CaixaBank obtains attributable net profits of 408 million euros and strengthens its solvency, its liquidity and its leading position in the Spanish banking sector

- **CaixaBank has made provisioning charges and write-downs totalling 5,383 million euros and has also provided advance cover for the impact of the new classification and provisioning criteria for refinanced transactions, with an increase of 540 million in associated coverage.**
- **In a complex and demanding environment, the robust nature of CaixaBank's retail business and income from its investments have allowed it to obtain income totalling 3,629 million euros, up by 6.3%.**
- **Over the last 12 months, CaixaBank has granted 82,550 million euros in loans in more than 1.1 million formally approved operations.**

- **Market leader in Spain.** Following the incorporation of Banca Cívica and Banco de Valencia, CaixaBank has further consolidated its position as Spain's leading financial institution, with 13.8 million customers and business volumes totalling 526,552 million euros (+2.4%). In addition, in mid-July, the financial magazine *Euromoney* named CaixaBank 'Best Bank in Spain' 2013 and 'Best Retail Bank for Technology Innovation'.

- **Excellent liquidity** of 64,604 million euros (+11,512 million), some 18.4% of the Group's total assets, with a robust financing structure: the Loan to Deposits ratio improves by 11 percentage points to 117%. CaixaBank also repaid 12,613 million euros in ECB deposits during the first half of the year.

- **High levels of solvency, with a Core Capital figure of 11.6%** following the integration of Banco de Valencia, early payment of the public assistance received by Banca Cívica, and the sale of 10.1% of its holding in the Grupo Financiero Inbursa. Its ability to generate capital organically is particularly notable (Core Capital up by 98 basis points).

- **Active risk management.** The non-performing loan ratio stands at 9.75% (+34 basis points over the quarter), with allowance coverage at 75%. With the new classification of refinancing operations, the non-performing loans figure is 11.17% and the allowance coverage figure is 66%.

- **Rigorous cost management and the achievement of synergies.** Recurring costs have fallen by 6.3% on a like-for-like basis as compared with the first six months of 2012. Total synergies forecast from 2015 onwards have risen to 682 million euros (some 90% of which had already been achieved by June 2013), a 9.1% increase on the initial forecast of 625 million.

Best Bank in Spain 2012 and 2013

Best Retail Bank for Technology Innovation

Barcelona, 26 July 2013. CaixaBank obtained attributable net profits of 408 million euros during the first six months of 2013 (166 million euros during the same period in 2012). The balance sheet includes the integration of the accounts of both Banca Cívica (from 1 July 2012) and Banco de Valencia (from 1 January 2013), and it reflects the sustained generation of income from banking business and investments, the implementation of strict policies to reduce costs with the early achievement of synergies, and high levels of prudence in risk management and coverage.

During the first six months of 2013, as scheduled, CaixaBank completed the integration of the IT platforms of the savings banks from which Banca Cívica was formed. It also completed the acquisition of Banco de Valencia, which is scheduled for complete technological integration on 29 July 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. During the last year, CaixaBank has granted 82,550 million euros in loans

After completing the incorporation of Banca Cívica and Banco de Valencia, CaixaBank has further consolidated its position as Spain's leading financial institution, with 13.8 million customers, assets worth 350,989 (+0.8) million euros and business volumes totalling 526,552 million euros (+2.4%).

Total customer funds rose to 305,585 million euros (+5.0%), while gross customer loans fell by 0.9% to 220,967 million, the result, among other things, of the general deleveraging process focused principally on the property development sector (-7.5%), and the replacement of bank financing with debts issues by both large companies and public sector institutions.

If this last factor is not taken into account, the loans portfolio grew by 0.3% over the first half of the year. Indeed, over the last 12 months, CaixaBank has granted 82,550 million euros in loans in more than 1.1 million formally approved operations.

High and sustained levels of recurring income, strict cost management and increased synergy forecasts of 682 million euros from 2015 onwards

The robustness of the retail banking business, income from investments and the management of assets and liabilities on the balance sheet have led to a rise in the gross margin to 3,629 million euros (+6.3% on the same period last year).

CaixaBank has also continued with its exacting cost management policy. During the first six months of 2013, recurring costs were reduced by 6.3% on a like-for-like basis (taking account of the incorporation of Banca Cívica and Banco de Valencia since 1 January 2012). Extraordinary costs of 821 million euros were also recorded as part of the plan to optimise Group structure.

