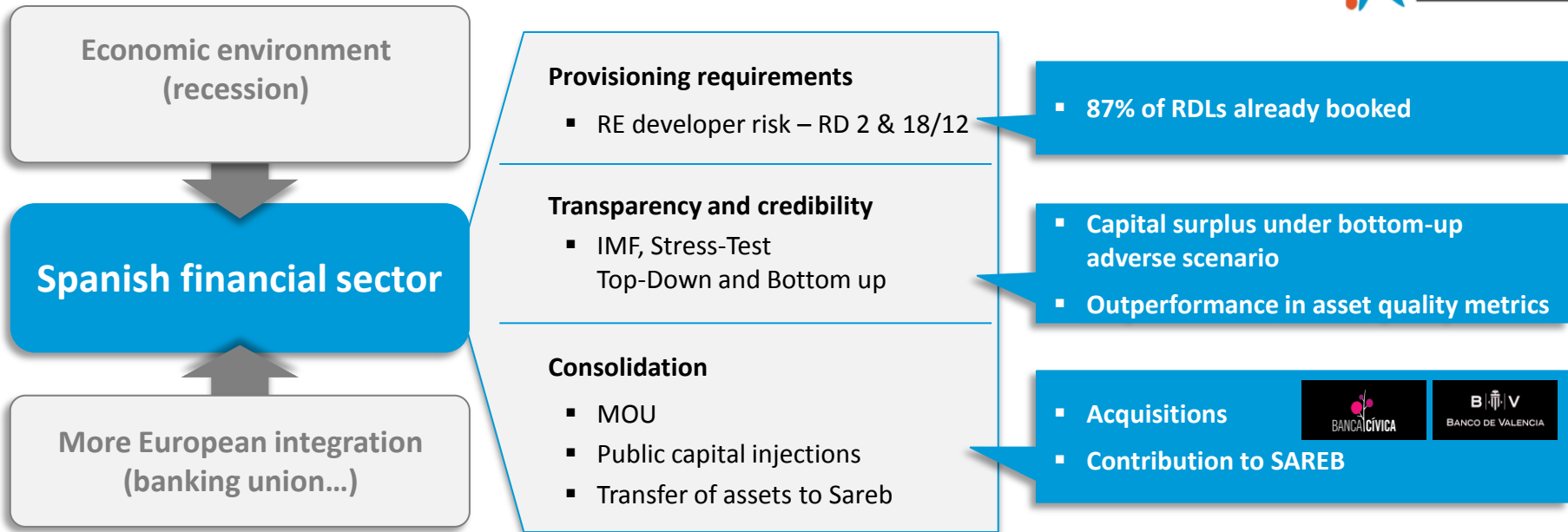
jobs created





CaixaBank

# An eventful year for the Spanish financial sector



## CaixaBank



**Acquisitions complement organic growth**



**3 millions of new customers**



**Strict cost control**



**Liquidity, solvency and risk management, keys of the year**



## FY 2012 Highlights: Acquisitions complement organic growth

### Franchise strength

*Acquisitions complement organic growth and reinforce franchise leadership*

- **Business volume increased (+19.8%)**
- **Increased market share in retail markets**

### Financial strength

*Liquidity, solvency and asset quality: key goals for this year*

- **High liquidity (€53,092MM)**
- **Solid solvency (11.0% - BIS II)**
- **60% NPL coverage, 142% with mortgage guarantee**

### Capacity to generate income

*Sustainable income growth in banking business*

- **€3,171MM, Pre –impairment income**
- **An important effort in provisions and impairments (€10,299MM)**

## FY 2012 Financial Results

**1**

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**Integrations-  
Update**

**2**

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**Commercial activity**

**3**

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**Results**

**4**

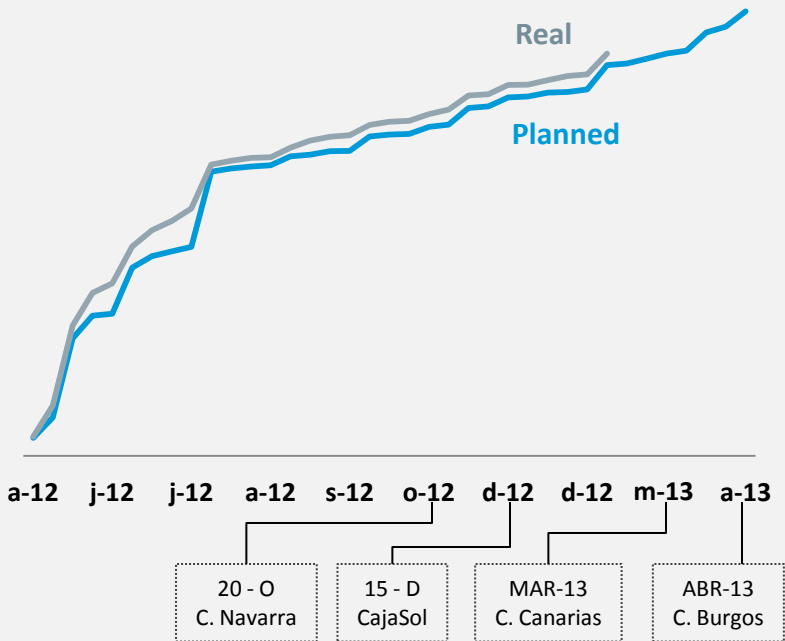
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**Financial strength**

