



**CaixaBank**

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***Investor*day**

27 November 2018 London

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## Agenda

Starting @ 13:30 h

**Welcome and agenda**

**Edward O’Loghlen**, Head of Investor Relations, CaixaBank Group

**Strategic Vision**

**Jordi Gual**, Chairman, CaixaBank Group

**2019-2021 Strategic Plan**

**Gonzalo Gortazar**, CEO, CaixaBank Group

*Coffee break*

**BPI: 2019-2021 Strategic Priorities**

**Pablo Forero**, CEO, BPI

**Financial Projection and Targets**

**Javier Pano**, CFO, CaixaBank Group

**Q&A session**

Ending @ 16:45 h



# Strategic Vision

Jordi Gual  
Chairman

2015-18 Strategic Plan: strong delivery



**Reinforcement of our leadership**

**BPI acquisition**

**Profitability above the cost of equity**

**Increased focus on our core business**

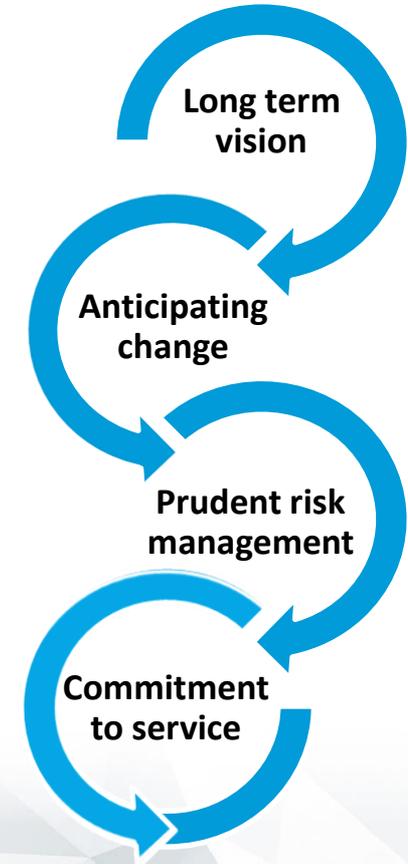
**Reorganisation of the Group**

*Successful completion of the 2015-2018 Strategic Plan*

114 years managing the business distinctively



*Creating value for all stakeholders:  
Clients, employees, investors, society*



Our mission



***Contribute to the financial wellbeing of our customers and to the progress of society***

Our values

*Quality*



*Trust*



*Social  
commitment*



Our strategic vision

2019-2021

A leading and innovative financial Group, with the best customer service and a benchmark in responsible banking



# 2019-2021 Strategic Plan

Gonzalo Gortazar  
CEO



**1**

**2015-18 Review**

**2**

**2019-21: Strategic priorities**

**Emerging from the crisis and the 2015-18 period as a clear winner****1. Excellent commercial performance**

*Reinforcement of the leading Iberian retail-banking franchise*

**2. Profitability already covers the cost of capital**

*With bancassurance segment as the main contributor*

**3. Simplification and reorganisation of the Group**

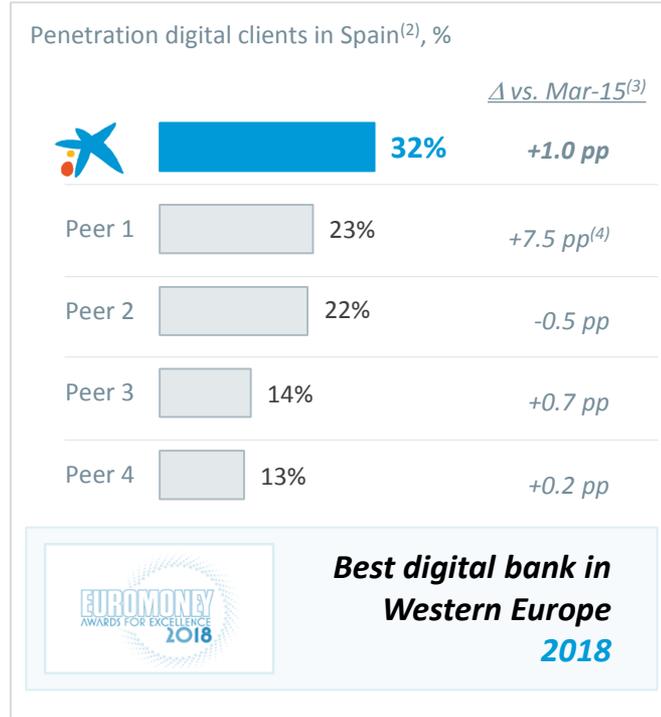
*Fully-focused on the core business in Spain and Portugal*

***A proven  
business model  
in a negative  
rates  
environment***

## Our leading Iberian retail-banking franchise has been reinforced

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

### ... with the highest digital penetration



### A one-stop distribution model for lifetime finance and insurance needs



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, Banco Sabadell and Bankia. Source: FRS Inmark 2018.

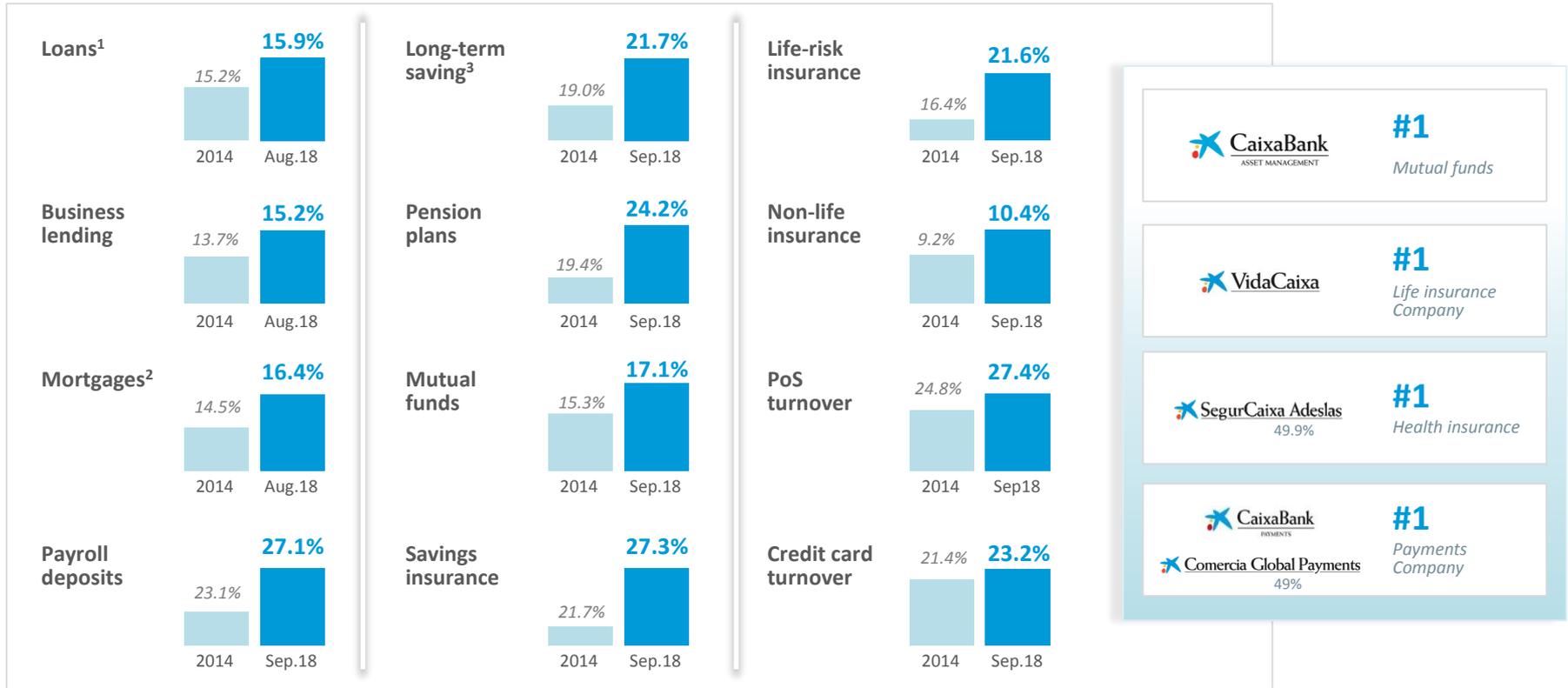
(2) 12 month average, latest available data (September 2018). Peer group includes: Banco Santander, BBVA, Banco Sabadell and Bankia. Source: Comscore.

(3) Evolution versus March 2015, as historical figures prior to that date are not comparable (methodological change by Comscore).

(4) Includes inorganic growth.

## Building on a long-term track record of growth and market share gains

Market shares, in%

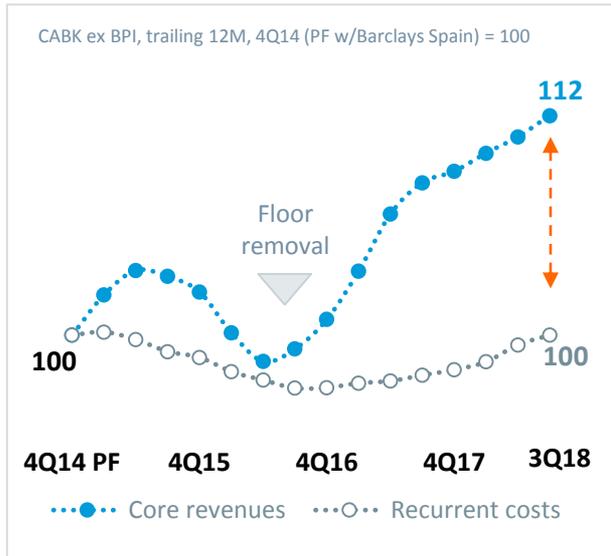


(1) Loans to other resident sectors, as per Bank of Spain data  
 (2) Home purchase loans

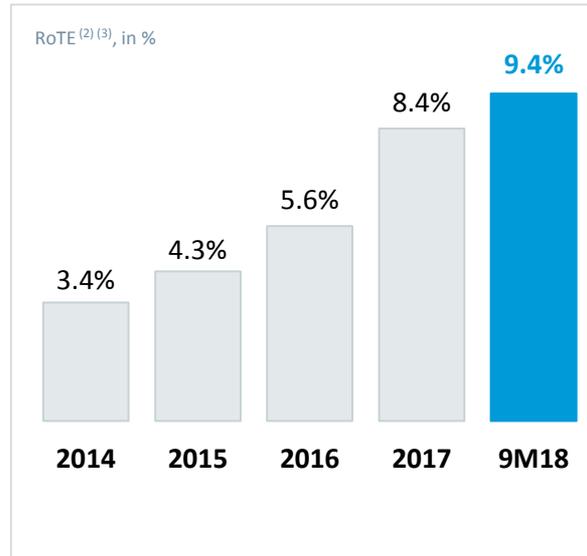
(3) Market share for own mutual funds, pension plans and life-saving insurance.  
 Sources: Social Security, BoS, INVERCO, ICEA, AEF and Cards and Payments System. Latest data available

## Profitability now covers the cost of capital

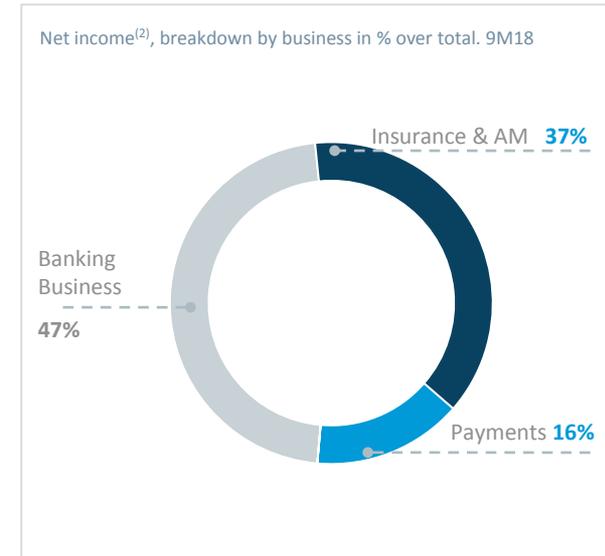
### “Jaws” continue to widen



### RoTE has come a long way



### Thanks to a comprehensive offering of financial and insurance services



**Core revenues**  
CAGR 2015-18  
(ex BPI)<sup>(1)</sup>

**+3.2%**

**Rec. expenses**  
CAGR 2015-18  
(ex BPI)

**~0%**

CoR **1%** 2014 → **0.2%** 3Q18<sup>(4)</sup>

**CABK bancassurance RoTE<sup>(5)</sup>**  
→ ~6.1 pp from non-banking businesses

**12.2%**

(1) NII + Fees + insurance revenues from life-risk premia and equity accounted income from SegurCaixaAdeslas. 2014 figures PF Barclays (2) Trailing 12M. RoTE as reported in 3Q18 (3) Adjusting for the new definition (including valuation adjustments in the denominator) RoTE TTM as of September 2018 would stand at 9.5%. (4) Trailing 12M. PF excluding an extraordinary provision release in the quarter (c.€275M) derived from updating the recoverable value of a large credit exposure. (5) RoTE trailing 12 months excluding extraordinary items. It includes the AT1 coupon accrued in the year (-€61M post-tax, trailing 12M).