The restructuring plan will lead to increased efficiency, thus ensuring achievement of the cost synergies forecast as a result of the integration of Banca Cívica and Banco de Valencia. The synergies forecast for 2013 total 423 million euros.

Total synergies forecast from 2015 onwards have risen to 682 million euros (some 90% of which had already been achieved by June 2013), a 9.1% increase on the initial forecast of 625 million.

CaixaBank has provided advance cover for the impact of the new classification and provisioning criteria for refinanced transactions

High levels of provisioning charges and write-downs have been maintained, with total provisions of 5,383 million euros, 2,876 million of which was entered against results and the remainder recorded as reasonable value adjustments at Banco de Valencia and Banca Cívica).

CaixaBank has provided cover for the impact of the new classification and provisioning criteria for refinanced transactions. The application of this review meant that 3,287 million euros were classified as doubtful loans, with an increase in the associated allowance coverage of 540 million euros. Of this amount, 375 million euros was charged against the results for the year. Refinanced operations totalled 25,974 million euros as of 30 June.

If the impact of the above refinancing operations is not taken into account, the non-performing loan figure would stand at 9.75%, an increase of 34 basis points over the quarter, in great part due to the deleveraging of the system (+31 bp) and, to a lesser extent, to the increase in doubtful loans (+3 bp). Allowance coverage stands at 75%.

If the said impact is taken into account, the non-performing loan ratio stands at 11.17%, with allowance coverage of 66% (63% on 31 December 2012), 146% if mortgage guarantees are taken into account. For its part, allowance coverage on the portfolio of investments handed over stands at 49%.

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

- **CaixaBank income** rose to a gross margin figure of 3,629 million euros following the integration of Banca Cívica and Banco de Valencia, up by 6.3% on the same period for the previous year.

- **Net interest income** totalled 1,959 million euros, a year-on-year increase of 9.7%. This figure is affected by the negative revaluation of the mortgage portfolio, the deleveraging process, the increased margins for new operations and the optimisation of financing sources.

- **Net fees** rose by 6.0% to 890 million euros over the year, due to the increase in banking business and specialisation by segment.

- Income from the **investment portfolio** totalled 440 million euros (-14.7%). The high levels of income from investments offset the reduction in dividends from Telefónica.

- **Income from financial operations** rose to 441 million euros (+77.5%), due to the close management of the Group's financial assets and liabilities, which allowed it to take advantage of market opportunities.

- **Net operating income** excluding extraordinary expenses stands at 1,610 million euros (-12.9%). **Operating costs** were affected by the 821 million euros of extraordinary expenses, almost entirely the result of workforce adjustments at CaixaBank. Thanks to strict containment and budget rationalisation policies, costs were reduced by 6.3% on a like-for-like basis.

- **Losses due to the impairment of financial assets** rose to 2,876 million euros, up 51.3% on the same period for the previous year. This figure includes 375 million in provisioning charges for refinancing and the entry of 902 million euros to cover 100% of the coverage required under Royal Legislative Decree 18/2012.

- 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 (1,777 million net).

CaixaBank liquidity totals 64,604 million euros, with a robust financing structure

The management of liquidity, a key element in CaixaBank's strategy, brought the liquidity figure to 64,604 million euros, all of it immediately accessible, amounting to 18.4% of total assets. This figure increased by 3,279 million euros during the second quarter of the year and by 11,512 million since 1 January 2013.

This healthy level of liquidity, as confirmed by the repayment over the last six months of 12,613 million euros to the ECB (6,500 million euros of the LTRO and 5,800 million euros of the financing granted to Banco de Valencia), has allowed CaixaBank to meet 4,104 of maturing debt over the course of the year.

CaixaBank also continued to improve its financing structure, as demonstrated by the Loan to Deposits ratio, which has fallen by 11 percentage points in 2013 to 117%.

Excellent solvency of 11.6% with a notable capacity for organic capital generation (98 basis points during the first half of the year)

CaixaBank maintains high levels of solvency, with a Core Capital figure of 11.6% (+66 basis points), following the integration of Banco de Valencia, early payment of the public assistance received by Banca Cívica from the FROB, and the partial sale of its holding in the Inbursa Financial Group.

