



A clean bank focused on its core business

Gonzalo Gortázar, CEO

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London, 27 September 2018

“Financials in a diverging world”

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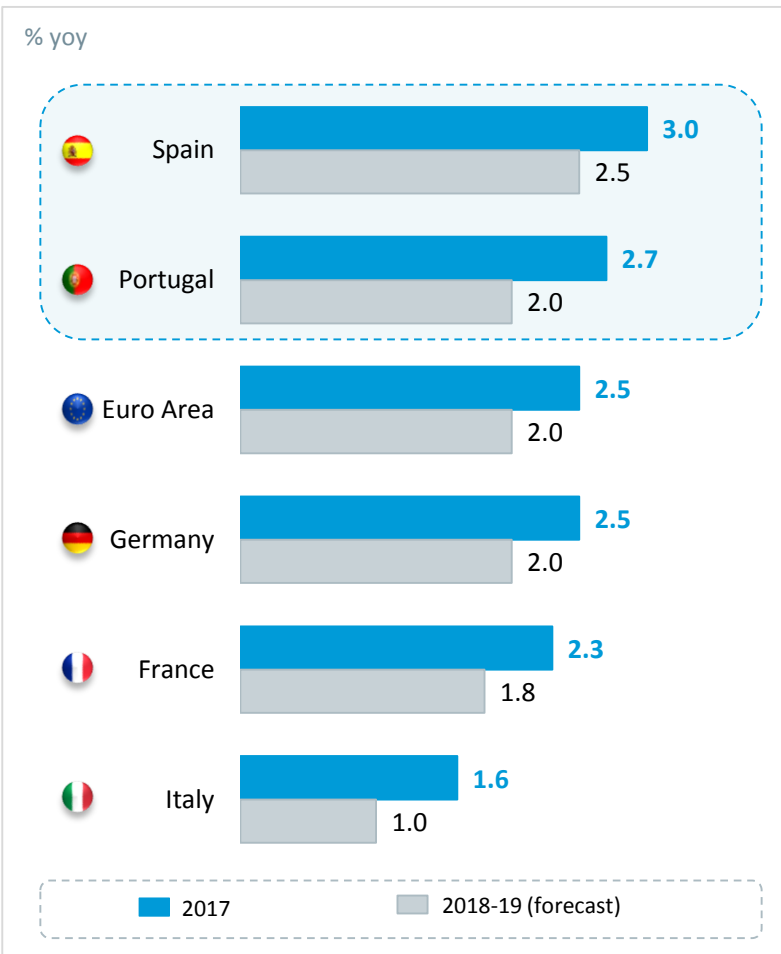
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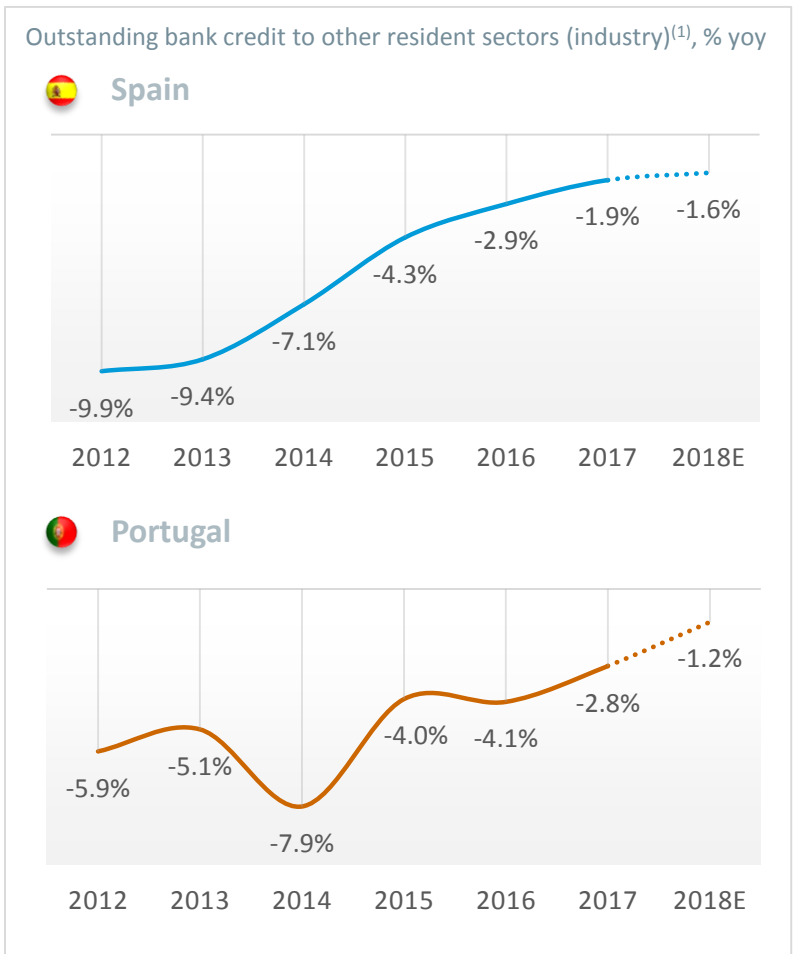
1. **Macro and industry backdrop**
2. Delivering on the 2015-18 Strategic Plan
3. Set for a growth cycle

Macro growth tempered in line with expectations

GDP growth



Total bank credit growth



A balanced risk-scenario

Drivers 2H18-2019E

- More sustainable growth**
 (Structural drivers: fiscal consolidation, current account rebalancing, private sector deleveraging)
- (Still) loose financial conditions**
- Fading temporary tailwinds**
 (oil prices, end of QE, €/€)
- Global trade tensions**

(1) Loans to the "Other Resident Sectors" excluding to financial services companies.
 Sources: Eurostat, Bank of Spain and Bank of Portugal and CaixaBank Research (all forecasts 2018E 2019E). Forecasts as of 21 September 2018.

Outlook for the Spanish banking sector continues to improve but challenges remain



- ▶ **Positive new lending dynamics**
- ▶ **Balance-sheet clean ups mostly concluded**
- ▶ **Profitability improvement**
- ▶ **Reduced regulatory uncertainties**








- ▶ **Low rates, high liquidity and strong competition**
- ▶ **Changes in consumer behaviour and expectations empowered by technology**
- ▶ **Banking Union work-in-progress**
- ▶ **Litigation risks and poor reputation**