A streamlined structure facilitates full attention on our bancassurance model

2014



Sep.18



Decreasing the weight of non-strategic assets

- Boursorama (2015)
- BEA & Inbursa (2016)
- Repsol (2018)
- €22bn (-65%) reduction in NPAs<sup>1</sup>



Taking control of BPI

BPI fully integrated into our bancassurance activity  
An opportunity to replicate CaixaBank model in Portugal



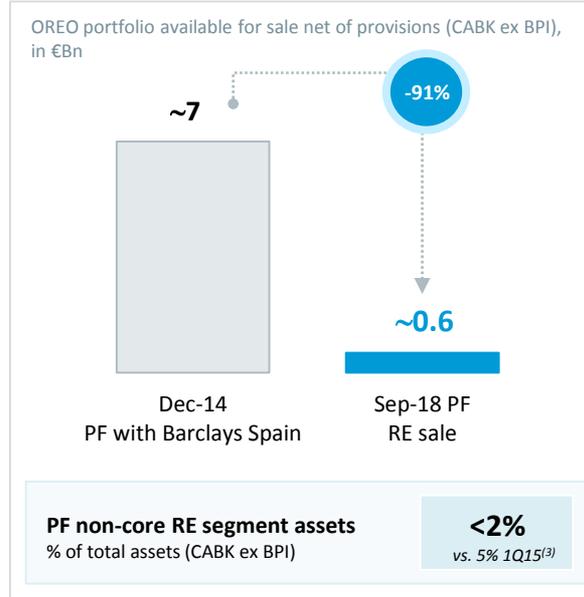
(1) September 2018 (CABK, exBPI) vs 2014PF Barclays. Gross values.

## A cleaner balance-sheet with more focused capital allocation

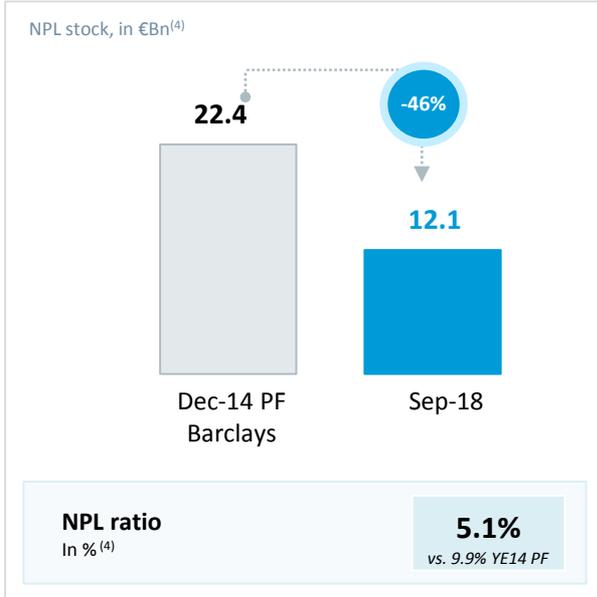
### Capital tied to stakes cut to <3%



### 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) Current segmentation (including non-core RE segment) was introduced in 1Q15.

(4) NPLs and contingent liabilities. 2014 PF Barclays Spain.

## Delivering on strategic financial targets

		Target 2018 <sup>(1)</sup>	September 2018
<b>Profitability</b>	RoTE <sup>(2)</sup>	9-11%	9.4%
	Recurrent C/I ratio <sup>(3)</sup>	~55%	53%
	Core revenues CABK <sup>(4)</sup>	~4% CAGR 2017-18	6%
	Rec. operating exp. CABK <sup>(5)</sup>	Flat 2014	~0%
	Cost of risk <sup>(6)</sup>	<40 bps	20 bps
<b>Capital</b>	CET1 FL %	11-12%	11.4% <sup>(7)</sup>
	Total Capital FL %	>14.5%	15.2%
<b>Cash dividend pay-out</b>		≥50%	56% Avg. 2015-17



**Building our 2019-21 Strategic Plan on solid foundations**

(1) Targets revised in the mid-term review of the plan (December 2016). (2) Trailing 12M. RoTE as reported in 3Q18. Adjusting for the new definition (including valuation adjustments in the denominator) RoTE TTM as of September 2018 would stand at 9.5%. (3) C/I ratio trailing 12M stripping out extraordinary expenses. (4) NII + Fees + insurance revenues from life-risk premia and equity accounted income from SegurCaixaAdelas. Trailing 12M (5) Recurrent administrative expenses, depreciation and amortization. 2014 PF w/Barclays Spain. Trailing 12M. (6) Trailing 12M. Excluding extraordinary provision write-back in 3Q18. (7) 11.7% September 2018 PF RE and REP disposals, as per current estimate.



1

2015-18 Review

2

**2019-21: Strategic priorities**

There are five strategic priorities for 2019-21



1

Offer the best customer experience



2

Accelerate digital transformation to boost efficiency and flexibility



3

Foster a people-centric, agile and collaborative culture



4

Attractive shareholder returns and solid financials



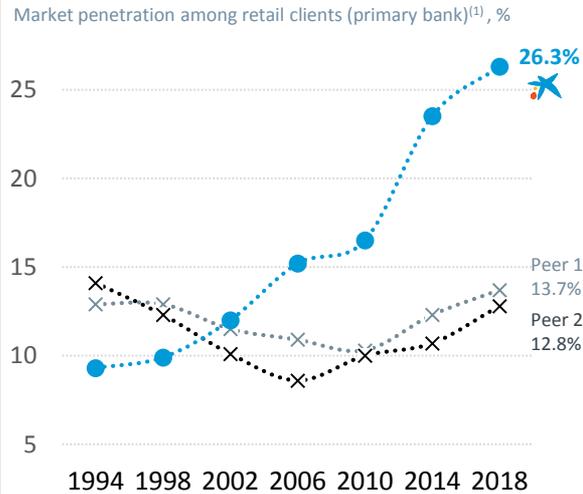
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A benchmark in responsible banking and social commitment

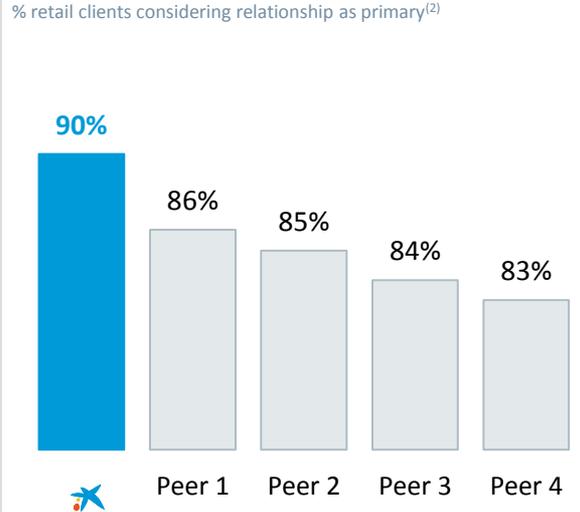
**1****Offer the best customer experience****2****Accelerate digital transformation to boost efficiency and flexibility****3****Foster a people-centric, agile and collaborative culture****4****Attractive shareholder returns and solid financials****5****A benchmark in responsible management and social commitment**

## Track record of growth based on scale, customer loyalty and customer satisfaction to continue

### Proven capabilities to grow above the market



### The primary bank for 90% of our customers

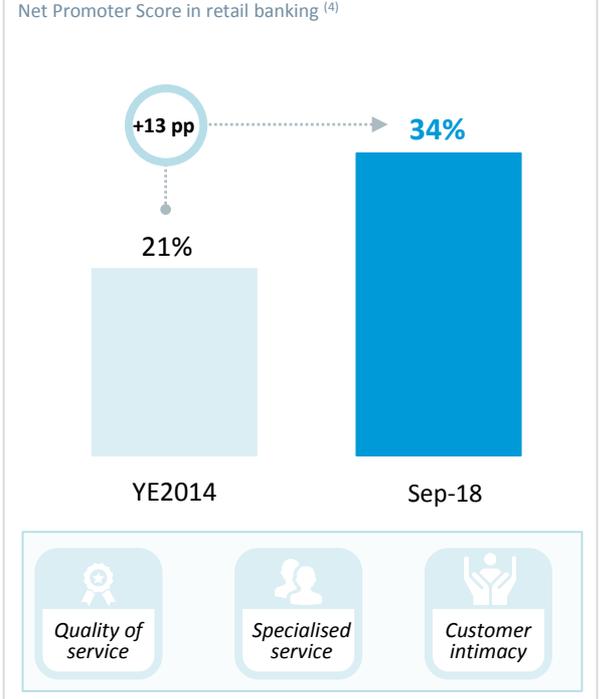


**Undisputed leadership in key anchor products**

Payroll deposits market share (Spain)<sup>(3)</sup>

**27.1%**  
+0.5 pp yoy

### High customer satisfaction



**The largest scale and best access to the customer**

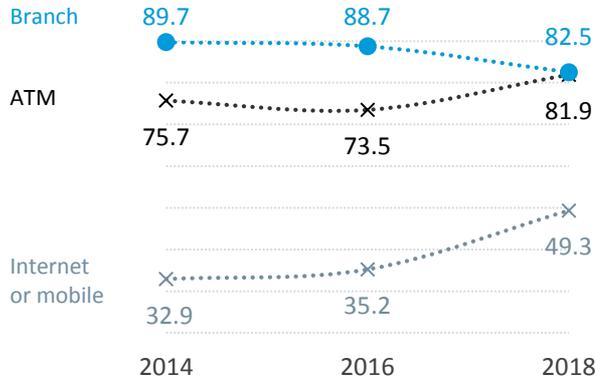
**We have a unique omnichannel distribution platform with multi-product capabilities that continuously evolve to anticipate customer needs and preferences**

(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) Source: CABK estimates based on data from Social Security.  
 (4) Percentage of promoters minus percentage of detractors. Internal data.

Customer behaviour is changing rapidly but branches are still critical

Digital channels grow but branches continue to play a key role

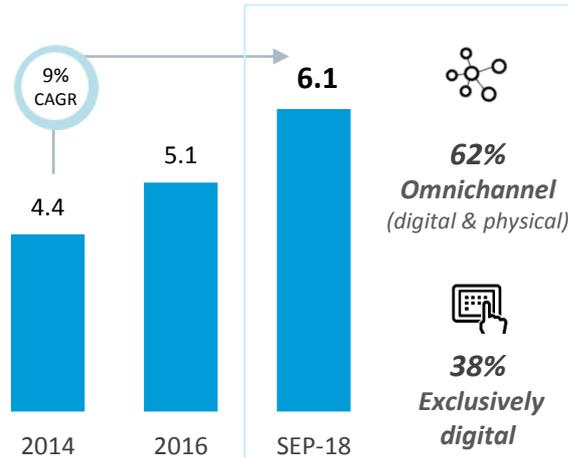
Market– Spain. % of customers using each channel with primary bank over the past 12 months



Average contacts/month (sector): 7.56

Digital clients grow steadily...

CABK- Spain. Digital clients (M)



...particularly through mobile

84% Digital clients use mobile

+47% Annual growth in mobile transactions



Transactionality shifts to digital channels while branches improve value-added service

Double-digit growth in number of transactions through digital channels and means of payment

Total transactions 2018E **>10bn** CAGR 15-18 **14%**

Distribution CAGR 15-18

5%	Branches 	~0%
6%	ATMs 	~1%
24%	Internet 	~5%
33%	Mobile 	~47%
32%	Cards, PoS & automated 	~12%

**BRANCH TRANSACTIONS: stable number-wise but higher value-added**

1 **Drastic decline in transactional operations**

e.g:

	2018 vs. 2014
Payments and cheque deposits	-52%
Cash deposits & withdrawals	-42%
Transaction updates	-52%
Wire transfers	-35%

2 **Time spent on financial planning and customer interaction grows**

% branch time dedicated to advisory and sales

75% 2014 → 79.6% 2018

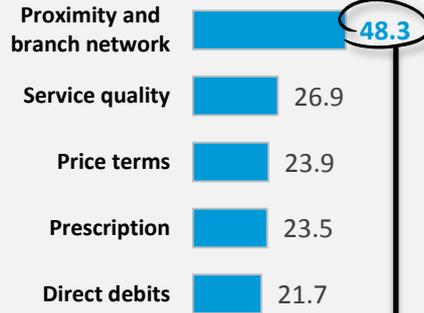
**More time for planning and customer relationships**



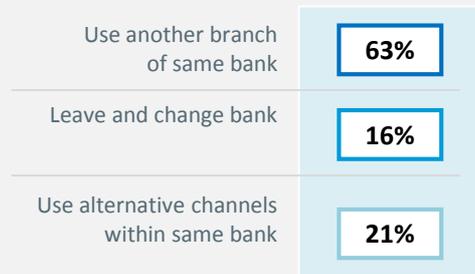
Proximity continues to be the most important factor for choosing a bank. Best customers are omnichannel

## Market- Spain

Main factor in choosing primary bank, (%)



What would you do if your bank were to close the branch you usually work with?