## Banca Cívica integration: key element of the year

4,400 planned activities

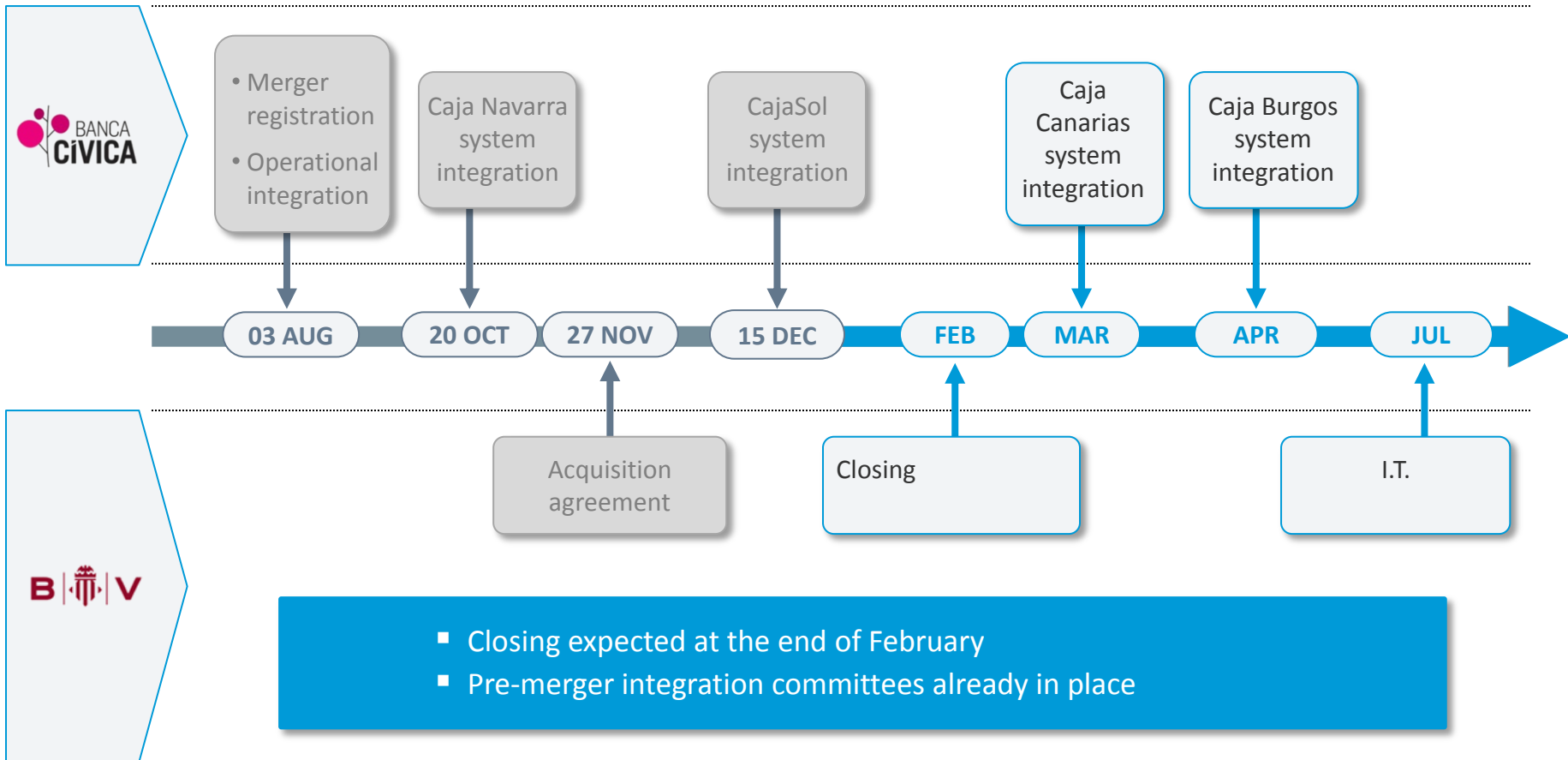
% of execution



>4.400 planned activities

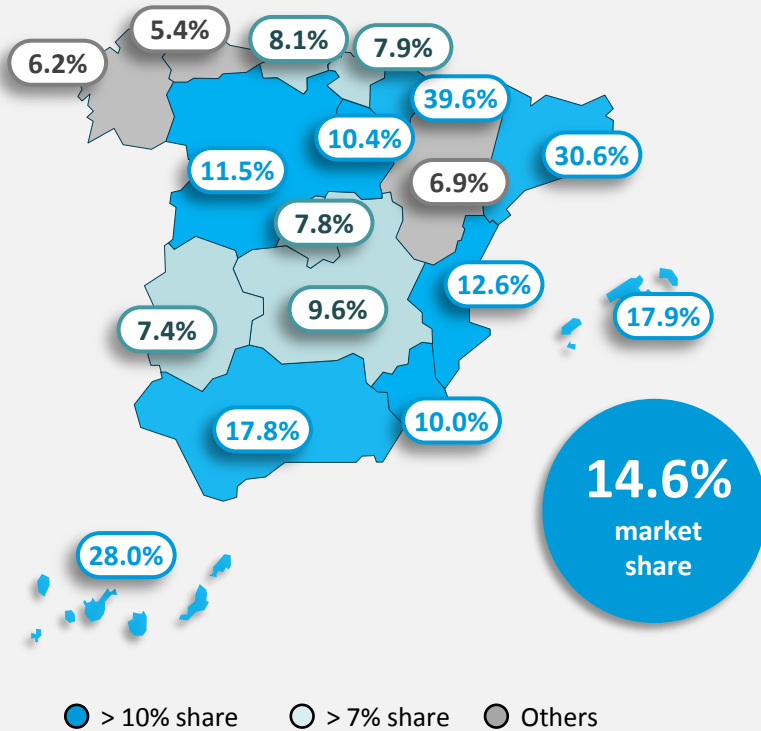
- ➔ **Execution of BICV IT integrations on track:**
  - Closing: 3rd August (1<sup>st</sup> July accounting integration)
  - Caja Navarra and CajaSol completed
  
- ➔ **Strict management of the incorporated franchises:**
  - Remapping of sales organization to fit client presence
  - Application of CABK standards from day one, focusing on quality, profitability and implementation of credit monitoring and recovery procedures)
  
- ➔ **Cost synergies being executed ahead of schedule:**
  - €104MM in 2012, 191% above initial target. €540MM in 2014 are expected