A notable element in this is the institution's capacity for organic capital generation, which has led to an increase of 98 basis points in its Core Capital figure during the first six months of 2013.

CaixaBank's attributable own funds amounted to 18,866 million euros, with a surplus of 6,782 million euros. Risk-weighted assets (RWA) stand at 151,052 million euros.

Reduction of exposure in the property development sector and sales and rentals worth 1,102 million euros (2,501 million euros al their original investment value)

Commercial activities by Building Center, CaixaBank's real estate subsidiary, have brought sales and rentals worth 1,102 million euros. The total number of buildings marketed reached 9,189 units. If commercial activities are assessed at their original investment value, the total rises to 2,501 million euros, with 17,996 buildings sold, including developers.

As regards CaixaBank's exposure in the property development sector, on 30 June 2013 this stood at a figure of 24,964 million euros, 2,028 million less than at the end of 2012. With the significant levels of provisioning charges and write-downs, the coverage ratio for doubtful assets, including generic allowance coverage, stands at 70.8%.

The portfolio of net assets handed over to CaixaBank and available for sale was worth a net total of 6,160 million euros, with coverage of 49.0%. Of the real estate property handed over, allowance coverage relating to land totals 61%.

For the second year running, the financial magazine *Euromoney names* CaixaBank 'Best Bank in Spain' in 2013, as well as 'Best Retail Bank for Technology Innovation'

CaixaBank maintains its goal of consolidating its leading position in the Spanish individual banking sector with the implementation of a model that is specialised by business segment. Indeed, thanks to its financial solvency and robust commercial performance, in mid-July the financial magazine *Euromoney* named CaixaBank 'Best Bank in Spain' for 2013, as well as 'Best Retail Bank for Technology Innovation'.

The international consultancy firm Forrester also named "la Caixa" as the best financial institution for mobile banking in Europe and number two worldwide.

Commercial business at CaixaBank branches during the first quarter of the year focused on generating and retaining new business, supported by three main commercial activities:

- ✓ In the month of June alone, more than 110,000 customers chose to deposit their payrolls at CaixaBank, ensuring that the institution further strengthened its leading position in this market segment with a share of 20.5%.
- ✓ During the first six months, more than 271 million euros has been generated in new insurance premiums, with more than 820,000 new policies taken out.
- ✓ During the campaign in May and June, more than 100,000 consumer credit operations were formally approved.
- ✓ In addition, InverCaixa has positioned itself as the fund manager with the most participants in the market place, with a total of 692,262.

As a consequence of these intense levels of commercial activity and the incorporation of the Banca Cívica and Banco de Valencia business, the Group has enhanced its leading position in the Spanish market, with a market share of 20.5% in managed payrolls, 19.4% in pension funds, 15.2% in loans, 13.8% in deposits, 14.1% in investment funds, 17.6% in pension plans and 17.1% in factoring and confirming operations.

Social Projects: A Permanent Priority

"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, a particularly important commitment in the current financial context.

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, anticipation and complementarity** as its fundamental principles for action, the Social Projects programme continues to place particular emphasis on initiatives that facilitate the improvement of opportunity for the most disadvantaged.

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;** and **promoting social cohesion in a multicultural context**. It also provides support for **scientific research and knowledge**, the dissemination of **culture** and the preservation and improvement of the **environment**, as permanent lines of action.

During the first six months of 2013, the Social Projects programme has provided 22.8 million euros in **grants to 42,225 children** in a project designed to **break the cycle of poverty** in their families. The creation of the **Fundación de la Esperanza** (Hope Foundation), designed to bring all the Social Projects programmes aimed at combatting exclusion under one umbrella, is another milestone in this area of activity. Through this Foundation, the institution will initiate its direct social action from new premises located in Calle Palma de Sant Just in Barcelona.

The **Incorpora programme** has offered **job opportunities to 6,320 people** at 2,204 new businesses during the first six months of the year. An important demonstration of its robust support for the search for jobs for the disadvantaged was the recent agreement signed by "la Caixa" and the Ministry of Employment and Social Security, under which the institution will devote 6 million euros to the creation of **10,000 new jobs for young people**. This collaborative agreement is in addition to the renewal of the undertaking made with the Ministry of the Interior to reinsert **1,200 prisoners** who are in the final phase of their sentences, under the Reincorpora project.