Source: FRS Inmark

## Omnichannel clients show higher loyalty and profitability



% omnichannel customers (market= base 100)

113



Source: FRS Inmark

100



Market (ex CABK)

CaixaBank

- No. of products per client

Digital only

6.2



Omnichannel

7.8

- # monthly interactions

Digital only

18.9



Omnichannel

28.5

Omnichannel customers close twice the number of transactions through digital channels than digital only customers

Use of channel to close a purchase

Digital only Omnichannel

x2



Customer income (digital only = base 100)

226



Omnichannel

100



Digital only

2019-21 Strategic Plan

Levers to fuel growth and drive our *Customer Experience* strategy



1

Continue to transform the distribution network to provide higher added value to the customer

2

Strengthen the remote and digital customer relationship model

3

Partnerships to broaden offering and build an ecosystem “beyond banking”

4

Segmentation and focus on customer journey

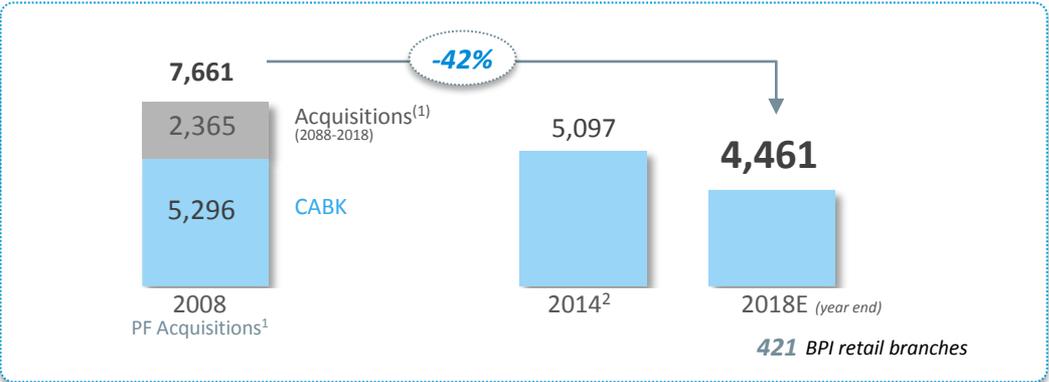
2008-2018: ten years of specialising and rightsizing the distribution network

1

Constant evolution of the distribution network: concentration of retail branches, creation of specialised branches and development of the best digital network



Retail branches in Spain



Specialised branches/managers in Spain



+ Digital and remote channel development (e.g., CaixaBankNow, imaginBank, inTouch)



(1) BCIV, Barclays Spain, Banco de Valencia, Caixa Girona  
 (2) Barclays Spain retail branches are not included (#261)

## 2019-2021: an opportunity to continue transforming the distribution network

1

We will continue to promote our specialised offering in combination with a wider product range and the best digital service

Expand the “Store” model in urban areas (>600 by 2021)

Consolidate and promote the **AgroBank** model in rural areas

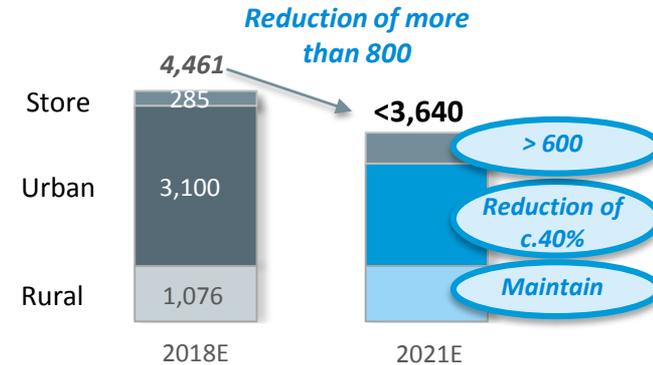
Build on our remote account manager (“*inTouch*”) relationship model

Distribution of business volumes in retail network<sup>1</sup>

	Today	2021E
Store branches	24%	53%
Other urban	65%	36%
Rural branches	11%	11%
<b>Total retail</b>	<b>100%</b>	<b>100%</b>
<i>o/w inTouch</i> <sup>2</sup>	3%	9%

Reduction in mostly urban branches within 3 years. Rural network to remain the same

Number of retail branches. Spain



(1) CaixaBank, exBPI. Loans+ customer resources. Specialised branches are not included  
 (2) Customers managed by *inTouch* service continue to be accounted for in branches.

We expect to have >600 Store branches by the end of 2021

1

**Store**

**Transforming branches into advisory hubs**

▶ **Closer to the customer**

▶ **Specialisation and greater service capabilities**

*Specialised account managers*

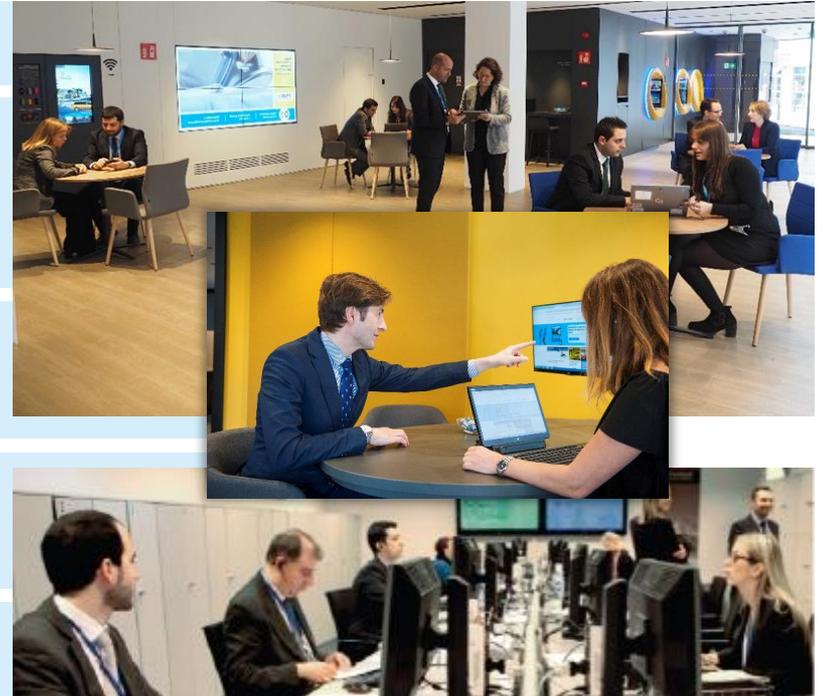
*Longer opening hours*

*No cash till*

▶ **Tech-supported customer intimacy:**  
*transparency and bespoke service*

▶ **More efficiently organised:** *open spaces, new teams, shared sales agenda, agile and dynamic work methods*

▶ **Higher proactivity and better time management**  
*(interactions with clients are scheduled)*



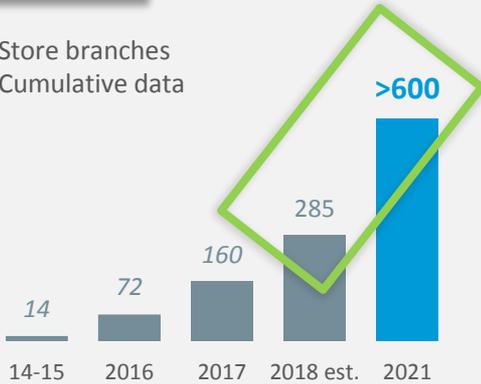
***Positive assessment from both customers and employees***

## Leading to an improvement in commercial efficiency and productivity

1

### Store

Store branches  
Cumulative data



#### Current Store branch

Employees/ branch	<b>12.1</b>	<b>x2.8 vs other retail branches</b>
Customers/ branch	<b>~7,800</b>	

**Improvement in efficiency:**  
Positive synergies:  
**~1.6 employees/  
Store branch**

*Store branches are created by  
consolidating pre-existing branches*



#### More productive

Core income/employee  
*Figures Rebased. Comparable=100*



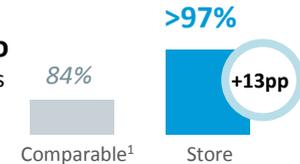
#### Faster commercial pace

Core income of new business per  
employee 9M18  
*Figures Rebased. Comparable=100*



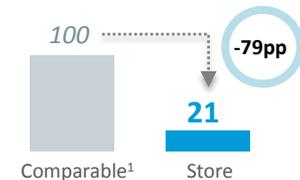
#### Higher ATM absorption ratio

Absorption ratio during opening hours  
(Sept.18)



#### Less cash activity

Monthly transactions/  
100 customers(Sep.18)  
*Figures Rebased. Comparable=100*



Promoting the AgroBank model in rural areas for a better service

1

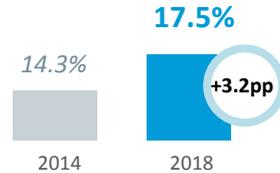
**AgroBank**

Launched Sept 2014

- ▶ **~1,100 rural branches<sup>1</sup> (24% of network / 10% employees<sup>2</sup>)**
  - 2.8 employees / branch
- ▶ **Loyal customer base**
- ▶ **Account manager mobility and training are key for excellent service**
- ▶ **Contributing to a highly specialised sector**

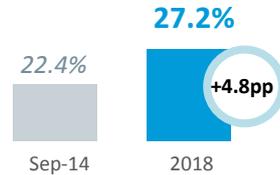
**Primary bank penetration**

Agribusiness



**Share in self-employed agribusiness**

Agribusiness



**AgroBank**

**Business volume**

(loans + customer funds)

Figures Rebased. 2014=100



We are perceived by the agriculture sector as a specialised institution

A successful and profitable model with an opportunity to be more efficient

1. Branches with ≤5 employees in towns with <10,000 inhabitants

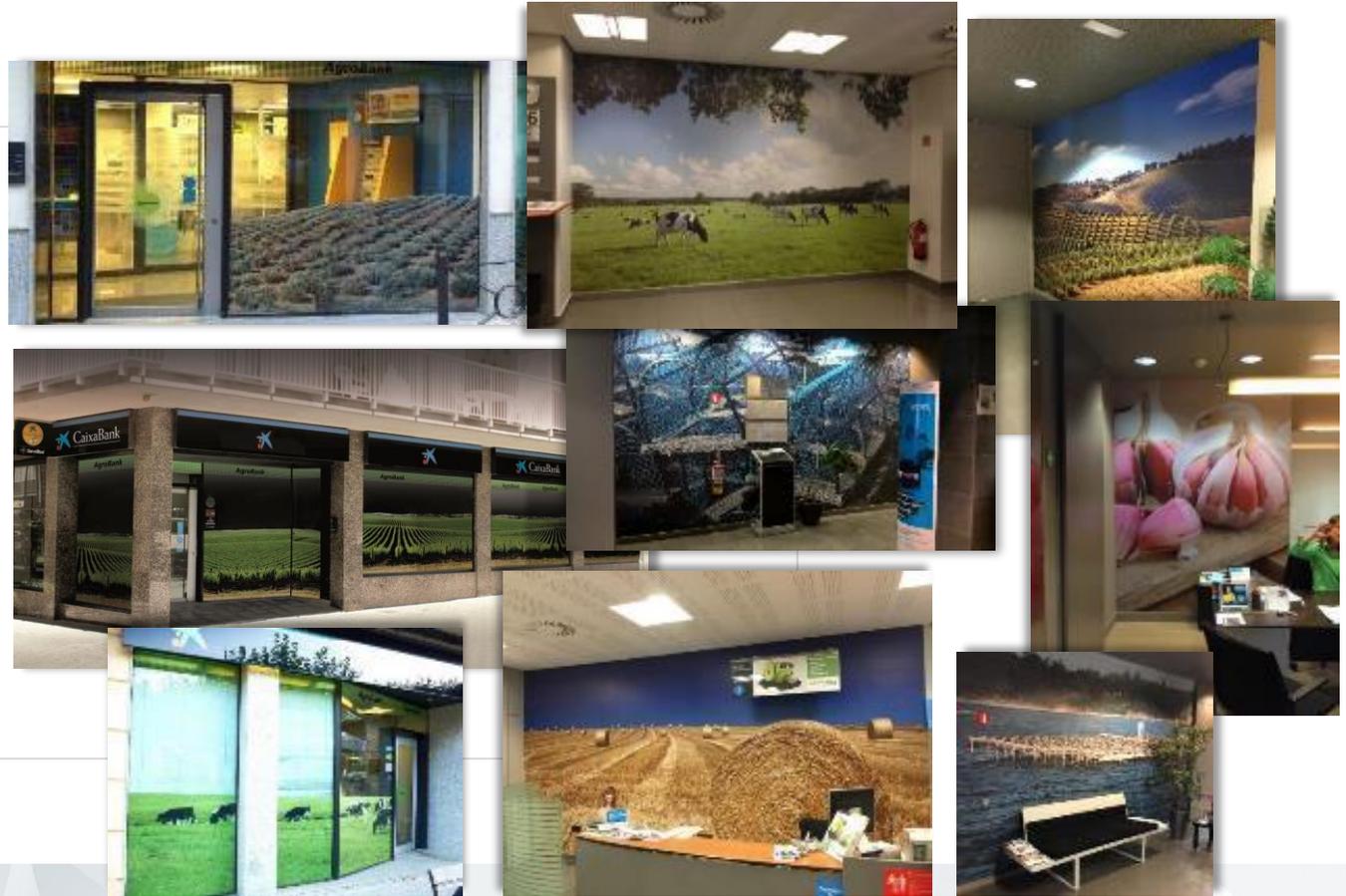
2. CABK standalone

A sector which requires specialisation and high customer interaction

1

**AgroBank**

- *Ad hoc thematic designs for branch layout*
- *Creating support and community networks for the sector*
- *Contributing to sector awareness and sharing of best practices*