Contents

1. Macro and industry backdrop
2. **Delivering on the 2015-18 Strategic Plan**
3. Set for a growth cycle

Significant progress across all pillars of the 2015-18 Strategic Plan

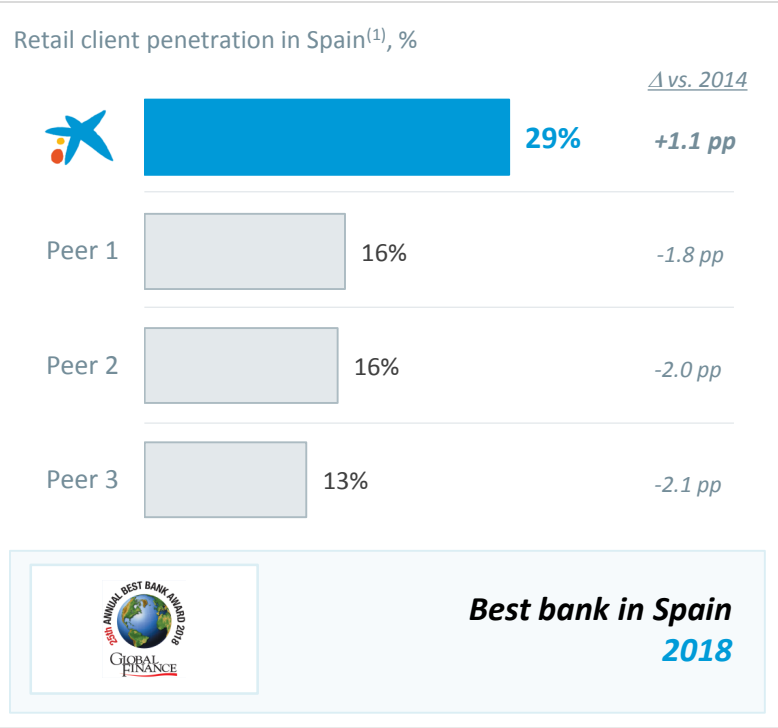
5 Strategic priorities 2015-2018

 <p>Client focus Quality and reputation</p>	 <p>Profitability Above cost of capital</p>	 <p>Capital Optimise allocation</p>	 <p>Digitalisation Reinforce leadership</p>	 <p>Talent Best and well-prepared</p>												
<p>Retail client penetration (primary bank) ⁽¹⁾ in Spain, %</p> <table border="1"> <tr> <td>24.1%</td> <td>26.3%</td> </tr> <tr> <td>2014</td> <td>Jun-18</td> </tr> </table> <p>#1 <i>Retail client penetration</i></p>	24.1%	26.3%	2014	Jun-18	<p>RoTE, trailing 12M in %</p> <table border="1"> <tr> <td>3.4%</td> <td>10.4%</td> </tr> <tr> <td>2014</td> <td>Jun-18</td> </tr> </table> <p>+4.9% <i>Core revenues</i> 2014-18 CAGR, CABK ex BPI⁽²⁾</p>	3.4%	10.4%	2014	Jun-18	<p>Capital consumption of stakes, % total</p> <table border="1"> <tr> <td>~16%</td> <td><3%</td> </tr> <tr> <td>2014</td> <td>Jun-18 PF ⁽³⁾</td> </tr> </table> <p>16.1% <i>Total Capital FL</i> June-18 PF RE disposal</p>	~16%	<3%	2014	Jun-18 PF ⁽³⁾	<ul style="list-style-type: none"> 55% Digital clients⁽⁴⁾ 32% Digital clients penetr.⁽⁵⁾ ~100% Digitalised processes ⁽⁶⁾ >1M Clients in ImaginBank <p>Best digital bank in Western Europe 2018</p>	<p>Certificate in financial advisory, certified employees in Spain</p> <p>~13,170</p> <p>upf. Universitat Pompeu Fabra Barcelona CISI QUALITY IN FINANCIAL SERVICES</p>
24.1%	26.3%															
2014	Jun-18															
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~16%	<3%															
2014	Jun-18 PF ⁽³⁾															

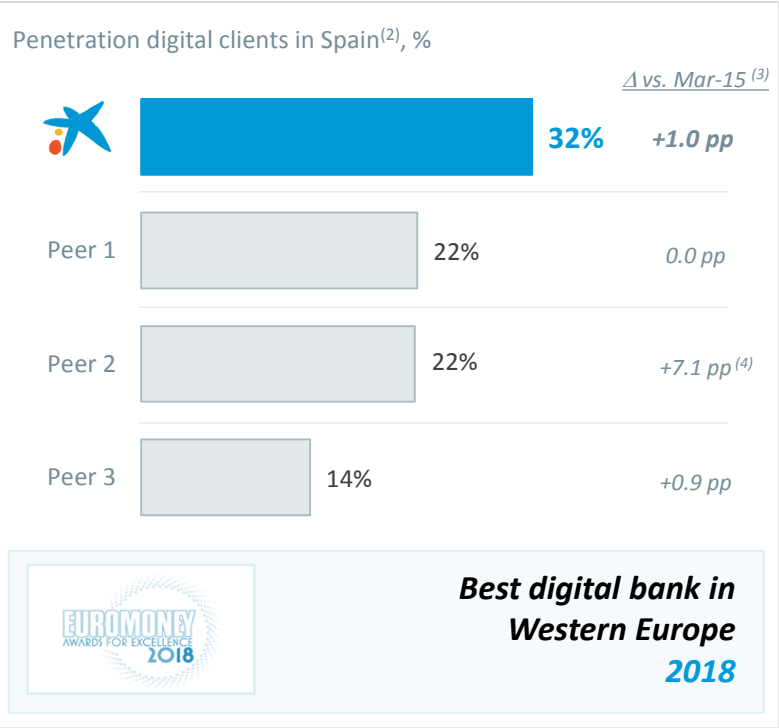
(1) Retail clients in Spain aged 18 or above. Source: FRS Inmark 2018. 2014 PF with Barclays Spain.
 (2) NII + Fees + insurance revenues from life-risk premia and equity accounted income from SegurCaixaAdeslas.
 (3) Pro-forma Repsol stake disposal.
 (4) Customers aged 20-74 years old with at least one transaction in the last 12 months, in % of total. In Spain.
 (5) In Spain. 12 month average, latest available data (June 2018). Source: Comscore.
 (6) % of documentation related to product acquisition that is digitalised.

Reinforcement of our leading Iberian retail banking franchise

The “bank of choice” for Spanish retail clients...