As part of the **programme that offers support to the terminally ill** and their families, the Social Projects programme has helped **7,046 patients** at more than 50 hospitals and at the patients' own homes.

Promoting active and healthy ageing through the **gente 3.0 programme**, which operates at 598 centres throughout Spain, is another priority for the Social Projects programme, as is providing access to housing for the most disadvantaged groups (the "la Caixa" Group currently has more than **13,500 social housing units** for use by the disadvantaged, as part of **programmes such as Accessible Housing and Assisted Renting**).

The award of **grants to students** to allow them to continue postgraduate studies at the best universities both abroad (120 grants) and in Spain (25 grants) and the offer of grants to 20 projects selected as part of the **social entrepreneurship** support programme run in conjunction with IESE were also notable highlights of the last six months.

Staying with support for education, more than 560,000 students have taken part in the different activities organised under **eduCaixa** the platform that brings together the many and varied educational programmes offered by the Social Projects.

In the environmental arena, the Social Projects programme continued to support c**onservation and the improvement of natural spaces** across the whole of Spain (131 projects, which also helped more than 631 people re-enter the labour market between January and June). Offering firm support for the **advancement of research** (in areas such as AIDS, cancer and cardiovascular and neurodegenerative disorders) and ensuring that all sectors of society are aware of scientific advances (with exhibitions like *Technorevolution* and *Let's Talk Drugs*, and the promotion of Summer Science Campuses, which are attended by more than 1,800 secondary school and pre-university students) have also been key items in the Social Projects agenda. The opening of the **new Barcelona headquarters of the Club de Roma** at the Social Projects' Palau Macaya premises has turned this academic space into a reference point for the programme's commitment to sustainability.

Notable happenings in the **cultural calendar** have included *Seduced by Art* (in Barcelona), *Mesopotamia. Before the Flood, Masters of Chaos, Japanism* and *The Nordic Landscape at the Prado Museum*. 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", the publication of further volumes of the Royal Spanish Academy's Classic Library Collection (*El Lazarillo de Tormes, La Lozana Andaluza* and *Guzmán de Alfarache*) and support for both music (student, family and participative concerts) and the dramatic arts (through the CaixaEscena programme).

At an **international level**, the Social Projects programme is currently operating 71 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.

The last six months have 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, particularly those who are most disadvantaged. **The true raison d'être of the "la Caixa" Social projects programme: its contribution to the advancement of society.**

CaixaBank

Key indicators for the Group CaixaBank

€ million	1H'13	1H'12	Change	2Q'13	1Q'13
INCOME STATEMENT HEADINGS					
Net interest income	**1,959**	1,786	9.7	**967**	992
Gross income	**3,629**	3,414	6.3	**1,933**	1,696
Pre-impairment income	**789**	1,848	(57.3)	**871**	(82)
Pre-impairment income stripping out extraordinary costs	**1,610**	1,848	(12.9)	**933**	677
Net income	**408**	166	146.0	**73**	335