**Banco de Valencia acquisition to be managed in parallel with BCIV's**

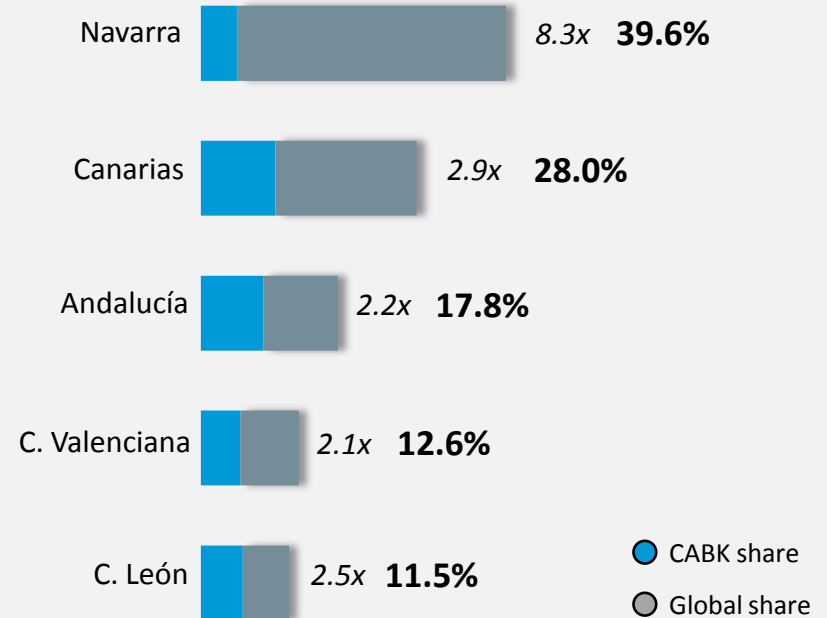


## Acquisitions complement business footprint and contribute to market share gains

### Market share by business volume<sup>1</sup>



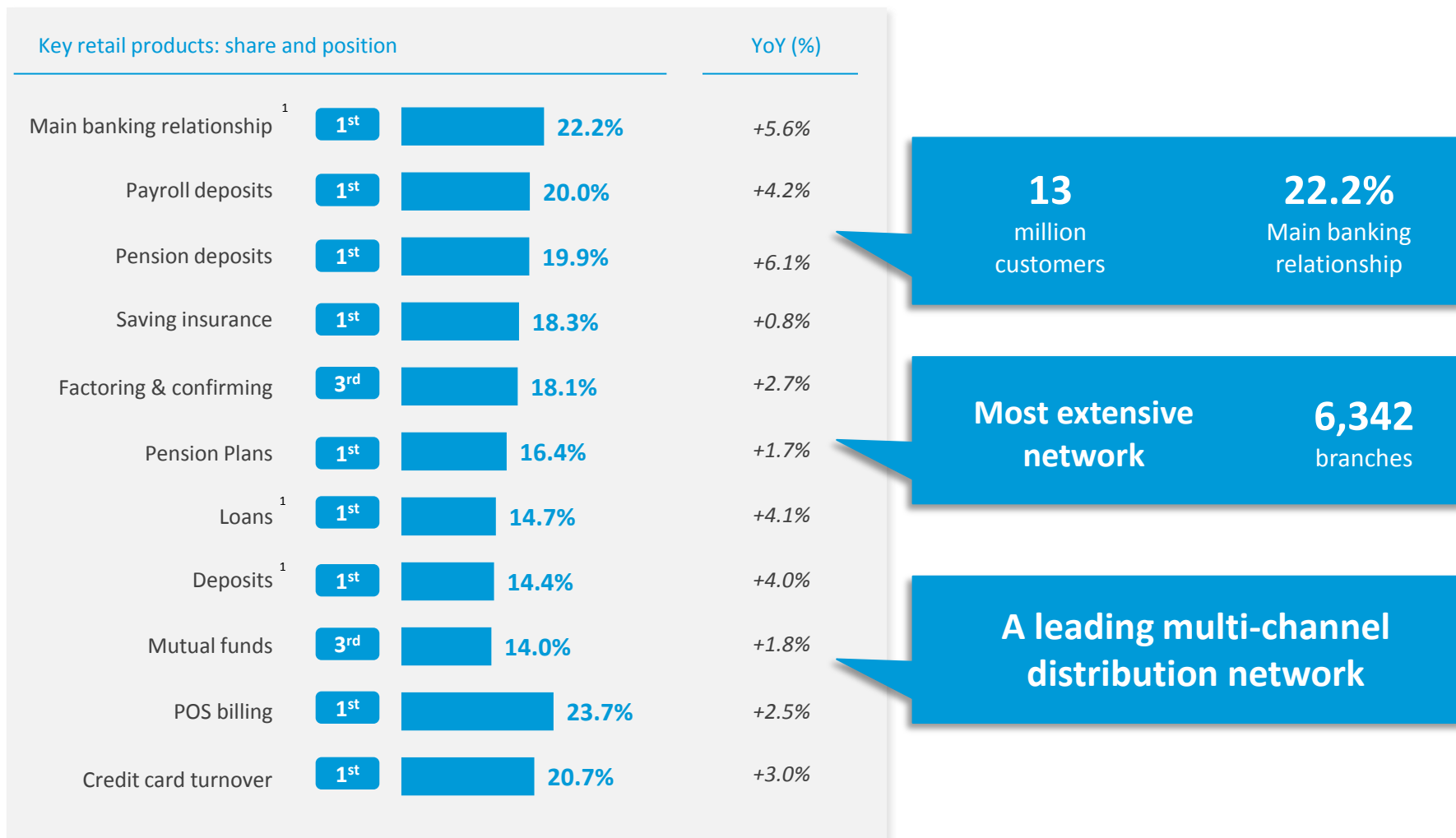
### Contribution of BCIV and BdV in market share by business volume in core regions (%)



Growth in core regions

(1) Deposits + loans. Included BCIV and BdV.  
Source: Bank of Spain, September 2012

## And consolidate CaixaBank as a reference in the Spanish retail market



(1) Including Banco de Valencia

source: Bank of Spain, INVERCO, ICEA, FRS, Social Security and AEF (Including BCIV)

## Sales network continues to focus on generating new business

### Distribution network continues to focus on commercial activity



#### Capturing income flows:

- 544,500 customers with recurring income

#### Payroll deposits:

- The highest growth in five years  
(+0.54% organic share)

#### Loyalty:

- MultiEstrella: 1.9 million customers
- Launch of Club Ahora
- Launch of AgroCaixa

### Savings management – long term vision



#### CABK: a Reference in long term savings management

#### Insurance:

- 1.1 MM policies sold (+43% premium)

#### Pension Plans:

- €1,449 MM gross production (+27%)

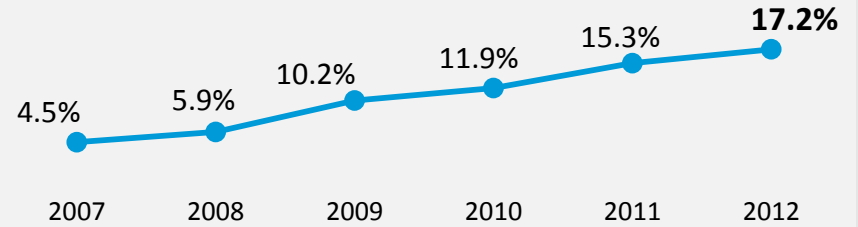
Segmentation as the key to better serving client needs: closer to enterprises



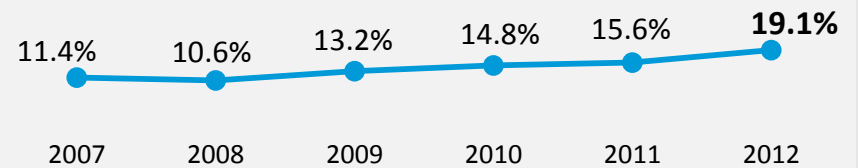
**Business and SME banking**

- Leader in financing working capital
- Market share: 18.1%
- Boosting export factoring

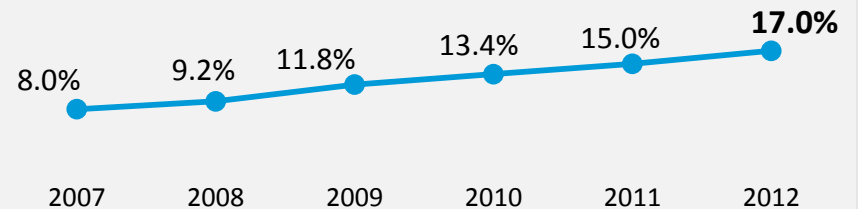
**Factoring.** Market share (%)