... with the highest digital penetration



An opportunity to replicate our model in Portugal



15.7M clients
CaixaBank + BPI

Scale and capillarity

IT and digitalisation

Advisory and proximity

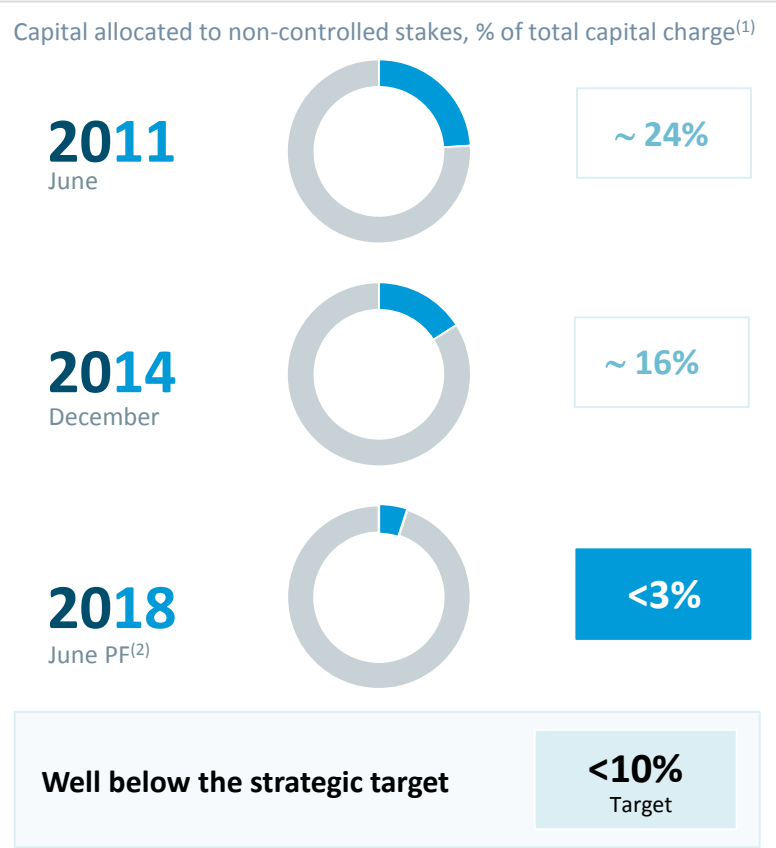
Comprehensive offering



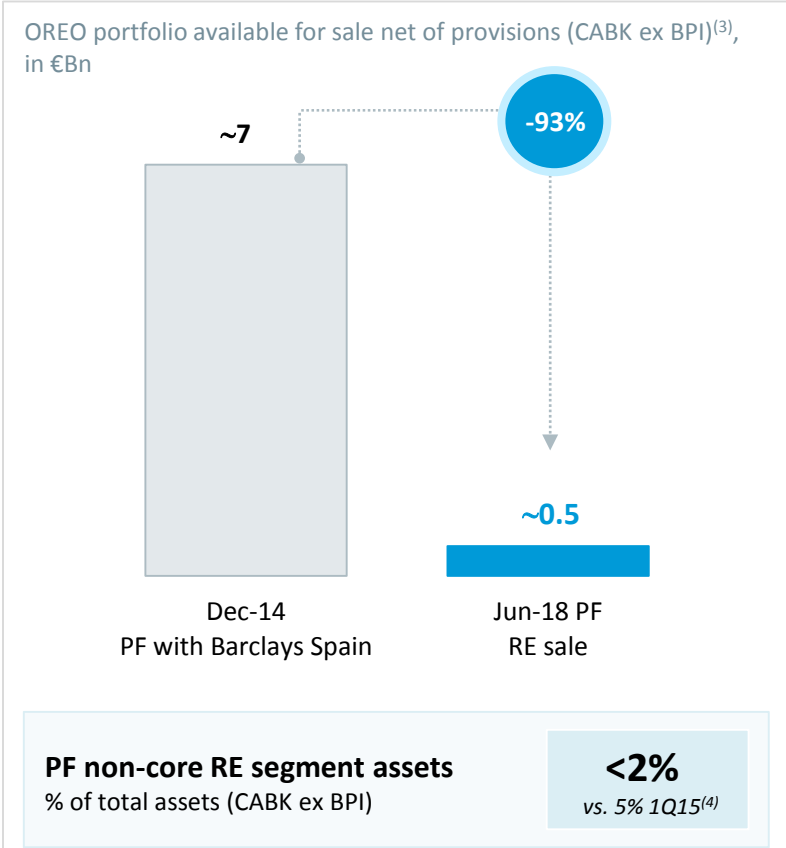
(1) Retail clients in Spain aged 18 or above. Evolution versus 2014 on organic basis. Peer group includes: Banco Santander (including Banco Popular), BBVA and Bankia. Source: FRS Inmark 2018.
 (2) 12 month average, latest available data (June 2018). Peer group includes: Banco Santander, BBVA and Banco Sabadell. Source: Comscore.
 (3) Evolution versus March 2015, as historical figures prior to that date are not comparable (methodological change by Comscore).
 (4) Includes inorganic growth.
 (5) On 6 May 2018, CaixaBank acquired 8.425% of the share capital of Banco BPI from Allianz Group. On 29 June 2018, BPI held an EGM approving to de-list the remaining shares. As of 22 August 2018, the % stake of CaixaBank at BPI was 95.0%.

A cleaner institution with a more focused capital allocation

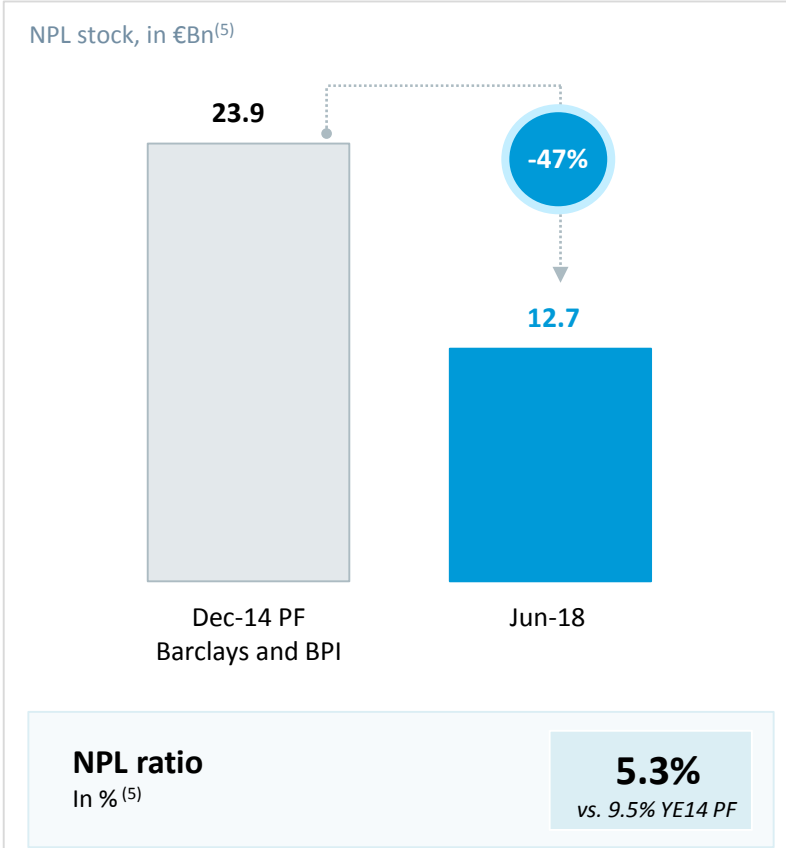
Capital tied to stakes cut to <3%



OREO exposure drastically reduced...



...accelerating balance sheet de-risking



Concentrating capital in the core bancassurance business

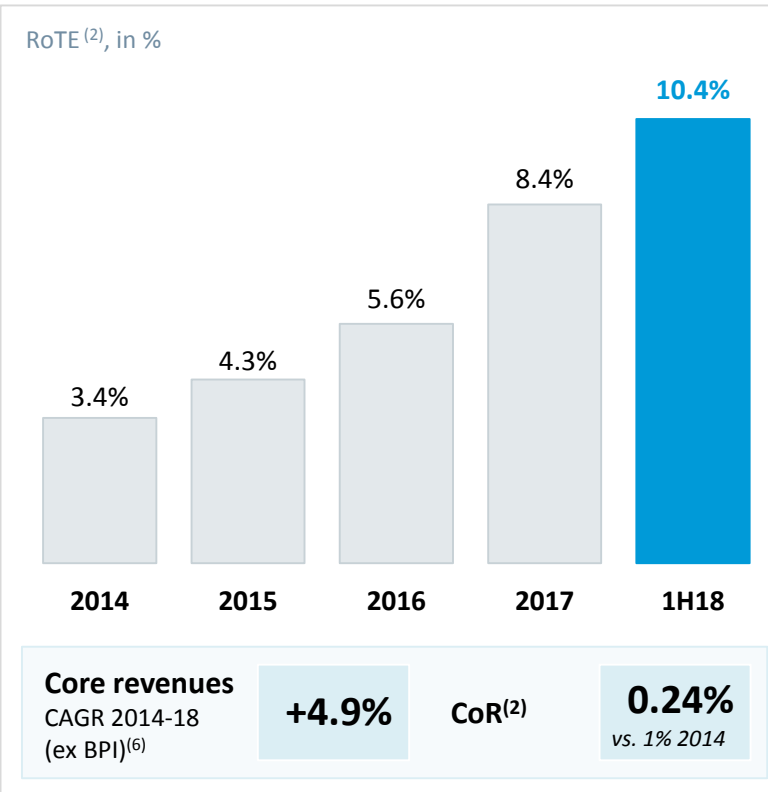
(1) Capital allocation defined as the capital consumption of the investment portfolio over total capital charge.
 (2) PF Repsol stake disposal.
 (3) BPI OREO portfolio net of provisions amounts to €41M as of 30 June 2018.
 (4) Current segmentation (including non-core RE segment) was introduced in 1Q15.
 (5) NPLs and contingent liabilities. 2014 PF Barclays Spain and BPI.