*Strategic Plan 2019-21*

Levers to fuel growth and drive our **Customer Experience** strategy



1

Continue to transform the distribution network to provide higher added value to the customer

2

Strengthen the remote and digital customer relationship model

3

Partnerships to broaden offering and build an ecosystem “beyond banking”

4

Segmentation and focus on customer journey

Promoting new digital and remote relationship models through inTouch

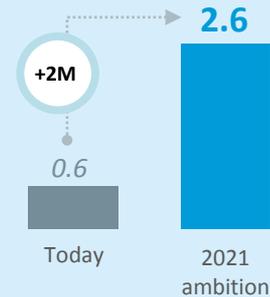
inTouch

Remote account manager service

Customer with a digital profile, infrequent branch access and limited time availability

- ▶ Remote relationship model with benefit of own account manager
- ▶ Longer opening hours
- ▶ Focus on customer relationship and commercial drive

Customers using this service, millions



Customers per employee  
**x2.5** vs physical branch

Critical mass and new sales systems result in significant productivity improvement while offering a high quality service

*Opportunity to seize new growth through a hybrid model*

## Digital channels are a complement that result in improved customer experience and higher sales

2

**CaixaBankNow**

**6.1M**  
digital clients<sup>(1)</sup>

Of which,  
**5.2 M**  
mobile clients<sup>(1)</sup>

4,4   
 4,7   
 Núm. 1 en Finanzas

% digital clients, 20-74 yr old individuals

Sep.18: **58%**      2021 ambition **~70%**

**Powerful relationship channel**

2018      yoy

58%      Digital clients      +4.5pp

1.5M      Clients connecting daily      +35%

**Becoming a sales and lead generation channel**

Digital sales      20% of clients **have purchased** through Now

**x4.5**      **High digital sale rates in** relevant targets: > 40% consumer lending<sup>2</sup>  
Since 2014

Improvement of simulation capabilities  
15% of customers that get a mortgage have previously simulated online

Conversion rate improvement  
+40% in consumer lending

Increasing own and third-party value-added services

**Mis Finanzas**  
3.8M customers

**Aggregator**  
Especially valuable for affluent clients

**Booking.com**  
Launched July18



Best technology project in mobile category 2018



Best mobile banking app in Western Europe 2018



"Innovative touch-points & connected experiences" award 2018

(1) Individual clients 20-74 years old. As of 30 September 2018.  
 (2) Customers up to 40 yrs old

imaginBank is our mobile-only offering to compete with neo banks and new entrants

2



#1 mobile-only bank in Spain

Launched  
Jan 2016

**1.2 M customers**  
o/w **60%** with recurrent income

*Average age of  
customers is 23*

*Customers engage every 3  
days with the bank*

**Constant product and  
functionality developments**

*"Gina" Chatbot , instant  
loans, insurance...*



*One of the top financial apps rated by customers,  
aligned with best fintech solutions*

► **Strong customer base and further plans to  
grow in insurance and consumer lending**

Partnerships with third parties



CaixaBank has **2.7M** customers under 30

Strategic Plan 2019-21

Levers to fuel growth and drive our *Customer Experience* strategy



1

Transform the distribution network to provide higher added value to the customer

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Partnerships to broaden offering and build an ecosystem “beyond banking”

4

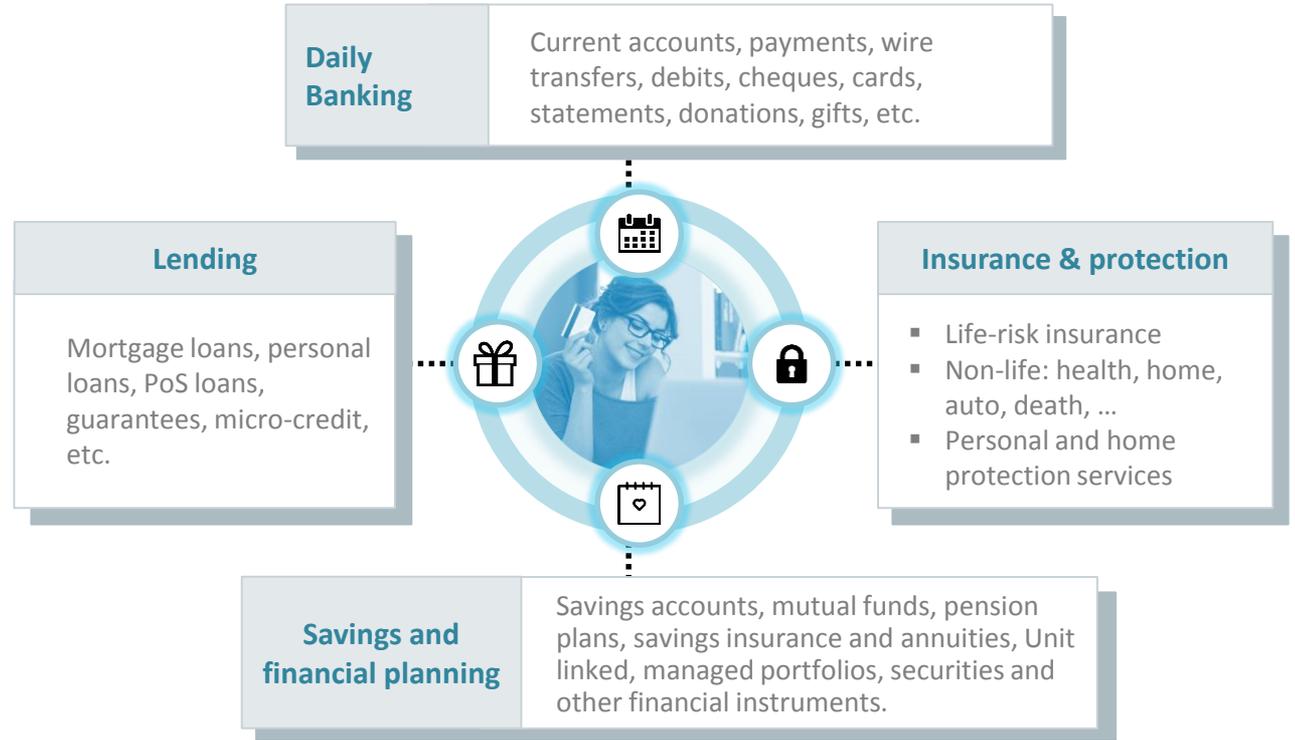
Segmentation and focus on customer journey

We have developed a banking and insurance ecosystem...

**CaixaBank is already an efficient financial supermarket with a broad scope of products**

*Over the years, CaixaBank has built a broad and competitive product and service offering, that caters to 100% of the insurance and financial needs of the customer*

Full coverage of all customer needs

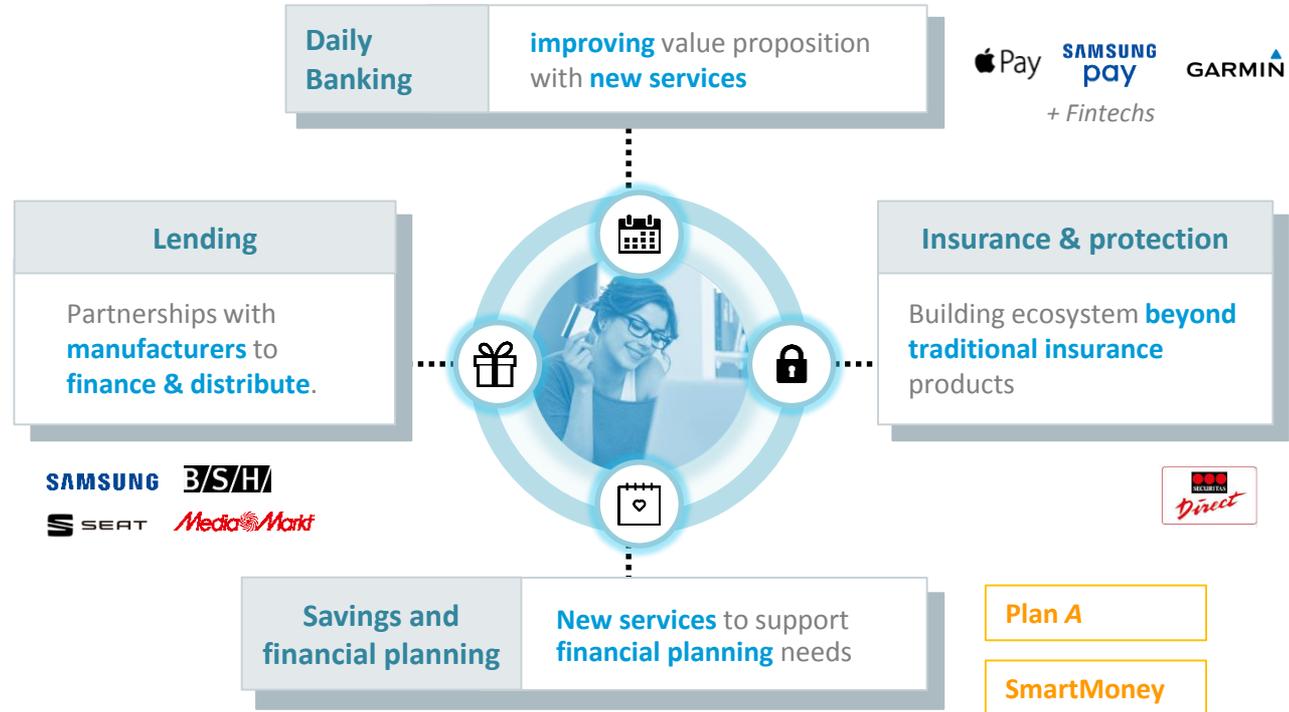


... that is now being complemented with partners to go beyond bancassurance

3

Enriching the ecosystem in collaboration with world-class partners that create value for the customer and for CaixaBank

*With c.14M clients in Spain, over 5M direct interactions a day and over 10bn transactions a year, CaixaBank is a powerful platform on which to generate value through different alliances*



IT IS ALREADY  
A REALITY

- Development and integration capabilities already in place
- High growth and high potential observed

- Moving successfully along the learning curve
- The ecosystem enriches our client knowledge and database

## Constant innovation in this space creates additional value for our customers

### Examples

#### Daily Banking

Leader in mobile payments

Credit cards stored in mobiles  
**860,000** Sep'18 (x3.3 yoy)

Purchases through mobile  
**2.8%** Sep'18 (x9 yoy)



Agreements with leading partners



#### Consumer lending

Superior distribution capabilities.  
Partnerships with manufacturers to finance and distribute products adds value to customers

**Compra Estrella** TV, cell phones... at 0%  
**938k** since 2015



**30k** cars Commercialised at the branch 2017-18

Revenues over €100M in 2017-18

#### Protect

Senior protection. Tech device developed exclusively for CABK senior customers

Partner develops device and operates protection service. CaixaBank distributes, finances and offers additional services (e.g. insurance)



**60k** solutions for home and senior protection financed 9M'18

CaixaBank has over 2.6M senior customers

#### Savings and financial planning

**Plan A** - New financial planning process for affluent and private banking customers

**>1.2 M** affluent and private customers



**Smart Money**  
Launch of roboadvisor for retail segment

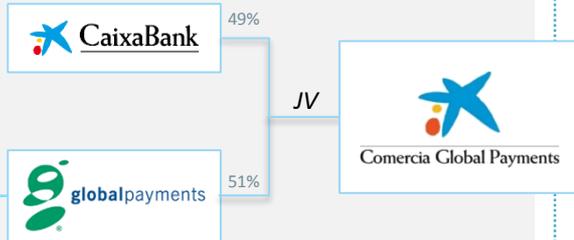
**€31M** in 7 months  
**7k** portfolios



## Small business segment

### Merchants and Payments

#### Partnering with a global leader



#### Comercia Global Payments (CGP) is a clear leader in Spain

▪ Penetration in businesses	<b>26%<sup>1</sup></b>
▪ PoS turnover share	<b>27.4%</b>
▪ PoS machines, number	<b>400k</b>
▪ Turnover (9M18, €bn)	<b>37.5</b>
▪ PoS- growth yoy	<b>+9%</b>
▪ Growth turnover yoy	<b>+11%</b>

#### globalpayments

- **Worldwide leader** in payments technology and software solutions. **€14.5bn mkt cap.**
- With \$3.5bn net revenues, processes 17bn transactions annually, supporting more than 140 payment types. Services over **2.5M business partners in 35 countries.**

#### Revenues for CaixaBank

Income from associates  
CGP, €M



- ~€15 M direct revenues (fees received from CGP)
- Indirect revenues related to higher customer loyalty: retailers with CGP PoS are **x1.7** more profitable than ones without CGP PoS

#### e-commerce opportunity

- **Fast growing sector (~20%yoy)**, particularly among small and medium sized businesses (**~60% yoy**)
- We already have a **high penetration in e-commerce (~32%<sup>2</sup>)**
- **High incentive for merchants to position themselves quickly and efficiently in e-commerce- CABK can capture this value by providing new services**
- Business customers value partners that have a **combined e-commerce and physical** capability.