**Confirming.** Market share (%)



**Foreign trade.** Market share (%)



Source: Traffic Watch (Swift) and AEF



A intensive commercial activity that increase transaccionalitiy

Multichannel approach. Transactions by distribution channel

Millions

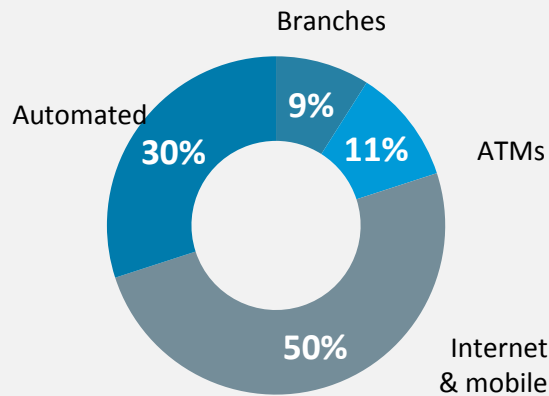


2011



2012

Breakdown



+14.5%  
year operations

> 90%  
executed outside of branch network

12%  
trough the mobile

Technological innovation: sustainable key.

- Roll-out of **contactless** project
- **Digital Networks** – social networking 70,000 users
- **Money to pay** – new electronic money institution (pre – paid)
- **PremiaT** – for businesses
- **Mobile Apps** – 4.5MM downloads
- **Innova/ Inspíranos** – innovation to create value
- **Multichannel Project** – Private and Personal banking





CaixaBank

**Activity**

## Tactical management of customer funds in anticipation of improved funding environment

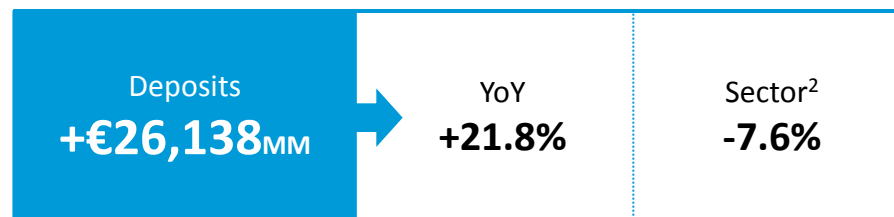
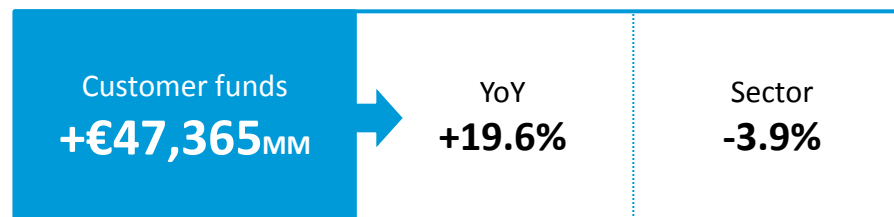
### Total customer funds: +19.6%

Million Euros

	2012	YoY
<b>Customer funds on balance sheet</b>	<b>238,062</b>	<b>21.3%</b>
Demand deposits	69,204	23.0%
Time deposits	76,772	20.8%
Retail issuance	14,645	30.7%
Institutional issuance	46,625	20.2%
Insurance	27,930	18.6%
Other funds	2,886	(1.8%)
<b>Off-balance sheet funds</b>	<b>50,506</b>	<b>12.5%</b>
Mutual funds	20,996	16.1%
Pension plans	17,562	23.5%
Other managed resources <sup>1</sup>	11,948	(5.0%)

**Total customer funds**

**288,568 19.6%**



- ➔ **Proactive and tactical management of product mix according to customer needs (short/ medium and long term)**
- ➔ **Pure price competition avoided. Clean-up of low value-added deposits**

(1) Variation impacted by €750MM conversion of convertible bonds of CABK

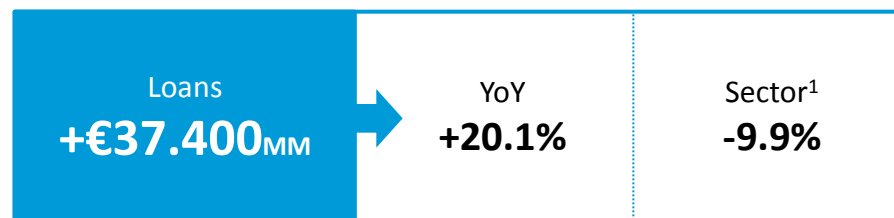
(2) Bank of Spain

**800,772 operations granted in 2012. €72,000 MM worth**

## Loans: +20.1%

Million Euros

	2012	YoY
<b>Loan to individual</b>	<b>119,649</b>	<b>27.7%</b>
Residential mortgages	87,720	25.8%
Other	31,929	32.9%
<b>Loan to business</b>	<b>90,651</b>	<b>11.8%</b>
Non RE businesses	61,983	11.7%
Real Estate developers	26,992	20.3%
Servihabitat and others	1,676	(46.4%)
<b>Public sector</b>	<b>13,149</b>	<b>16.6%</b>
<b>Total loans</b>	<b>223,449</b>	<b>20.1%</b>



→ **RE developer book still a main contributor to decline (10% in 4th quarter 2012)**

(1) Source: Bank of Spain



CaixaBank

**Capacity to generate results**

## Good operating performance despite historically low interest rate environment

### Consolidate income statement

Million Euros

	2012	2011	YoY(%)
<b>Net interest income</b>	<b>3.872</b>	<b>3.170</b>	<b>22,2</b>
Net fees	1.701	1.562	8,9
Income from investment	809	659	22,8
Gains on financial assets	455	343	32,4
Other operating revenue & exp.	(100)	777	(112,8)
<b>Gross income</b>	<b>6.737</b>	<b>6.511</b>	<b>3,5</b> <sup>(1)</sup>
Total operating expenses	(3.566)	(3.342)	6,7
<b>Pre-impairment income</b>	<b>3.171</b>	<b>3.169</b>	<b>0,1</b> <sup>(1)</sup>
Impairment losses	(3.942)	(2.557)	54,2
Profit/loss on disposal of assets and others	709	547	29,7
<b>Pre-tax income</b>	<b>(62)</b>	<b>1.159</b>	<b>(105,4)</b>
Taxes	292	(106)	
<b>Profit attributable to the Group</b>	<b>230</b>	<b>1.053</b>	<b>(78,2)</b>