Profitability already covers the cost of capital

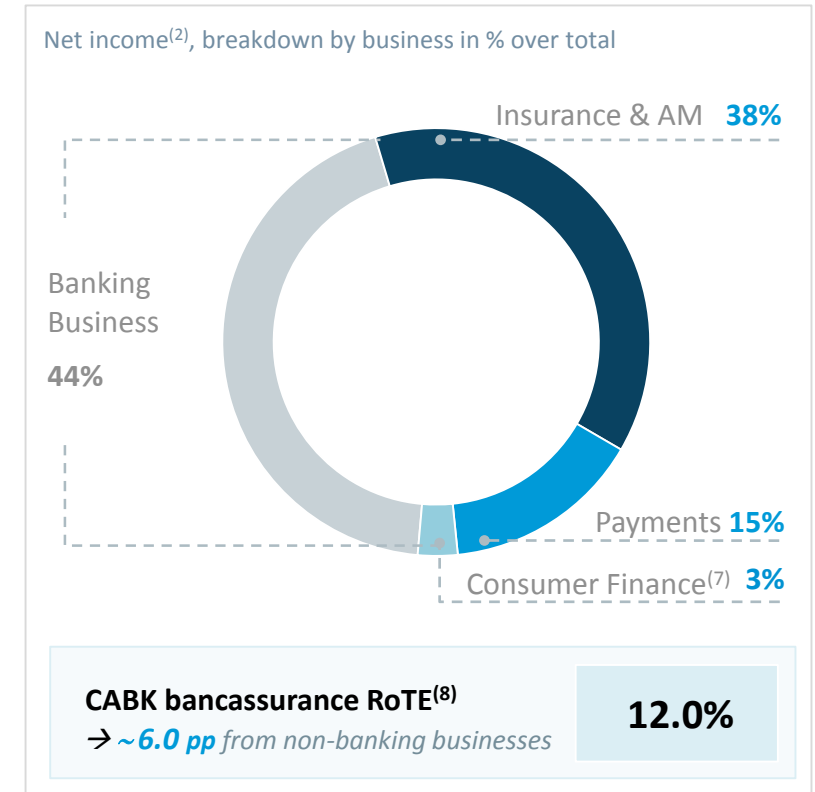
Delivering on strategic financial targets

June 2018 vs. target		Target 2018 ⁽¹⁾	June 2018
Profitability	RoTE ⁽²⁾	9-11%	10.4%
	Recurrent C/I ratio ⁽²⁾⁽³⁾	~55%	53%
	Rec. operating exp. CABK ⁽²⁾⁽⁴⁾	Flat 2014	-0.5%
	Cost of risk ⁽²⁾	<40 bps	24 bps
Capital	CET1 FL % ⁽⁵⁾	11-12%	11.7%
	Total Capital FL % ⁽⁵⁾	>14.5%	16.1%
Cash dividend pay-out		≥50% target	56% Avg. 2015-17

RoTE has come a long way...



...with CABK bancassurance as its main contributor



A good starting position for the upcoming Strategic Plan: reinforced franchise, capital and profitability

(1) Revised targets in the mid-term review of the plan (December 2016).
 (2) Trailing 12M.
 (3) Cost-to-income ratio stripping out extraordinary expenses.
 (4) Recurrent administrative expenses, depreciation and amortization. 2014 PF w/Barclays Spain.
 (5) June 2018 PF RE disposal.
 (6) NII + Fees + insurance revenues from life-risk premia and equity accounted income from SegurCaixaAdeslas.
 (7) CaixaBank Consumer Finance and MicroBank. Other consumer lending business included in "banking business" and "payments".
 (8) RoTE trailing 12 months excluding extraordinary items. It includes the AT1 coupon accrued in the year (-€52M post-tax, trailing 12M).

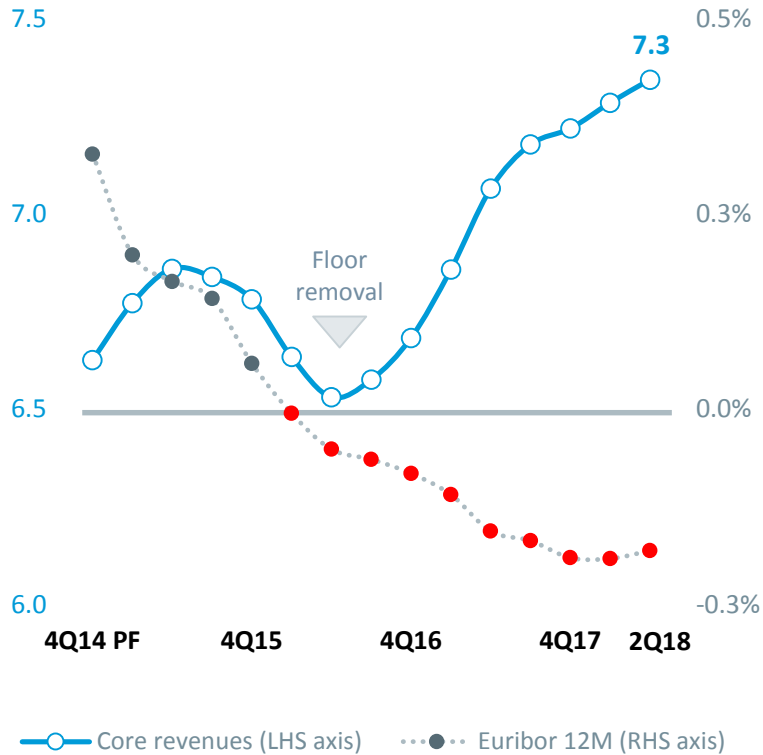
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3. **Set for a growth cycle**

A proven business model has grown revenues despite negative rates

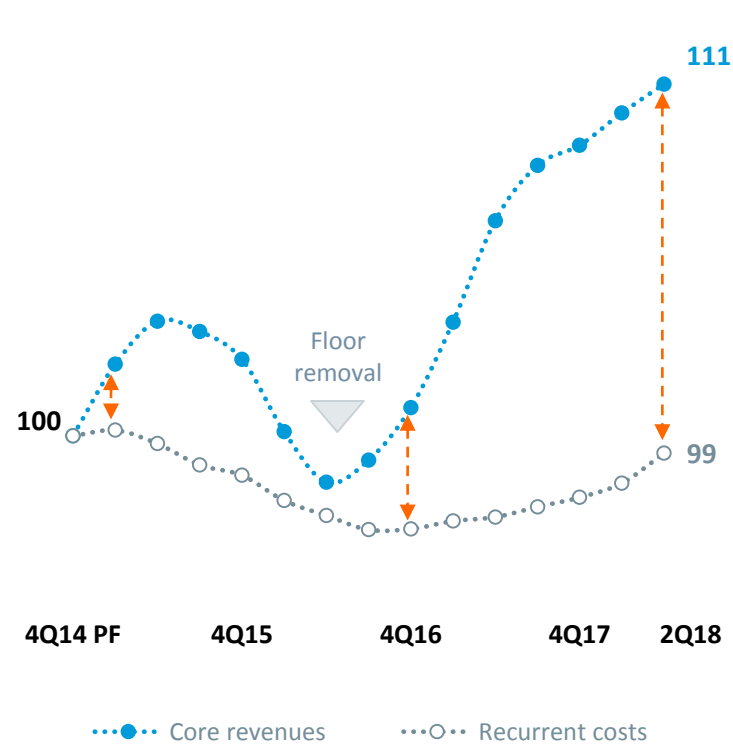
Core revenues at their highest since 2014... with Euribor at its lowest