## Innovation is particularly important

3

### Merchants and Payments

#### CaixaBank Solutions

##### E-COMMERCE SOLUTION

Addon-Payments



- **Payments integration** (more than 100 types: cards, sofort, giropay, paypal,...)
- Customer efficient and reliable processes- **optimising conversion rates**
- Functions to prevent and treat **fraud**.
- **Cybersecurity** solutions.
- **Commerce Analytics**. Omnichannel functionality (aggregates physical sales)
- Integrated solutions for **purchase financing** and **escrow payments**.

##### IN-STORE SOLUTIONS

PoS Tablet



PoS 2.0

##### Additional services added on to payments functionality:

- Operational management of the business (vertical solutions, e.g. restaurants)
- Management of accounting and finances
- Management of loyalty schemes and quality measurement
- Management of reservations, logistics, etc.
- App enabled service purchases

**New PoS 2.0 with remote update capabilities**



#### Third party developers

##### API Portal



Efficient integration into development suites of e-commerce.  
Development of new services

globalpayments

SocialPAY

##### PoS Cloud



App development with new services

globalpayments

Quipu

ingenico ePayments

**The best omnichannel solution in the market**

Strategic Plan 2019-21

Levers to fuel growth and drive our *Customer Experience* strategy



1

Continue to transform the distribution network to provide higher added value to the customer

2

Strengthen the remote and digital customer relationship model

3

Partnerships to broaden offering and build an ecosystem “beyond banking”

4

Segmentation and focus on customer journey

We are evolving the customer experience to meet new standards with a client-centric focus

4



## Redesign of processes and interaction

- Focus on customer needs (vs. technical needs)
- Ensure omnichannel relationship from start
- Implement best practices in interaction
- Continuous measurement of customer feedback
- Implement transparent tracking of the process.

## Benefits

- **Improve customer satisfaction (NPS) and sales conversion**
- **Improve process and relationship management** (execution steps, expectations, commitments,...) and **the ability to anticipate future customer needs.**
- **Increase employee performance and satisfaction**

*We aim to significantly improve NPS and conversion rates*

## Example: *I-want-to-buy-a-property* journey



Esta es tu hipoteca ideal

 MÁXIMO VIVIENDA <b>135.000€</b>	 HIPOTECA HASTA <b>108.000€</b>	 PLAZO MÁXIMO <b>30 años</b>
---	--	---

Para la compra de una vivienda habitual:

- El importe de la hipoteca puede cubrir hasta un **80% del valor** de tasación de la misma.
- Deberás aportar de tus ahorros el **20% restante**

Puedes modificar la aportación inicial y recalcular tu hipoteca ideal

HIPOTECA HASTA <b>108.000€</b>	APORTACIÓN INICIAL <input type="text" value="27.000€"/> <b>Recalcular</b>
80%	20%

- ▶ Anticipate conditions of the mortgage
- ▶ Lead sent to the branch or remote centre
- ▶ Full tracking available to both customer and branch
- ▶ App for branch employees to guide customers when in-branch visit and/or follow-up on mortgage initiated digitally

**NPS at 60% as of Oct'18**



1

Offer the best customer experience



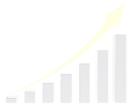
2

**Accelerate digital transformation to boost efficiency and flexibility**



3

Foster a people-centric, agile and collaborative culture



4

Attractive shareholder returns with solid financials



5

A benchmark in responsible management and social commitment

## We are also digitalising our internal processes

**Fundamental transformational lever to gain in efficiency and unique competencies**



### Where we are...

**Process digitalisation**



**~100% processes are digitalised<sup>1</sup>**

**Mobility**



**All employees operate a Smart PC (tablets)**

**Digital signature**



**>70 million digital signatures (latest 12 months)**

### What are we achieving

- Greater agility
- Simpler documentation
- Traceability and ease of filing
- Greater commercial and operating efficiency
- Focus on results vs presence
- Improvement in commercial effectiveness and interaction
- Facilitates compliance

### Other technologies being implemented to generate efficiencies

*Cognitive and Artificial Intelligence (IBM-Watson)*

*Robotics to support process automation*

*Biometrics to support digital onboarding*

(1) >99% of documentation related to the closing of products which have been digitalised

Data and Analytics are a bedrock that supports our transformational journey

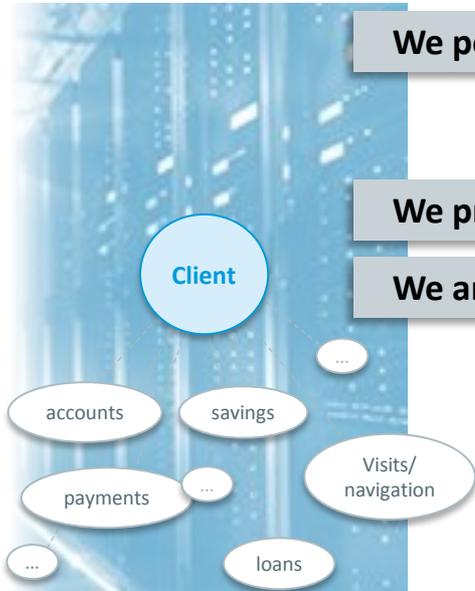
**We possess an excellent infrastructure**

- A single datapool with effective governance processes already in place
- Substantial degree of use and education (Users of Corporate Data Model x2 in 9M'18)

**We process a large amount of data (>10bn transactions/year)**

**We are getting good results with potential for more**

- Underwriting improvements > e.g. Fine-tuning customer scoring models for clients and non-clients → 5-10 point improvement in GINI indicator
- Sales effectiveness improvement > e.g. Expanding sales targets and improving conversion rate up to 10 percentage points
- Process automation > e.g. Reduction of 40-60% in repetitive tasks at branch level (direct debit, sorting mails, ...)



**Systematic application of Data Analytics shows great potential throughout**

▪ Intensify and extend data and analytics capabilities across all the organisation (extend existing use cases, invest in training new areas and transform existing analytics roles). Specially intensify digital marketing capabilities to capture opportunity. Data Analytics is also being promoted in HR, ALM or facilities management to improve analytics and management outcomes.

We will continue to improve flexibility, scalability and efficiency of IT infrastructures



Continue shifting to cloud processing and solutions  
*(to ~ 50% cloud adoption)*



Progressively migrate to an internal  
– API based IT architecture



Extend scope and use of agile methodology



Continue to invest in cybersecurity



Build an additional Data Centre



Foster use of collaborative tools across the organisation

## Benefits



- ▶ Cost-efficiency
- ▶ Outsourcing diversification
- ▶ Time-to-market reduction
- ▶ Increase cadence of releases
- ▶ Flexibility and scalability
- ▶ Resilience
- ▶ Ability to extend to ecosystems



1

Offer the best customer experience



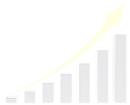
2

Accelerate digital transformation to boost efficiency and flexibility



3

**Foster a people-centric, agile and collaborative culture**



4

Attractive shareholder returns with solid financials



5

A benchmark in responsible management and social commitment

Talent development is and will continue to be a top priority



■ We have been heavily investing in talent development

Masters in Advisory  
Leadership capabilities

School of Risk Mgmt  
School of Leadership

~14,000 employees

■ A significant proportion of employees has been reskilled

■ Business managers  
■ Private Bank managers  
■ Affluent Bank managers

■ CIB managers  
■ “Intouch”

~6,400 employees

■ We have redesigned processes to favour meritocracy and attract and develop talent

Promotion, incentives, appraisal, communication

100% employees

Goals



- ▶ Continue investing in developing skills in financial advisory, business, management and leadership
- ▶ Continue building digital and innovation skills
- ▶ Empower middle management and staff
- ▶ Promote diversity: gender, functional and age
- ▶ Attract and develop talent

Organisational redesign facilitates agility and collaboration

Enhance tools & organisation

- Flatten and simplify structure (levels, committees, etc.)
- Foster horizontal collaboration and communication (by reinforcing management & HR processes and tools)
- Increase agile teams focused on business solutions
- Reward and encourage innovation
- Better reward output vs. presence

Goals / Outputs



- ▶ Reduce time-to-market and decision making processes
- ▶ Customer-centered solutions

Example



Global Customer Experience

RETAIL BANKING: From a divisional organization, to a customer centered unit.

**SOLUTIONS**

Enjoy  
Protect  
Daily banking  
Commerce  
Payments

**SEGMENTS**

HolaBank  
AgroBank  
Small businesses  
Senior/ Young  
Rest of retail



**SUPPORT** Marketing & IT

Reorganising retail banking

Reinforcing client centricity

New ways of working

**1**

Offer the best customer experience

**2**

Accelerate digital transformation to boost efficiency and flexibility

**3**

Foster a people-centric, agile and collaborative culture

**4****Attractive shareholder returns with solid financials****5**

A benchmark in responsible management and social commitment

**Financial targets**
**RoTE (1)**
**>12%**
**2021E  
Ambition**
**CET1 FL- BIII**
**~12%**
**+ 1pp**
*Transitional buffer*
**2021E  
Ambition**
**Cash pay-out  
from ≥ 50% 2015-18 to**
**>50%**
**2019<sup>2</sup> - 2021E  
Ambition**

(1) Tangible equity redefined as own funds (including valuation adjustments) excluding intangible assets.

(2) At the beginning of the year, when reporting the results of the previous financial year, the Board of Directors may set a cap on cash payout for dividend accrual purposes in regulatory capital. For FY2019, it is the intention of the Board to approve a cap of 60%

Core revenue expected to grow c.5% CAGR

Core revenues  
~5%  
CAGR 19E-21E

A long-term track record of generating growth



A proven business model that has grown revenues despite negative rates

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

Significant opportunities for growth still available

1. Long-term savings & protection
2. Consumer finance & Payments
3. Business & Corporate Banking
4. BPI

AuM + insurance funds  
~5-6%

Performing loans  
~1%

Life-risk insurance premia, net  
9-10%

CAGR 19E-21E

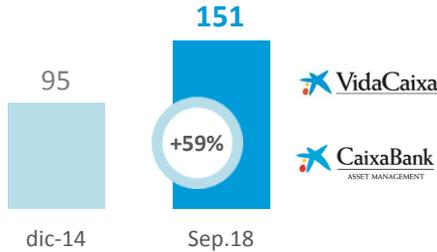
(1) Retail clients in Spain aged 18 or above. Source: FRS Inmark 2018. Peers include SAN (including POP) and BBVA.