→ **Pre-impairment income: €3,171 MM (+0.1%)**

- NII and fee line continue to reflect underlying core business strength

→ **Demanding provisioning schedule**

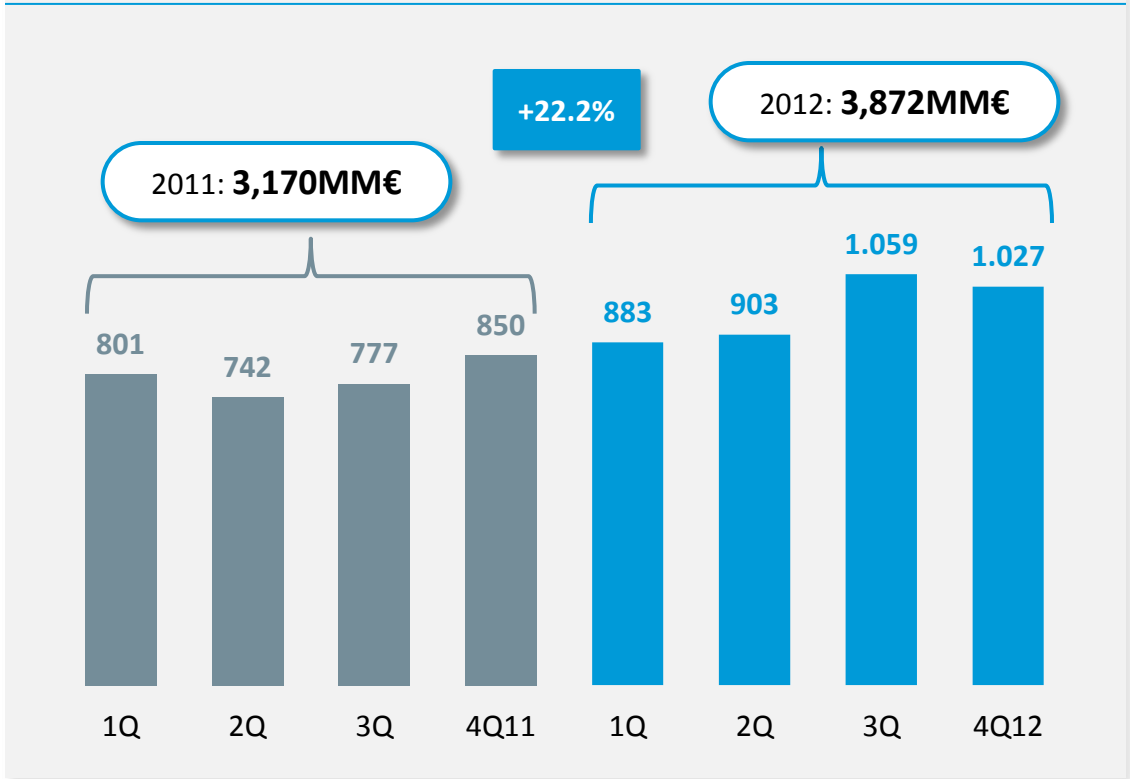
NOTE: Banca Civica consolidate from 1st July 2012

(1) Gross income, +8.8% and pre-impairment income, +11.3%, without extraordinary income from insurance operations in 2011

# Solid net interest income despite low rates

## Net interest income

Million Euros



→ Evolution impacted by:

- Historically low interest rates
- Rigorous management of margins and funding sources
- Banca Cívica incorporation



Recurring fee items continue to reflect underlying core business strength

Net fees

Million Euros

+8.9%



2011

	2012	YoY
Banking services & in balance	1,354	10.5%
Off-balance services	347	3.2%
Insurance and pension plans	197	9.8%
Mutual funds	150	(4.3%)
<b>Net fees</b>	<b>1,701</b>	<b>8.9%</b>

1,701



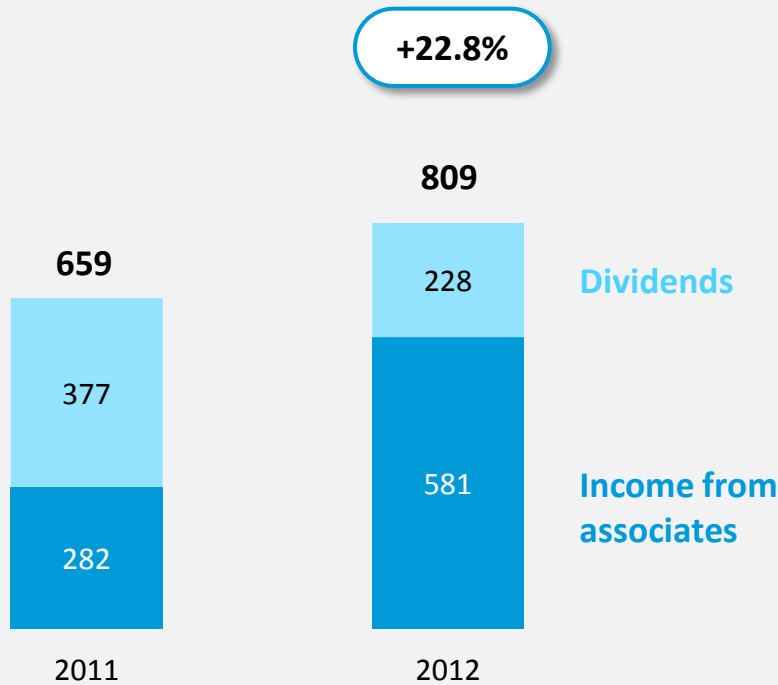
2012

- Strong growth in transactional banking
- Good performance in pensions and insurance

Income from investment: +22.8%

Income from investment

Million Euros



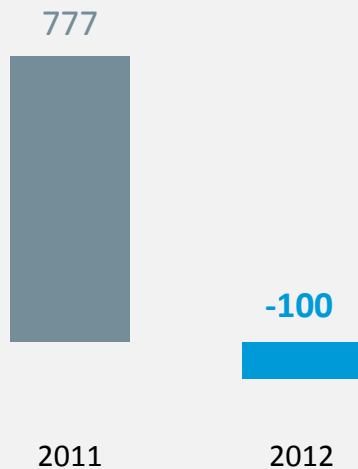
→ Dividends affected by Telefónica dividend cut

→ Improved profitability in banking stakes

Other operating revenue and expenses collected extraordinary impacts

Other operating revenue and expenses

Million Euros



- Deconsolidation of Adeslas: €250MM
- Availability of funds from insurance operations in 2011: €320MM
- FGD increase contribution. Change in regulation (1 per thousand to 2 per thousand): €160MM

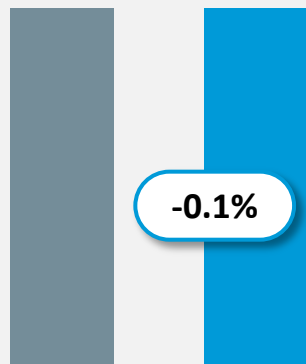
**€6.737MM**  
Gross income  
**+3.5%**

Strict cost control but restructuring effort in full sway

Total operating expenses in a like-for-like basis

Million Euro

(3,125) (3,121)