CABK (ex BPI) Core revenues on a trailing 12M basis⁽¹⁾ in €Bn vs. Euribor 12M on a quarterly basis (end of period), in %



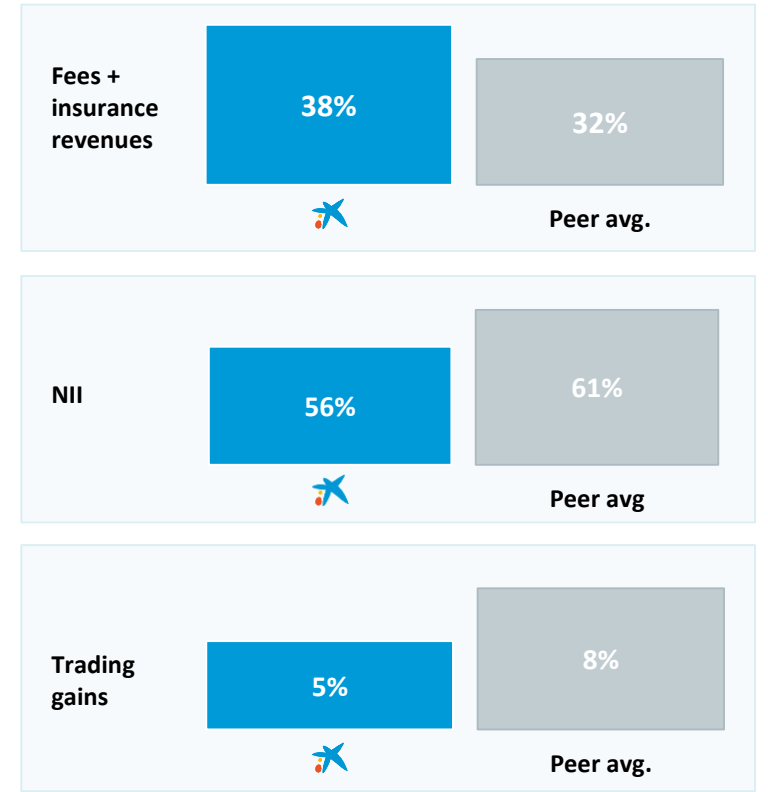
While “jaws” continue to widen

CABK ex BPI, trailing 12M, 4Q14 (PF w/Barclays Spain) = 100



Lower reliance on NII and trading than peers

% of gross revenues 1H18 (trailing 12M)⁽²⁾



Scale and scope have compensated for a poor operating environment

(1) PF with Barclays Spain in 2014. Core revenues include NII, net fees and other revenues from insurance (life-risk premia, equity accounted income from SegurCaixa Adeslas).

(2) CaixaBank Group versus peer average. Peers include: Bankia, Sabadell, SAN ESP+RE, BBVA ESP+RE. Source: as reported by different entities.

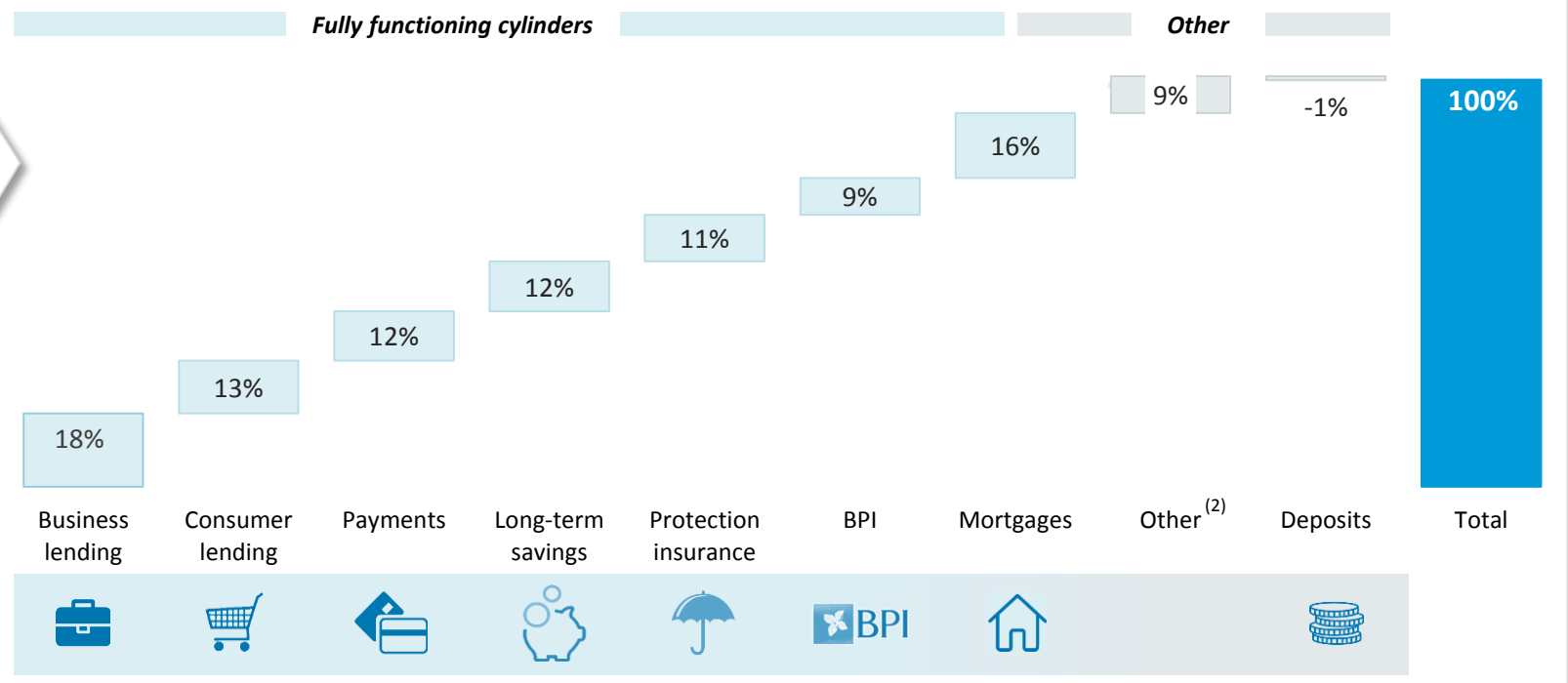
The business is currently firing on most cylinders

Fully-functioning “cylinders”

1. Business lending
2. Consumer lending
3. Payments
4. Long-term savings
5. Protection insurance
6. BPI

... supporting core revenues

Contribution to Group core revenues⁽¹⁾, June 2018 trailing 12M in %



Key enablers to keep fueling cylinders

Structural growth and increasing share of wallet

Best-in-class omni-channel capabilities and digital leadership

Replicate a successful model in Portugal

(1) Core revenues include NII, net fees and other revenues from insurance (life-risk premia, equity accounted income from SegurCaixaAdeslas and equity accounted income from BPI bancassurance companies).