## Growth through untapped potential in long-term saving and protection products

1

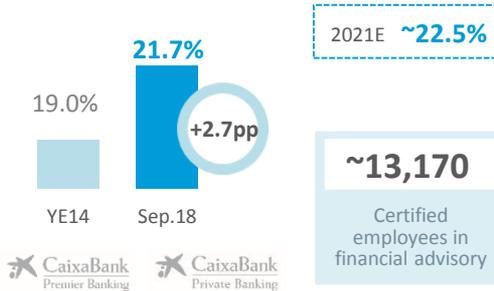
### Increased activity

Life-savings insurance +mutual funds + pension plans, in €Bn



### Market share gains

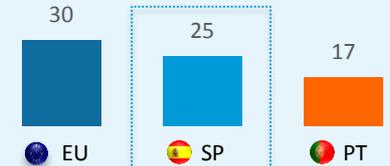
Market share in long-term savings (Spain)<sup>(1)</sup>



### Unrealised potential

- Spain and Portugal remain below the European average in life-savings insurance penetration

Private saving insurance & pension plans penetration (% household)<sup>(2)</sup>



- CABK is the leader in business segments with higher growth potential in long term savings (self-employed, affluent, SMEs, ...)
- Luxembourg platform to better serve wealth customers

#### Long-term savings



#### Protection insurance



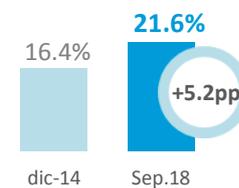
Life-risk premia production (CABK), in €M



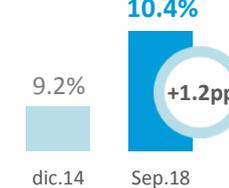
Non-life premia production (SCA), in €Bn



Market share Life-risk (Spain)



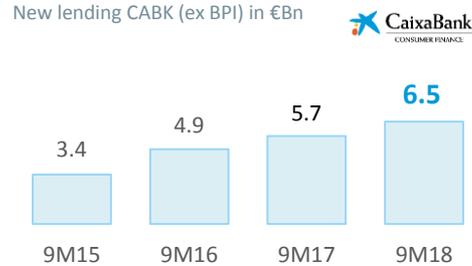
Market share Non-life (SCA)



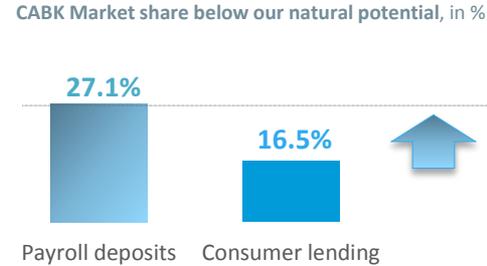
(1) Market share for own mutual funds, pension plans and life-saving insurance.  
 (2) ECB based on household financial survey.

## Seizing growth opportunities in consumer lending and payments

### Increased activity



### Market share gains



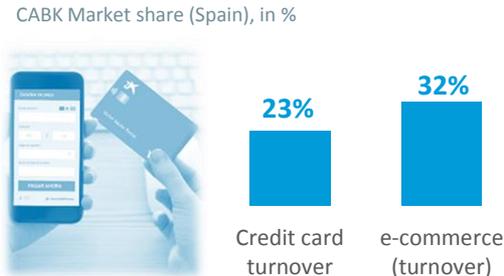
### Unrealised potential

- Consumer book remains low relative to sector average (6% vs 7.5% in Spain)
- Sector consumer credit remains below historical peak
- Success of value-added propositions (CompraEstrella)
- Payments growth to be underpinned by innovative solutions, strategic alliances and market leadership

#### Consumer finance



#### Payments



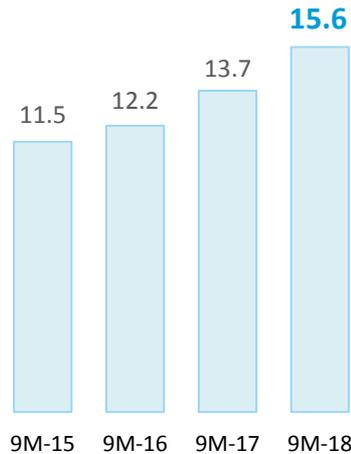
**Strategic alliances and commercial agreements with vendors**

Merger of CaixaBank Payments with CaixaBank Consumer Finance (point of sale finance) to increase revenue opportunities and capacity to generate alliances

## Business & Corporate Banking face a structural growth cycle

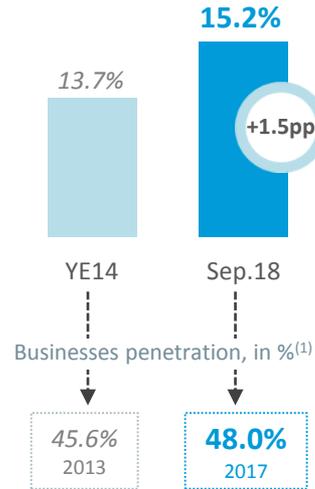
### Increased activity

New lending CABK (ex BPI)  
in €Bn



### Market share gains

Lending to businesses  
Market share (in Spain)



### Significant investments made in recent years

- 124 Business Branches
- ~1,500 employees
- Specialist network
- New products and services: sector solutions and international expansion (international branch and rep office network)
- Continuous innovation and adoption of new technologies

### Unrealised potential

- High penetration not yet converted to product share
- Success of recent value propositions
  - Opportunity to enhance value proposition through partners
- Core strength in transactional services
- Potential to expand service to international clients (incoming and outgoing)

Segmentation and specialisation are key advantages



Positive operating dynamics in BPI drive market shares and profitability up

Market share gains

Market shares (as reported by BPI), in %

Mortgage lending



- Improving commercial dynamism
- Seizing market share
- Better risk than peers and growing profitability
- €120M synergies by 2020+



Best bank in Portugal 2018

Rating upgrades 2018

MOODY'S

+2 notch

Baa2 Stable

S&P Global

+outlook

BBB- Positive

FitchRatings

+1 notch

BBB Stable



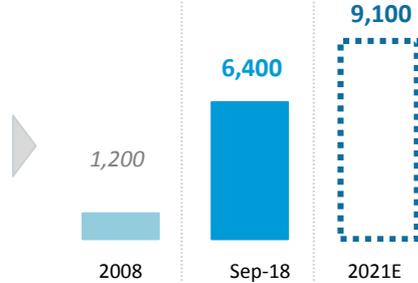
Sharing best practices to deliver revenue → higher BPI contribution

**We have been consistently transforming the organisation**

**Transformation of employee profile**

CABK stand-alone data

No. of staff in new roles



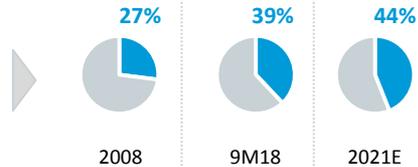
**Creation and development of new roles in the organisation**

*Private Banking, Business Banking and CIB, Small businesses, Affluent, inTouch, others in HQ (Labs, Agile, Quants, etc.),*

Since the beginning of the crisis investment has been made in changing the organisational profile, combining internal and external talent with a view to generate sustainable and growing returns

**Transformation of business profile**

% fees from AuM and insurance over total fees

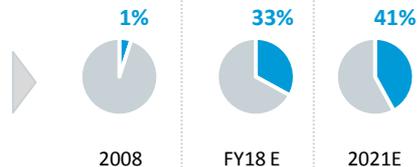


**Aiming for high value added services: advisory and protection**

Businesses with grow potential have been reinforced with new products and re-training of the sales network.

**Transformation of distribution profile**

% of transactions through mobile channel



**Distribution evolves towards total mobility and omnichannel**

New channels, IT systems and infrastructures (comms, new data centre, security, etc.) have been developed to prepare for and facilitate agility, mobility and scalability

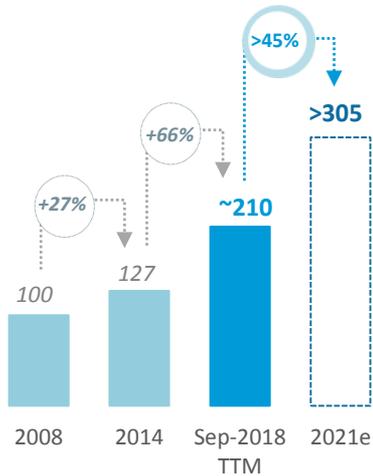
**Reinforcement of the franchise has been constant and will continue**

The service delivered and revenue per employee have been improving as a result

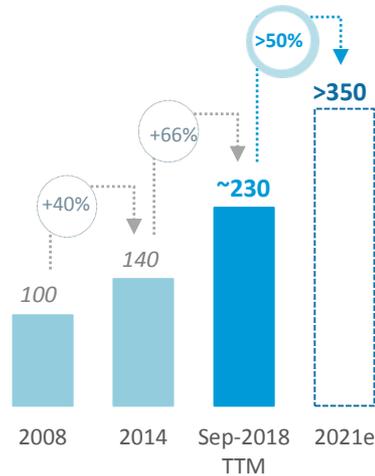
Transactions per customer and employee have doubled over the last ten years with more vigorous growth in recent years

We expect a similar pace for the next three years

Annual transactions per customer. 2008 value =100



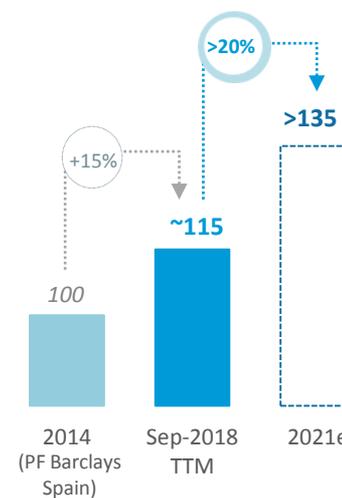
Annual transactions per employee. 2008 value =100



Our capabilities imply that revenue per employee will progressively increase

We expect a significant increase in revenues/employee

Core revenues per employee. CaixaBank Group, ex-BPI 2014 value =100



At the same time, headcount has been optimised and will continue to be so

2011-18

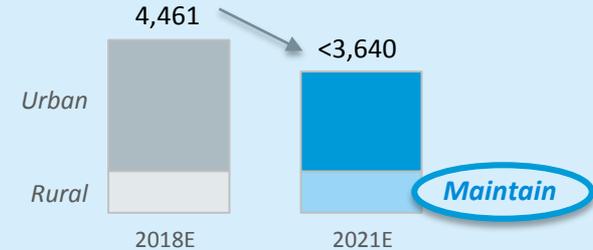
More than 14,000 inorganic and organic departures. Always executed through agreements with trade unions.

Staff evolution of CaixaBank Group, ex-BPI. 2011-2018, in thousands



2019-21

Expected evolution of retail branches. Spain



Transformation of the network is expected to result in changing roles and less headcount

Negotiations will be initiated in order to:

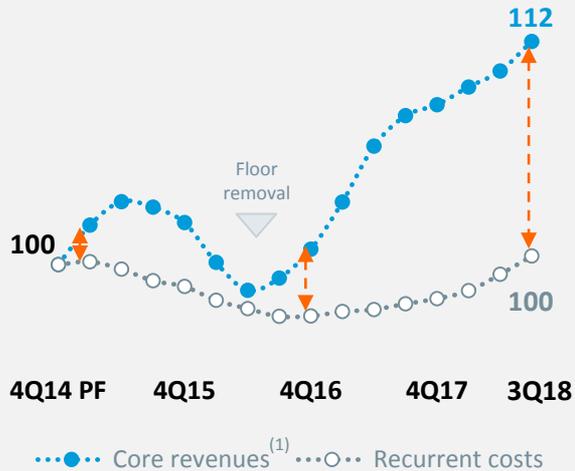
- Concentrate and optimise the urban network
- Increase flexibility of labour conditions to facilitate maintenance of rural network

(\*) Acquisitions: 9,919 from Banca Cívica, 1,870 from Banco de Valencia and 2,298 from Barclays Spain

## Resulting in a significant improvement in productivity metrics

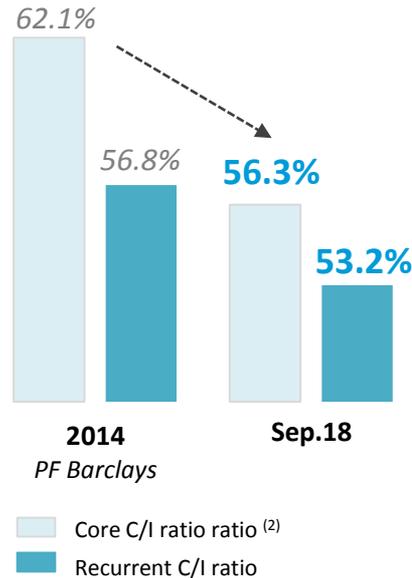
**Our revenues have grown faster than expenses during 2014-18** (despite unexpected impact of negative rates)

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



### Improvement in C/I ratio

Group, in %



### 2019-21 Strategic Plan

*We expect that revenue growth will continue to outpace expense growth while we simultaneously continue to transform the organisation*

*A period of intense transformation lies ahead as we build new revenue opportunities while future-proofing the franchise*

Core C/I ratio (2)  
**<55%**  
 by 2021E

**Productivity improves while investments take place despite a negative rates environment**

(1) Including NII, net fees and other revenues from insurance (life-risk premia, equity accounted income from SegurCaixa Adeslas)

(2) Recurrent cost base (stripping out extraordinary impacts) over core revenues. Group core revenues include: NII, net fees, other revenues from insurance (life-risk premia, equity accounted income from SegurCaixa Adeslas) and other BPI bancassurance stakes. Trailing 12M.