€ million	December '12	March '13	June '13	Quarterly change	Annual change
BALANCE SHEET					
Total assets	348,174	367,820	**350,989**	(4.6%)	0.8%
Shareholders' equity	22,793	23,275	**23,683**	1.8%	3.9%
Total banking business volume	513,977	529,348	**526,552**	(0.5%)	2.4%
Total customer funds	*290,928*	*300,985*	***305,585***	1.5%	*5.0%*
Customer loans, gross	*223,049*	*228,363*	***220,967***	*(3.2%)*	*(0.9%)*
EFFICIENCY AND PROFITABILITY (last 12 months)					
Cost-to-income ratio (Total operating expenses/ gross income)	52.9%	67.4%	**69.6%**	2.2	16.7
Cost-to-income ratio stripping out extraordinary costs	52.2%	55.5%	**57.1%**	1.6	4.9
ROE (attributable profit / average equity)	1.0%	2.3%	**2.0%**	(0.3)	1.0
ROA (net profit / average total assets)	0.1%	0.2%	**0.1%**	(0.1)	0.0
RORWA (net profit / risk-weighted assets)	0.2%	0.4%	**0.4%**	0.0	0.2
ROTE (attributable profit / average tangible equity)	1.3%	2.8%	**2.6%**	(0.2)	1.3
RISK MANAGEMENT					
Non-performing loan (NPL) ratio[1]	8.63%	9.41%	**11.17%**	1.76	2.54
Non-performing loan (NPL) ratio stripping out real-estate developers[1]	3.98%	4.71%	**6.41%**	1.70	2.43
NPL coverage ratio[1]	63%	77%	**66%**	(11)	3
NPL coverage ratio including collateral[1]	145%	157%	**146%**	(11)	1
NPL coverage ratio stripping out the real-estate developers[1]	57%	84%	**61%**	(23)	4
Foreclosed available for sale real-estate assets coverage ratio	45%	48%	**49%**	1	4
of which: land coverage	61%	61%	**61%**	0	0
LIQUIDITY					
Liquidity	53,092	61,325	**64,604**	3,279	11,512
Loan to deposit[2]	128%	125%	**117%**	(8)	(11)
SOLVENCY					
Core Capital - BIS II	11.0%	10.6%	**11.6%**	1.0	0.6
Tier 1	11.0%	10.6%	**11.6%**	1.0	0.6
Tier Total	11.6%	11.0%	**12.5%**	1.5	0.9
Eligible equity	18,641	17,555	**18,866**	1,311	225
Risk Weighted Assets (RWA)	161,200	160,218	**151,052**	(9,166)	(10,148)
Surplus capital	5,745	4,737	**6,782**	2,045	1,037
SHARE INFORMATION					
Share price (€/share)	2.637	2.640	**2.361**	(0.279)	(0.276)
Market capitalization	11,839	11,853	**11,183**	(670)	(656)
Number of shares outstanding (thousands)[3]	4,450,743	4,450,743	**4,733,859**	283,116	283,116
Book value per share - fully dilluted (€/share)	4.53	4.48	**4.51**	0.03	(0.02)
Number of shares - fully diluted (thousands)	5,164,642	5,260,699	**5,249,358**	(11,341)	84,716
Net income attributable per share (EPS) (€/share) (12 months)	0.05	0.11	**0.10**	(0.01)	0.05
Average number of shares - fully diluted (thousands)	4,711,294	4,789,091	**4,942,089**	152,998	230,795
PER	54.02	24.45	**24.72**	0.27	(29.30)
PBV (Market value/ book value)	0.58	0.59	**0.52**	(0.07)	(0.06)
BANKING BUSINESS AND RESOURCES (Units)					
Customers (millions)	12.9	13.8	**13.8**	0.0	0.9
Employees CaixaBank Group	32,625	34,334	**33,417**	(917)	792
Branches	6,342	6,400	**6,132**	(268)	(210)
ATMs	9,696	10,068	**9,595**	(473)	(101)

([1]) Impact of application of new classification criteria for refinanced transactions at June 2013: NPLs of €3,287 million. ***Stripping out this impact, the NPL ratio stand at 9.75% (5.08% stripping out real-estate developers), and the coverage ratio stand at 75% (77% stripping out real-estate developers and 153% including collateral.***

([2]) Net lending as a % of on-balance sheet retail customer funds.

([3]) Excluding treasury shares.

Consolidated Profit & Loss Account Group CaixaBank

€ million	January - June 2013	January - June 2012	Change %
Financial income	4,769	4,151	14.9
Financial expenses	(2,810)	(2,365)	18.8
Net interest income	**1,959**	**1,786**	**9.7**
Dividends	99	215	(53.9)
Income accounted for using the equity method	341	301	13.2
Net fees	890	839	6.0
Gains on financial assets	441	248	77.5
Other operating income and expenses	(101)	25	
Gross income	**3,629**	**3,414**	**6.3**
Recurring expenses	(2,019)	(1,566)	28.9
Extraordinary expenses	(821)		
Pre-impairment income	**789**	**1,848**	**(57.3)**
Pre-impairment income stripping out extraordinary costs	***1,610***	***1,848***	***(12.9)***
Impairment losses	(2,876)	(1,900)	51.3
Gains/(losses) on disposal of assets and others	2,161	54	
Pre-tax income	**74**	**2**	
Income tax	329	164	101.3
Profit for the period	**403**	**166**	**143.2**
Minority interest	(5)		
Profit attributable to the Group	**408**	**166**	**146.0**