(2) Mainly including other credit to individuals, public sector loans and banking fees other than related to payments.

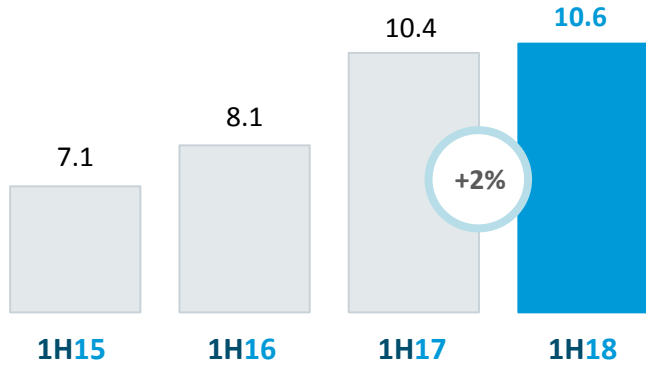
Seizing growth opportunities in lending and payments

Business lending

Market share
Lending to businesses
Spain

15%
+130 bps vs. YE14

New lending to corporate and SMEs (CABK), €Bn



Segmentation and specialisation are key advantages

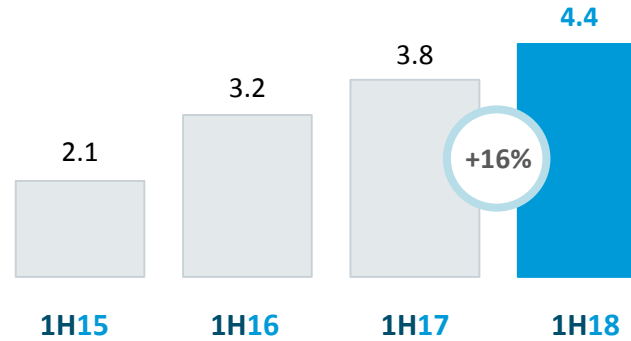


Consumer lending

Market share
Other credit to individuals
Spain

17%
+40 bps vs. YE14

New consumer lending (CABK), €Bn



Strategic alliances and commercial agreements with vendors



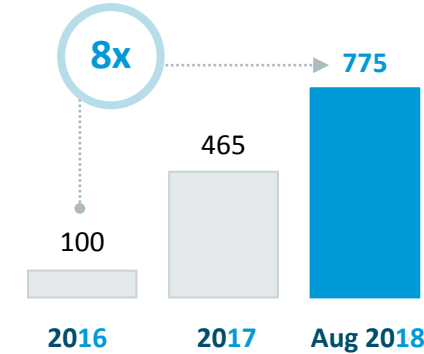
Payments

Market share
Spain

23%
Card turnover

28%
E-commerce⁽¹⁾

Credit cards stored in mobiles (Spain), 2016=100



814,000
Credit cards stored in mobiles, Aug '18

16M
Payments by mobile Jan-Aug '18

CaixaBank Pay

Agreements with leading partners



A proprietary data environment provides a unique competitive advantage

(1) By turnover. Source: Comscore.

Sources (for market shares): Bank of Spain, Sistema de Tarjetas y Medios de Pago, Comscore.

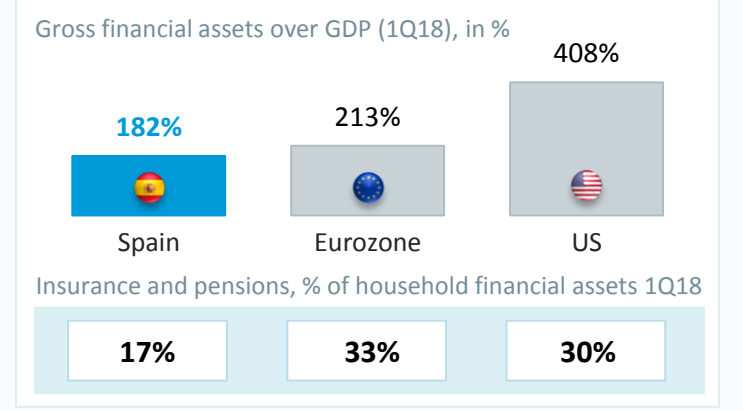
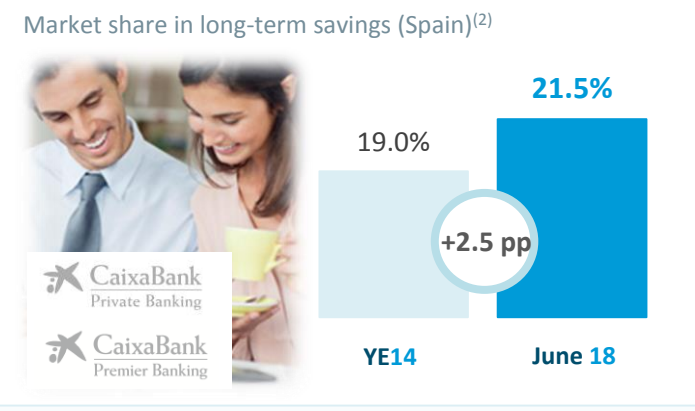
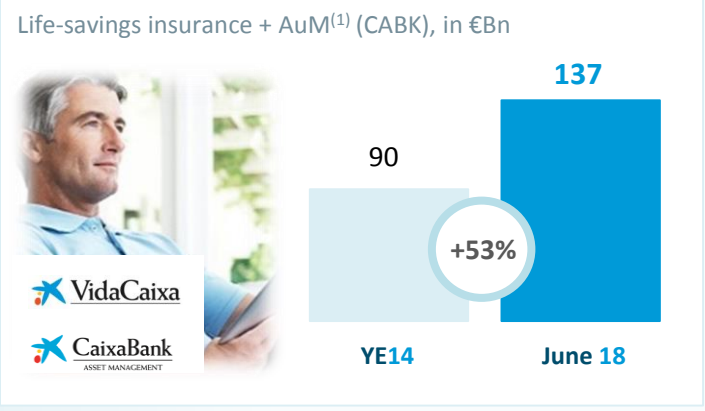
Growth with untapped potential in long-term saving and protection products