1

Offer the best customer experience



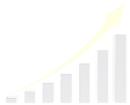
2

Accelerate digital transformation to boost efficiency and flexibility



3

Foster a people-centric, agile and collaborative culture



4

Attractive shareholder returns with solid financials



5

**A benchmark in responsible management and social commitment**

Given our origin, our activity cannot be conceived without a strong social commitment

## Inclusive banking

- **Universal banking:** bank for everyone.
- **Capillarity:** we strive to provide the most widespread coverage in Spain
- **Accessibility:** maximum degree of accessibility in all of our channels
- **A benchmark** for activities targeted at **financial wellbeing** and **progress of society**:
  - *Microcredit* → **#1 in Europe**
  - *Long-term savings and retirement planning* → **#1 in Spain**
  - *Sector support beyond banking (e.g. networking, innovation)* → **#1 in Spain through AgroBank**



## Social awareness in our financial activity

- >350,000 loan restructurings
- >25,000 deeds in lieu of foreclosure
- Stock of social housing of more than **27,000 homes**
- Mechanisms for **consumer support** and protection, e.g. SACH<sup>1</sup>

1 Servicio de Atención al Cliente Hipotecario



## Social projects in our communities

- More than **12,000 social projects annually** carried out jointly with local NGOs and associations
- More than 10,000 employees take part in volunteering

**A firm commitment to Society: our CSR Plan**

**PRIORITIES 2019-21**



Reinforce our culture of transparency

Build the most diverse and talented team

Maintain our commitment to financial inclusion

Foster responsible and sustainable financing

Improve financial education

Promote social initiatives at local level

We are a uniquely differentiated bank: profitability and returns to society are fully aligned



CABK shareholders



40% owned by “la Caixa” Banking Foundation

“la Caixa” Welfare Trust

€520M Breakdown of 2018 Social Welfare Budget<sup>(2)</sup>

**Education, exhibitions and post-grad training**

4,544 scholarships since programme inception

23%  
Culture and education

**Neurodegenerative diseases, oncology, cardiovascular, infectious and other illnesses**

18%  
Research



59%  
Social

Main programmes:

Beneficiaries since inception

<b>Child poverty</b>	>283,500
<b>Job access</b>	>185,500
<b>Palliative care</b>	>308,000



~600,000 Retail shareholders



Institutional investors

<sup>(1)</sup> At the beginning of the year, when reporting the results of the previous financial year, the Board of Directors may set a cap on cash payout for dividend accrual purposes in regulatory capital. For FY2019, it is the intention of the Board to approve a cap of 60%

<sup>(2)</sup> Public information. Source: “la Caixa” Banking Foundation



# BPI: 2019-2021 Strategic Priorities

Pablo Forero  
CEO – BPI



**1** Macroeconomic backdrop

**2** BPI: where we stand today

**3** 2019-21 Strategic Plan: highlights

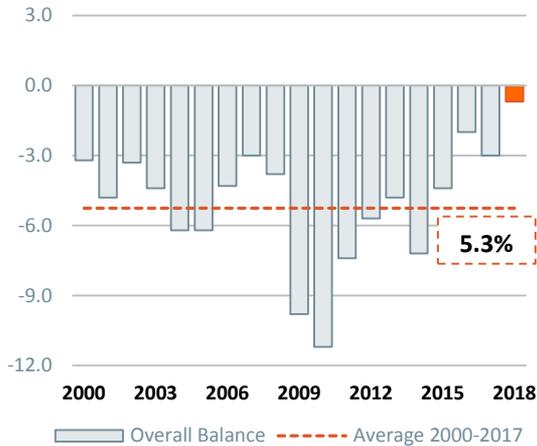
- i. Sustainable increase in profitability
- ii. Accelerate transformation of customer experience
- iii. Develop the bank's human resources
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- v. Consolidate the bank's reputation based on quality of service to the customer and society

## The Portuguese economy has addressed its macroeconomic imbalances

1

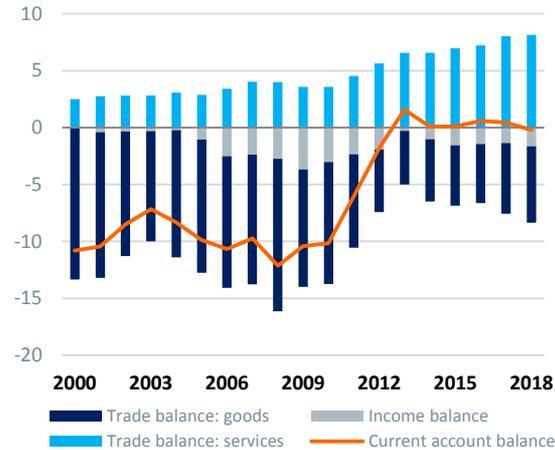
### Fiscal Balance

In % of GDP



### Current account

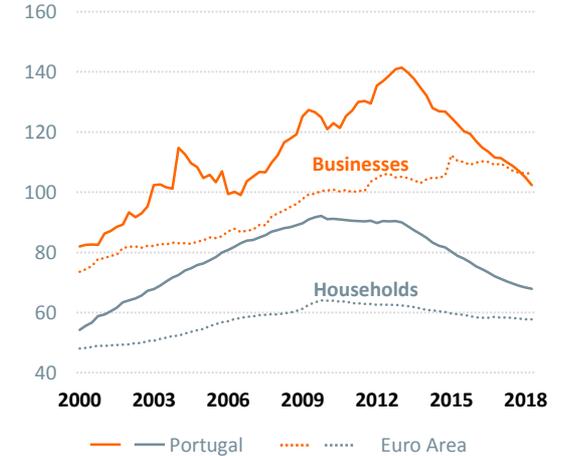
In % of GDP <sup>(1)</sup>



### Gross private debt

In % of GDP <sup>(2)</sup>

Macro backdrop



- ▶ Fiscal deficit **expected to fall to 0.7% of GDP in 2018** - the lowest deficit in democracy
- ▶ Sovereign bond **spreads have narrowed substantially with Portugal credit rating back to investment grade** by the 3 main agencies

- ▶ The **current account has been in surplus** for 5 consecutive years (first time in democracy) on the back of a narrower trade deficit in goods and a higher surplus in services
- ▶ **Exports now make up 43% of GDP** (vs 27% in 2005) underpinned by competitiveness gains

- ▶ **Corporate debt has declined significantly** from its 2012 peak supported by recovery in activity
- ▶ **Households' deleveraging process is also progressing favourably**, albeit at a slower pace since most of the debt is mortgage-related and has a longer maturity

(1) 2018 data until August. Source: BPI Research and Bank of Portugal.

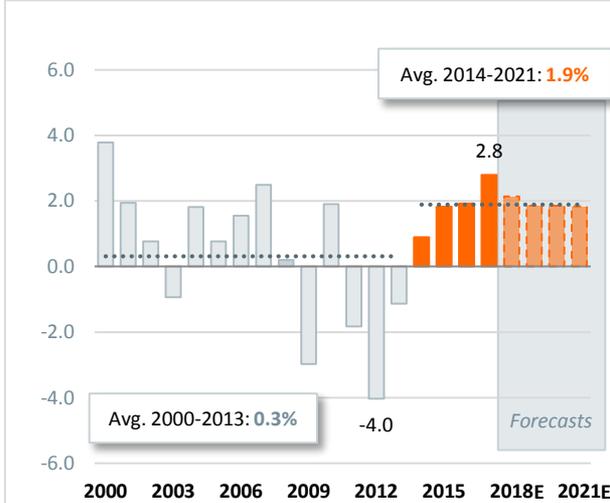
(2) Source: BPI Research, based on ECB.

## Setting the stage for sustained economic growth

1

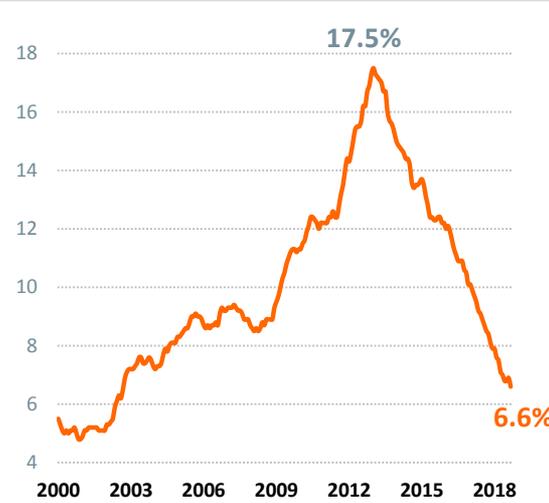
### Real GDP growth

In % yoy <sup>(1)</sup>



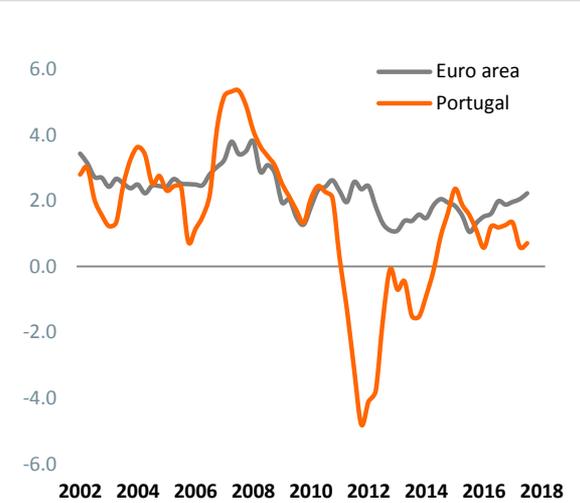
### Unemployment rate

In % of active population <sup>(2)</sup>



### Private sector wages

12-month moving average, yoy% <sup>(3)</sup>



Macro backdrop

- ▶ Soft deceleration expected as the **economic cycle matures**
- ▶ Real GDP growth expected to **remain c.2% in 2019E-21E** with exports and investment (GFCF) as the main engines of growth
- ▶ **Recovery in investment** supported by increased business confidence, favourable financing conditions and tourism sector expansion
- ▶ The **unemployment rate has more than halved** since 2013 reaching 6.6% in September 2018
- ▶ **Private sector wages** grew by 0.1% per year between 2010-Q2 2018 (while they grew by 1.8% in the euro area)

(1) Source: BPI Research, based on INE and BPI.

(2) Seasonally adjusted figures. Source: BPI Research, based on INE.

(3) Source: BPI Research, based on Eurostat.



1 Macroeconomic backdrop

2 **BPI: where we stand today**

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## Most of heavy lifting has been done – Cost savings and new revenue generation

2

*Where we stand today*

### Cost-savings

- ▶ **Headcount reduction:** 334 people in 2016 + 617 people in 2017 yielding cost-savings of €53 M per year
- ▶ **Infrastructure technology:** successfully migrated all BPI's data centers to CABK's infrastructure and disaster-contingency data centers; savings of €4.1M per year
- ▶ **Actively managing financial costs:** ALM; ALCO Book, institutional funding, customer deposits etc.
- ▶ **Simplification:** Focusing all teams, investments and expenses in doing business in Portugal
- ▶ **Successful execution** of 139 cost saving projects so far



### New revenue generation

- ▶ Complete **review of fees and commissions** for most products and services
- ▶ Creation of **consumer lending as a separate business**
- ▶ **Full coordination of BPI's Corporate and Investment Banking (CIB)** with CABK's CIB
- ▶ Launching **2 new retail products:** “*Conta Valor*” and “*Habitação Taxa Fixa*”
- ▶ Executing an “**Efficiency Plan**” to save 440,000 employee-hours / per year of administrative work previously done by the sales teams in our branches
- ▶ Investing – for the first time in 8 years – in **advertising campaigns**

Very satisfactory results so far

2

Where we stand today

~€113 M

synergies already **fully executed** (131 projects)

~€78 M  
cost synergies



~€12 M

in execution (29 projects)

~€47 M  
revenue synergies

Targeted synergies: **€120 M** in 3 years

## Most of heavy lifting has been done – simplification and governance

2

Where we stand today



### Simplification

- ▶ Exclusive resources and management **focus on core business in Portugal**

	Closed/sold	Expected close
• BPI Capital Africa, P.L.	✓ April 2017	
• BPI Macau (Branch)	✓ May 2017	
• BPI Johannesburg (O.R.)	✓ Sept 2017	
• BPI Geneva (O.R)	✓ Sept 2017	
• BPI Newark (O.R)	✓ Sept 2017	
• BPI Caracas (O.R)	✓ Nov 2017	
• BPI Moçambique Sociedade de Investimento, SA	✓ Dec 2017	
• BPI Madrid (Branch)		Nov 2018
• BPI Cayman (Bank)		Dec 2018
• BPI Cayman (Branch)		Dec 2018
• BPI France (Branch)		Dec 2018
• Banco Português de Investimento, SA (Bank)		Sale of assets and liabilities to CaixaBank and closure by merger with Banco BPI, before year end