-0.1%



2012	
BCIV recurring expenses	(471)
Restructuring costs	(78)
Cost synergies	104
2011	
Reorganization expenses	(110)
Adelas deconsolidation	(107)

2011

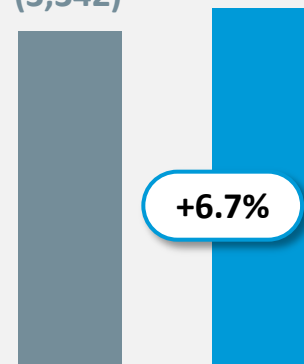
2012

Total operating expenses

Total

Million Euro

(3,342) (3,566)



+6.7%

€3,171MM  
Pre-impairment  
income  
+0.1%

2011

2012

## Demanding provisioning schedule

**€10,299MM**

Total provisions and  
impairments

**87%** RDLs coverage

### Provisions and impairment

Impact on PL

**€5,749 MM**

RDLs 2 & 18/2012	3,636
Others provisions	2,113

### BCIV Fair Value adjustment

Impact on equity

**€4,550 MM**

Loan Book	3,668
Foreclosed assets	882



## Extraordinaries partially offset heavy provisioning schedule

### Reinsurance agreement covering the life-risk insurance portfolio

- Reinsurance agreement with Berkshire Hathaway covering the individual life-risk portfolio
- Gross capital gain: **€524 MM**

### Sale & Leaseback transaction

- Sale of **439 branches** to Inmobiliaria Carso for 25 years. 25 yr lease agreement with the seller
- Gross capital gains: **€204 MM**

Gross capital gain  
**€728 MM**

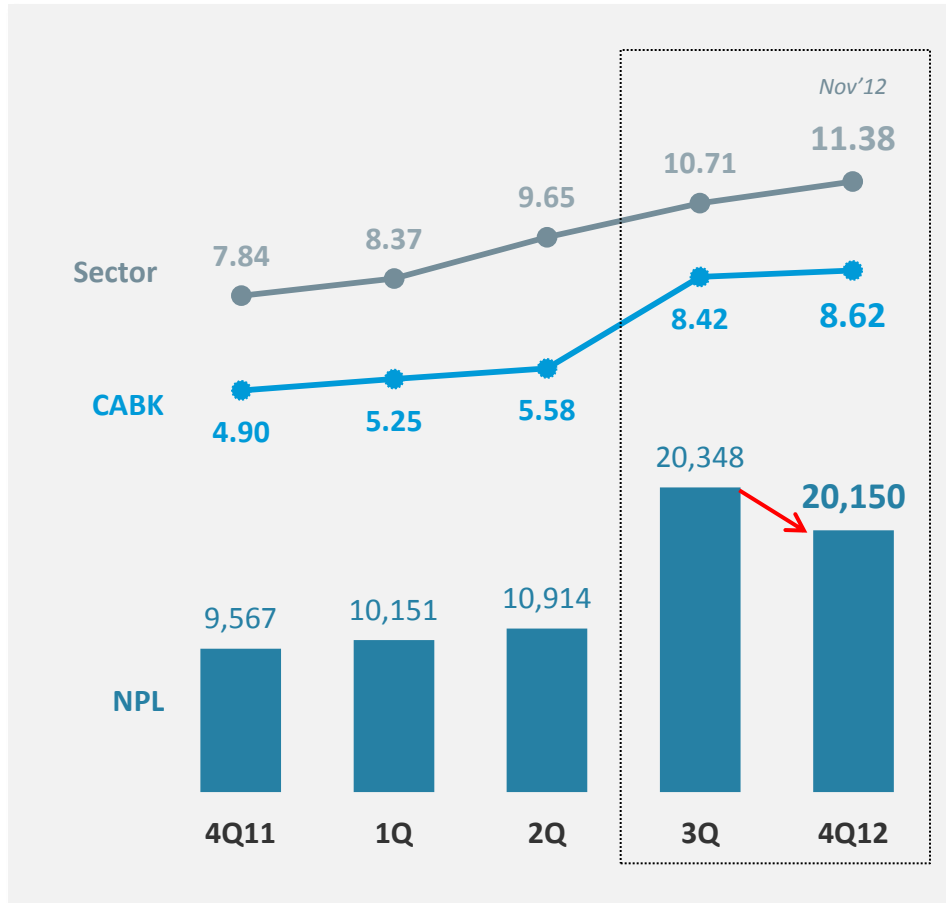
Are recorded in the caption profit/losses on disposal of assets and other



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**Asset quality**

**Asset quality impacted by weak macro trends and franchise integrations**



- ➔ NPLs outstanding decrease (NPL management implemented across BCIV platform)
- ➔ Gap with the sector increased by 47pbs
- ➔ NPL Coverage **60%**, **142%** with mortgage guarantees

	2012	2011
Provisions (MM€)	5.745	12.071
Coverage (%)	60%	60%
Cov. with mortgage guar. (%)	137%	142%