Increased activity

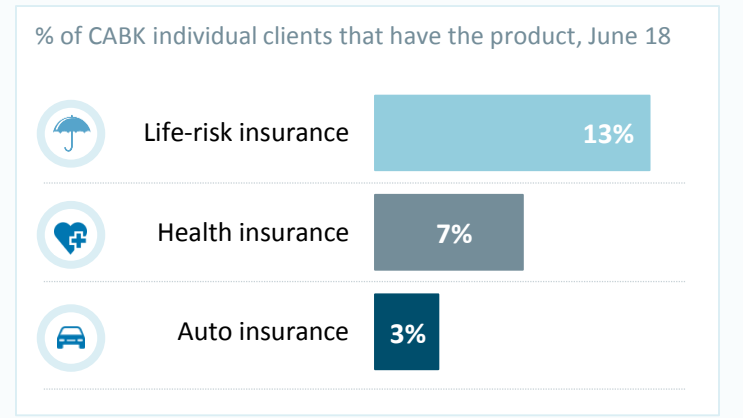
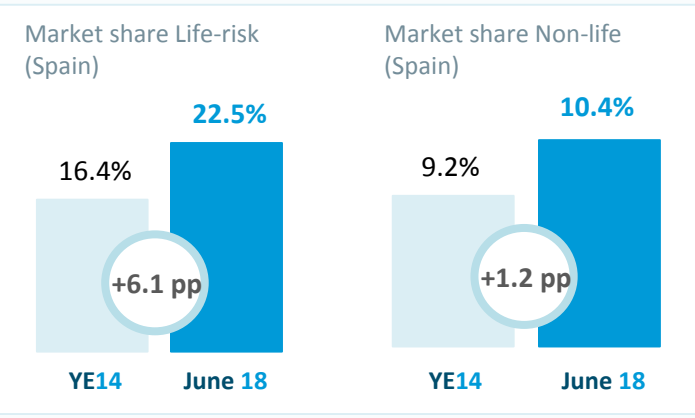
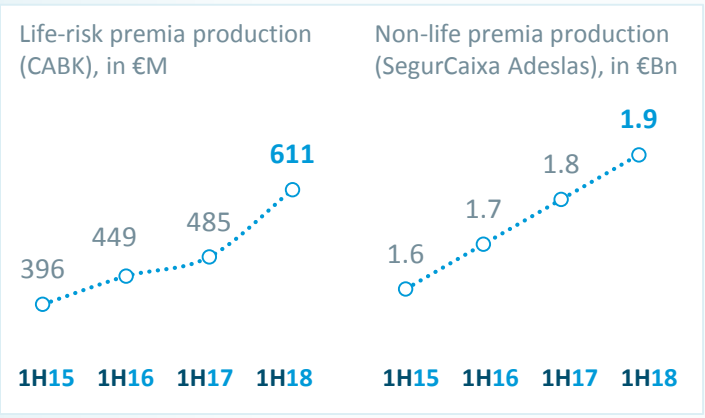
Market share gains

Unrealised potential

Long-term savings



Protection insurance



Growing AM and insurance contribution to revenues of bancassurance segment: 25% in 1H18 trailing 12M vs. 15% in FY14

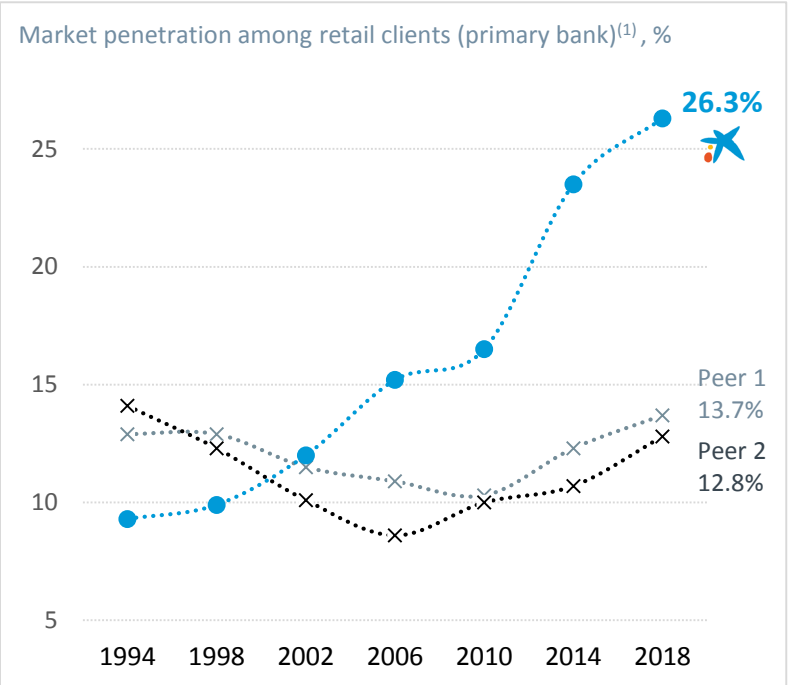
(1) Stock of AuM and life-savings insurance funds. Includes pension plans, own and third-party mutual funds, SICAVs and managed portfolios.

(2) Market share for own mutual funds and pension plans as of June 2018, internal estimates for life-saving insurance.

Sources: Inverco, ICEA, Eurostat and Federal Reserve. Latest available data.

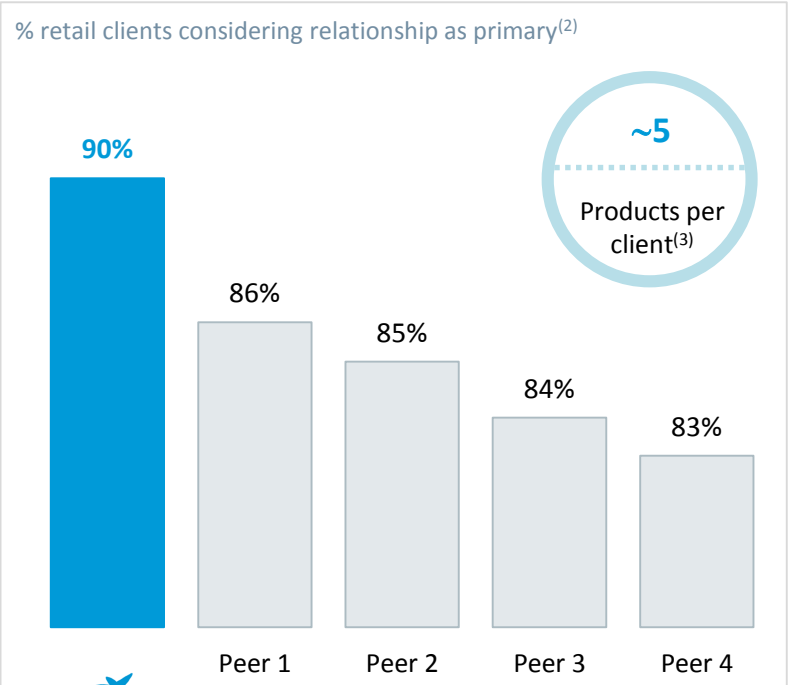
Customer loyalty and cross-selling potential to remain key enablers for future growth

Proven capabilities to grow above the market



The largest scale and best access to the client

The primary bank for 90% of our customers

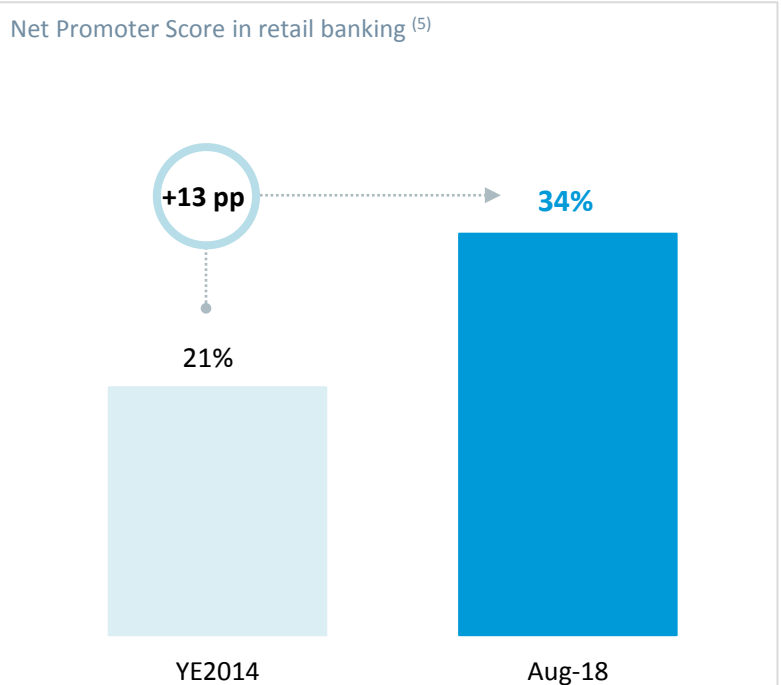


Undisputed leadership in key anchor products

Payroll deposits
Market share (Spain)⁽⁴⁾

27.4%
+0.6 pp yoy

Higher customer satisfaction



- Quality of service
- Specialised service
- Customer intimacy
- Extended open. hours

(1) Retail clients in Spain aged 18 or above. Source: FRS Inmark 2018. Peers include SAN (including POP) and BBVA.
 (2) Retail clients in Spain aged 18 or above. Source: FRS Inmark 2018. Peers include SAN, BBVA, Bankia, SAB.
 (3) Retail clients. Source: FRS Inmark 2018.
 (4) Source: Social Security.
 (5) Percentage of promoters minus percentage of detractors. Internal data.

We are at the forefront of the digital transformation process

Evolving into a nimbler organisation



A digital reference point with the largest digital client base in Spain

CaixaBankNow

5.8 M

Omni-channel clients as % of digital clients ⁽²⁾

Digital clients ⁽¹⁾

71%

63%

Market (ex CABK)



>1 M

clients

Best-rated financial apps⁽³⁾

	Peer 1	Peer 2	Peer 3	Peer 4
Android	4.3 ★★★★★	4.6 ★★★★★	4.2 ★★★★★	3.8 ★★★★★
iOS	4.6 ★★★★★	4.7 ★★★★★	3.1 ★★★★★	4.6 ★★★★★

Open banking

Booking.com

Business opportunities

Leveraging IT to transform the distribution network

~100%

Employees with Smart PC

~ 100% Digital processes ⁽⁴⁾

>100 M Digital signatures

222

New concept "Store" branches

Urban branch

Extended hours



Best digital bank in Western Europe 2018



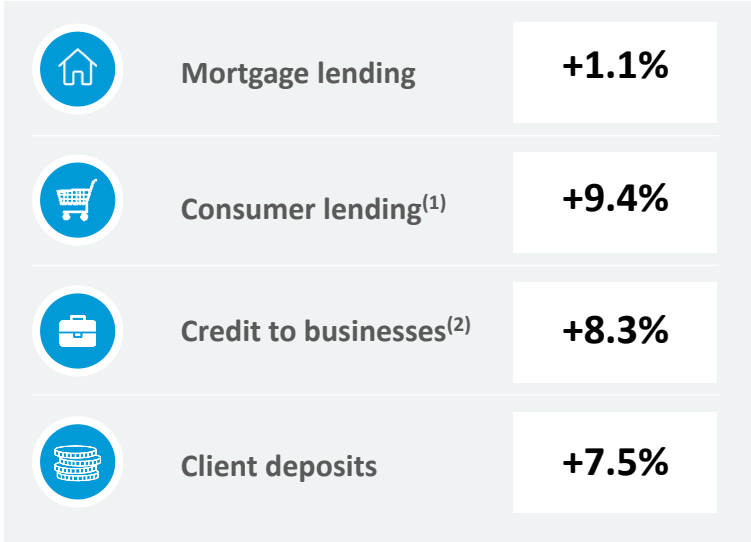
Best Technology Project in mobile category 2018

(1) In Spain. Customers aged 20-74 years old with at least one transaction in the last 12 months.
 (2) Source: FRS Inmark 2018.
 (3) Peers include: BBVA, ING, Banco Sabadell, Banco Santander.
 (4) % of documentation related to product acquisition that is digitalised.

BPI: positive operating dynamics drive up market shares and profitability

Improving commercial dynamism

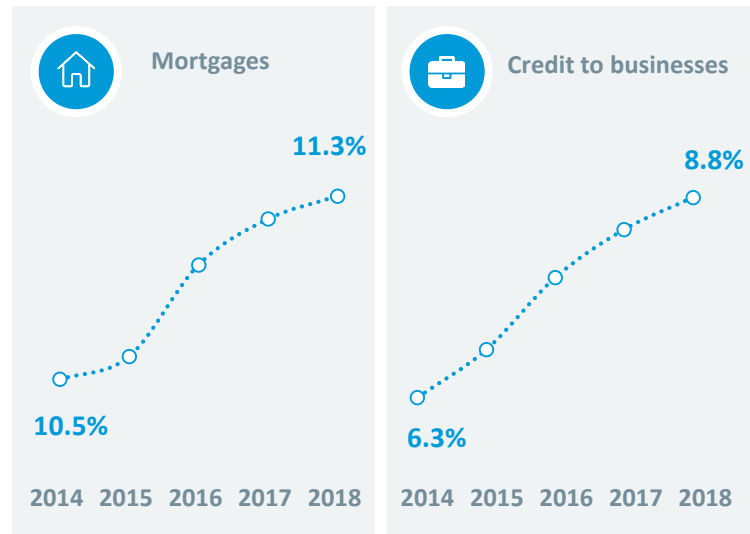
Activity in Portugal, as reported by BPI in % ytd



Best bank in Portugal 2018

Seizing market share

Current market share levels, as reported by BPI in %

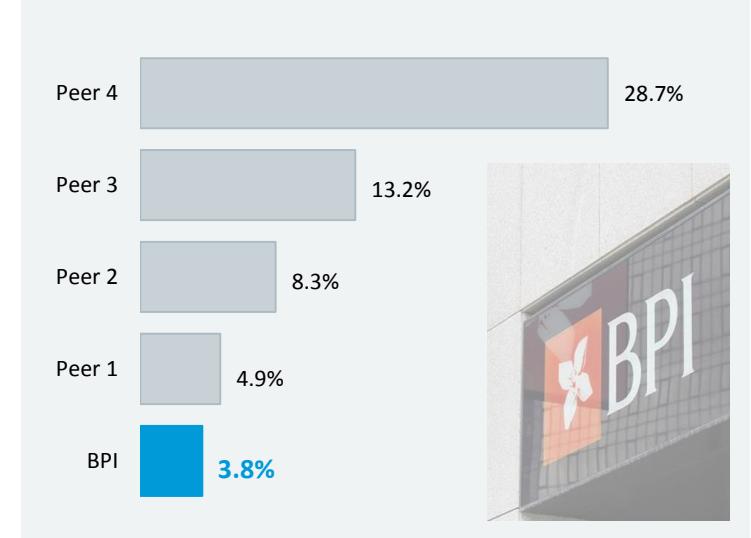


Penetration retail clients⁽³⁾ 2018

13%

Better risk than peers and growing profitability

NPL ratio⁽⁴⁾, June 2018 in %



RoTE Portugal
Trailing 12M %

9.0%
June 2018

>10.0%
Target 2020E

Sharing best practices to deliver revenue growth with operating leverage

(1) Consumer lending and other credit to individuals.
 (2) Credit to businesses in Portugal.
 (3) Source: BASEF Banca.
 (4) As reported by entities, EBA criteria. Peers include Caixa Geral, Millenium BCP, Novobanco and Santander Totta.

Final remarks



1 Growing on most cylinders: rates can provide an additional one

2 Franchise is well-prepared to capture untapped potential

3 Customer loyalty and IT expertise remain key enablers for growth

4 Fully focused on core business and future-proofing the bank



Set for growth... despite low rates

*Investor*day

27 November 2018 London



CaixaBank



Thank you

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