## The deterioration of RE developers impacts NPL ratio

### NPL ratio by segment

Percentage

**D-12**

**Credit to households** **3,56%**

House purchase 2,80%

Other 5,65%

**Credit to enterprises** **17,24%**

Other than RE developers 5,96%

RE developers 44,22%

**Public sector** **0,74%**

**NPL** **8,62%**

**NPL ratio without RE developers** **3,97%**

→ **NPL ratio without RE developers 3,97%**

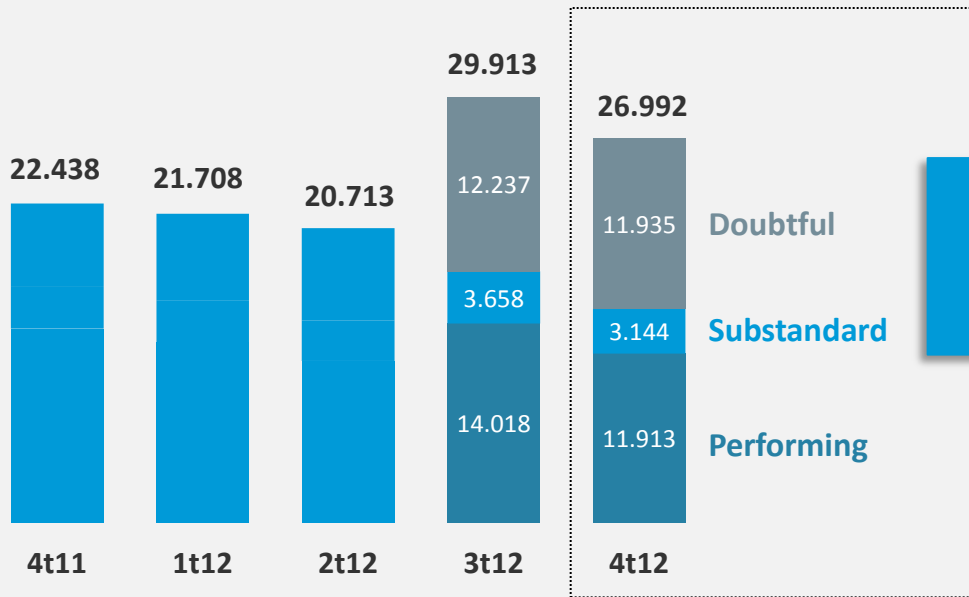
→ **Stability in retail book**

→ **Differential asset quality confirmed by bottom-up stress tests**

**Exposure to RE developers continues to decline, 10% in the last quarter**

**Credit to RE developers**

Milions of euros



**53%**  
coverage of  
problematic assets

Specialized management :  
11 RE developer centers

↓

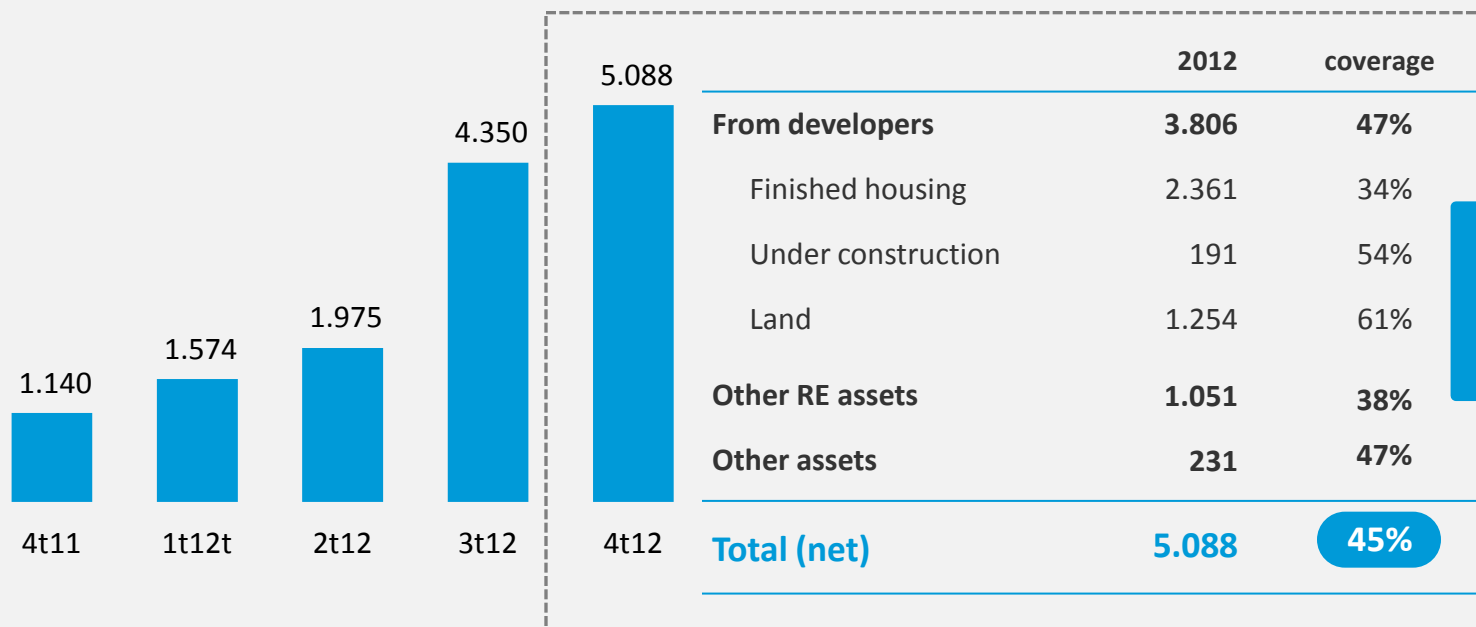
- **83% exposure**
- **27% customers**

## Increased coverage of RE repossessed assets

### Reposessed RE assets

Million euros

## BuildingCenter

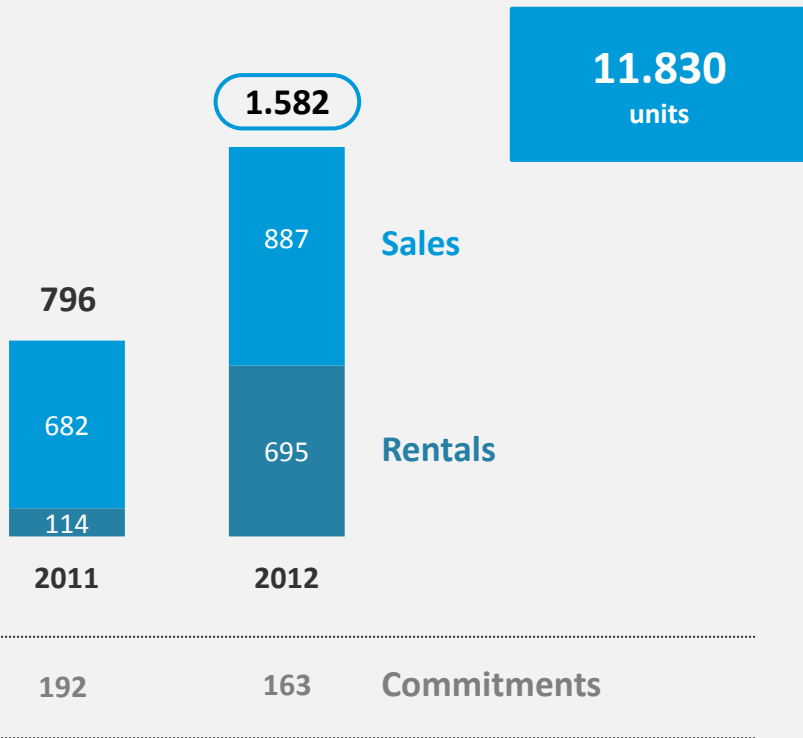


**45%**  
Coverage

**ServiHabitat 's commercial activity has doubled**

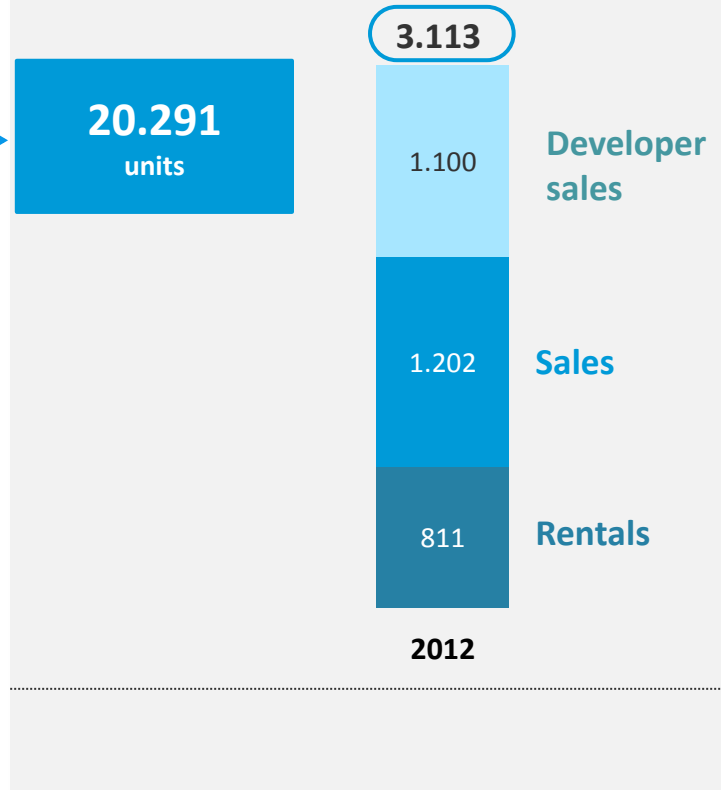
**Internal management information**

“la Caixa” Group commercial activity  
Million euros, at selling prices



**Internal management information**

“la Caixa” group and developers  
Million euros, at original investment value





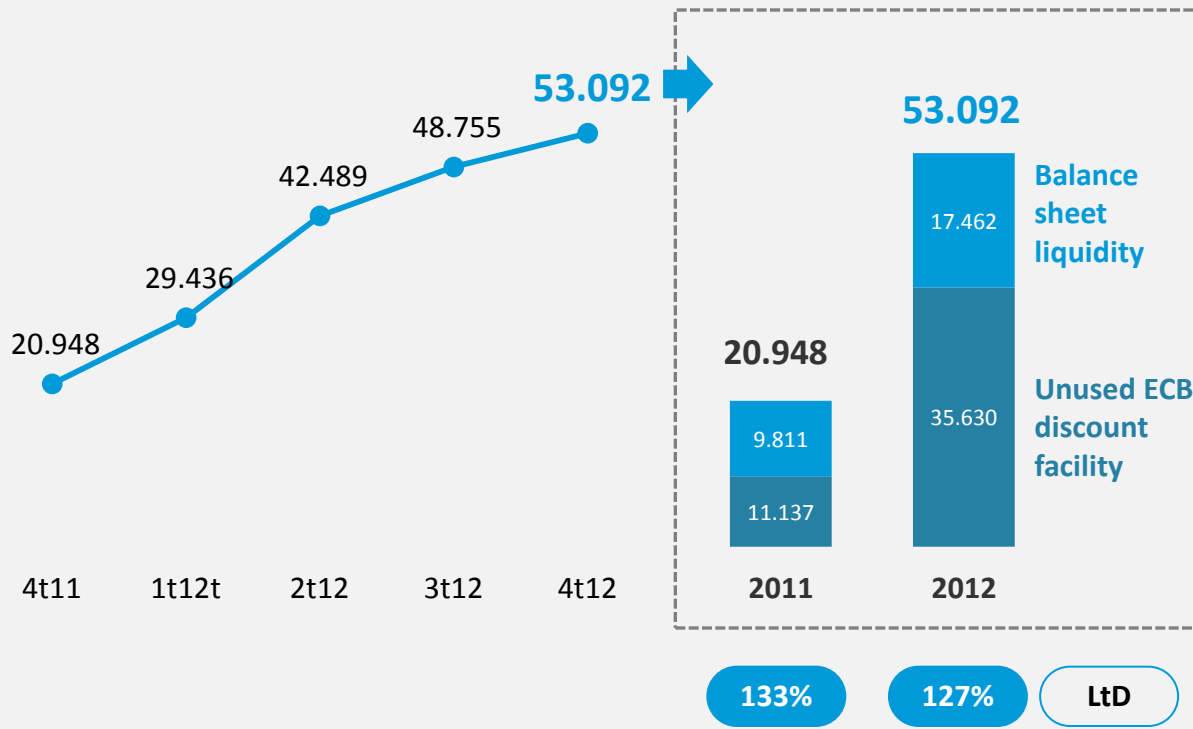
CaixaBank

**Leading liquidity and solvency**

Liquidity remains a cornerstone of balance sheet strength

Proactive reinforcement of liquidity during the year

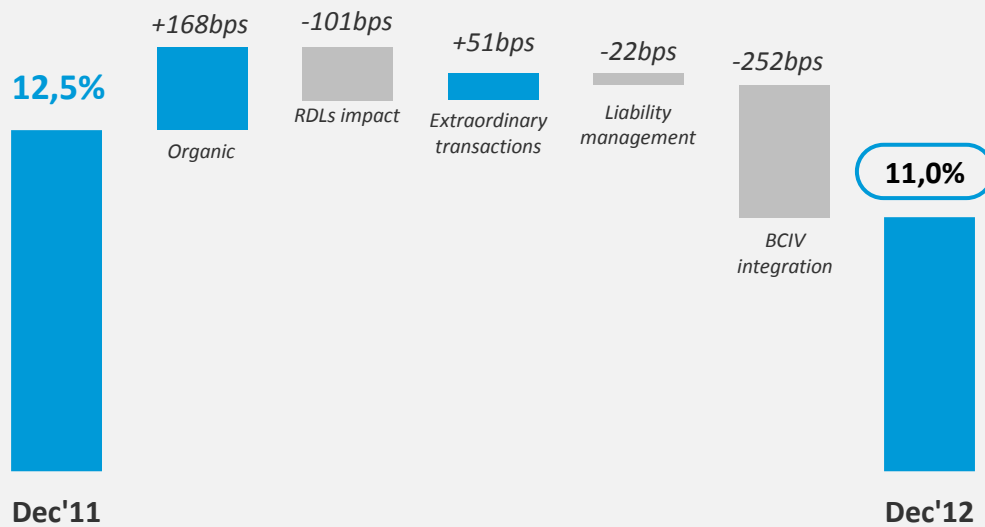
Million euros



- ➔ Active management to reduce the LtD ratio progressively
- ➔ Reopening wholesale market access
- ➔ €9bn of ECB funding repaid in Jan.'13

Leading capital ratios despite BCIV acquisition and liability management exercises

Solvency – Core capital evolution (BIS II)



- CaixaBank: among the strongest Spanish financial institutions
- Good solvency position, validated by the bottom-up stress tests

**Core Capital BIS II: 11,0%**



To summarize ...



## Acquisitions complement organic growth

### Reinforced market leadership

- A year of intense activity including through acquisitions: increased market shares

### Maintaining financial strength

- Liquidity remains a cornerstone of balance sheet strength
- Strong solvency position, externally validated
- Good asset quality, despite the impact from franchise acquisitions

### Income generating capacity

- Income generating capacity with cost containment
- Important efforts in provisions and write-offs