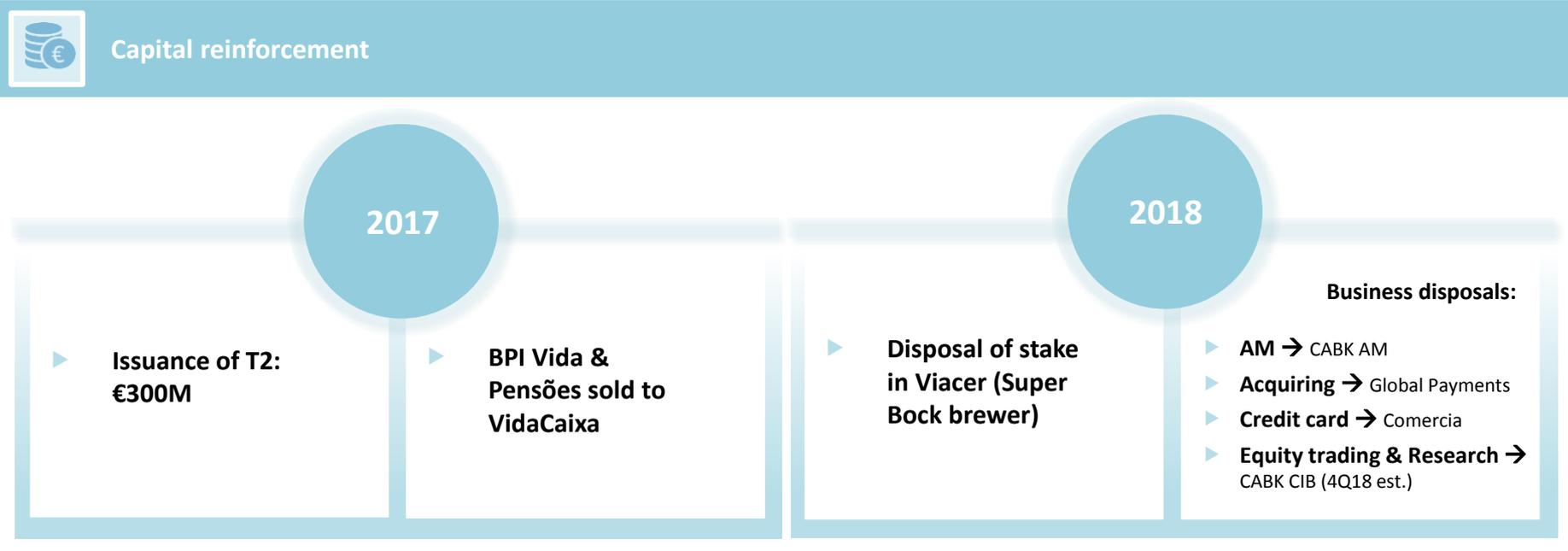


### Governance

- ▶ **New and smaller Board**
- ▶ **Board's Control committees** with brand-new working dynamics → more effective governance
- ▶ **Decision making committees** mirroring CABK's governance structure
- ▶ **New ICAAP, ILAAP, SREP, RDA... documentation and procedures** within ECB's new requirements and expectations
- ▶ **3 "corporate functions"** established according to CRDIV regulation
- ▶ **Continuous collaboration and know-how transfer between CABK's and BPI's teams**

Most of the heavy lifting has been done – Capital reinforcement

Where we stand today



Positive impact on Total Capital ratios: ~ 400 bps

## BPI at a glance

2

Where we stand today

### 5<sup>th</sup> largest financial institution in Portugal

- ▶ By total assets of **€31Bn**
- ▶ **2M** customers
- ▶ **4.9 thousand** employees

### Focus on commercial banking in Portugal

- ▶ Market shares: **9.9%** loans; **11.4%** mortgages; **9.9%** deposits <sup>(1)</sup>
- ▶ Multichannel distribution network

### Part of CaixaBank Group

- ▶ A leading financial institutions in the Iberian Peninsula, which holds **94.9%** of BPI capital
- ▶ It represents **8%** of CaixaBank consolidated assets

### Investment grade rating by 3 major agencies

- ▶ Long-term debt is currently rated Investment Grade by Fitch (**BBB**), Moody's (**Baa2**) and S&P (**BBB-**)



### September 2018

Consolidated net income (Jan. to Sep.; €M)	529.1
Net income in Portugal (Jan. to Sep.; €M)	324.4
Recurring net income in Portugal (Jan. to Sep.; €M)	164.2
Customer resources <sup>(2)</sup> (€Bn)	33.2
Customer deposits (€Bn)	20.7
Gross loan portfolio (€Bn)	23.4
Total Assets (€Bn, consolidated)	30.6
NPE ratio <sup>(3)</sup>	3.8%
Coverage by impairments and collateral	126%
Fully loaded CET1 ratio	13.1%
Fully loaded Total Capital ratio	14.8%
Fully loaded Leverage ratio	7.2%
Branches (#)	496
Employees (#)	4,898
Customers(M)	1.95

(1) As of July 2018 for loans and deposits and August 2018 for mortgage loans; source: BPI and Bank of Portugal statistics.

(2) Customer resources consist of deposits and retail bonds and off-balance sheet Customer resources (mutual funds, insurance capitalisation and public offerings).

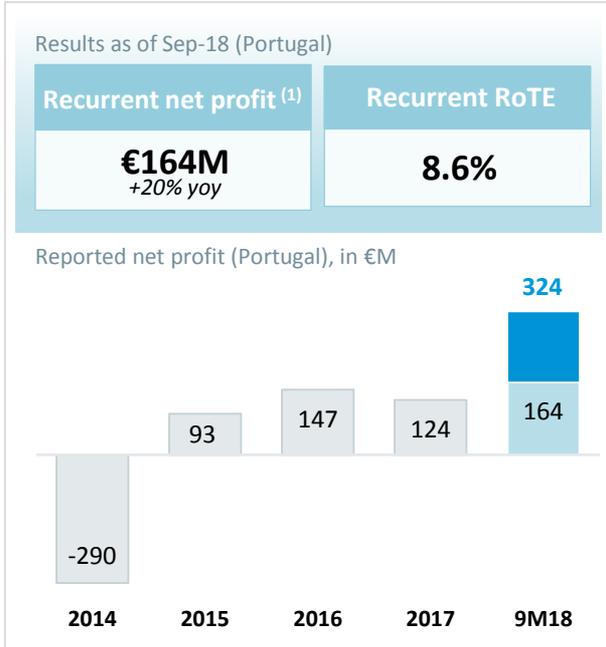
(3) According to EBA (European Banking Authority) criteria.

NOTE: All figures refer to activity in Portugal only (exclude BFA and BCI).

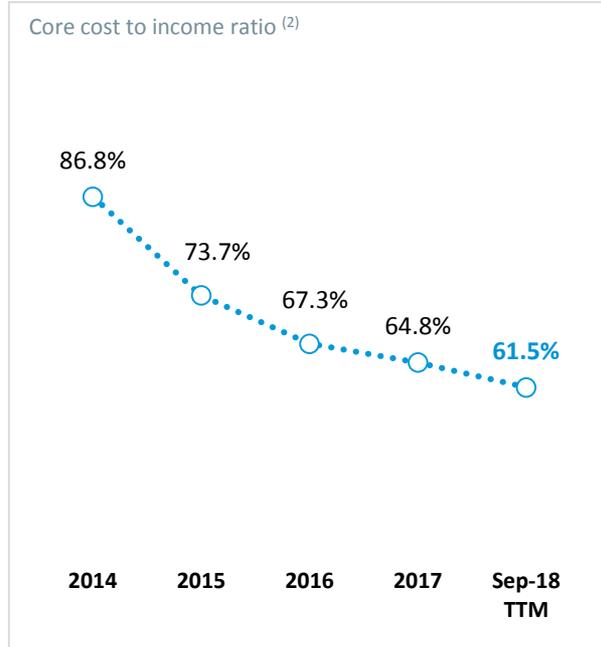
## BPI's positioning today - Positive dynamics and capital position

Where we stand today

### Consistent profitability growth



### Improved efficiency



### Solid capital position



**BPI is undergoing a revenue growth story**

(1) Recurrent profit excluding extraordinary impacts.  
 (2) Recurrent operating expenses in % of core revenues.  
 (3) Domestic activity in 2014-16 and consolidated figures in 2017-18 (phase in).

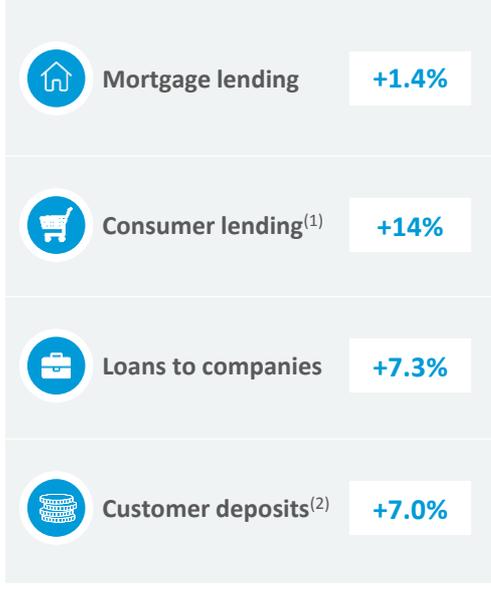
## BPI's positioning today – commercial focus

2

Where we stand today

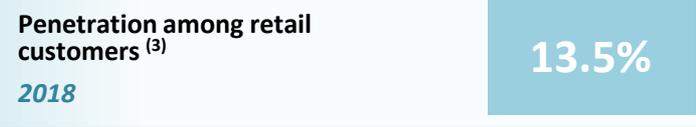
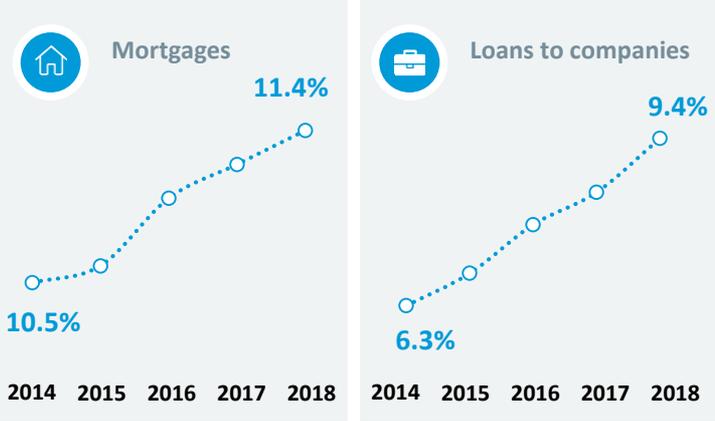
### Improved commercial dynamism

Reported activity in Portugal, Sep. 2018 ytd (change in stock)



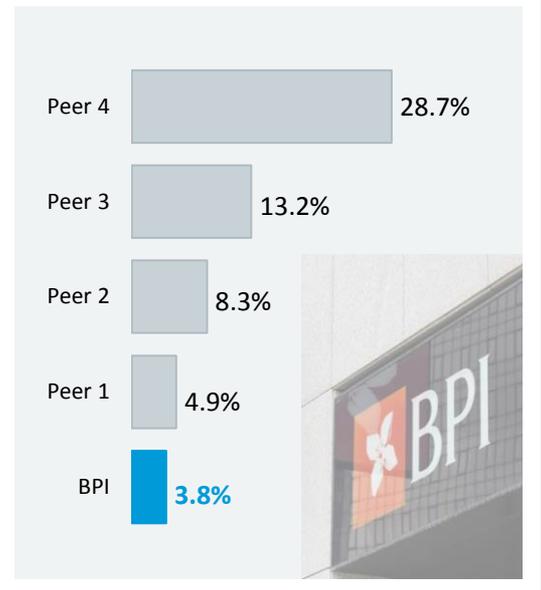
### Market share gains

Market share levels, Aug. 2018



### Better risk than peers

NPE ratio<sup>(4)</sup>



## Growing lending while maintaining low risk ratios

(1) Personal loans, car financing and credit cards.

(2) Excluding deposits from BPI Vida, BPI Gestão de Activos and respective investment and pension funds.

(3) Source: BASEF Banca.

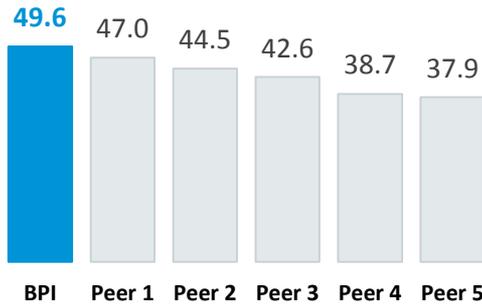
(4) As reported by entities, EBA criteria. Peers include Caixa Geral, Millenium BCP, Novobanco and Santander Totta. BPI data as of September 2018, peers as of June 2018.

## BPI's positioning - digital channels

Where we stand today

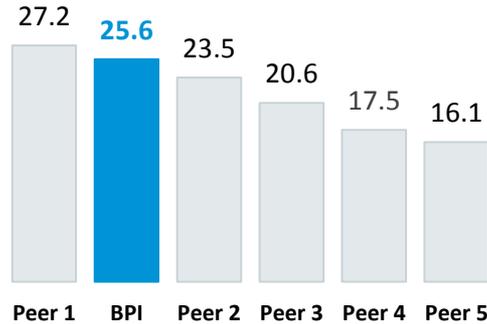
### Leadership in internet banking penetration

Individuals, Internet banking penetration in % <sup>(1)</sup>



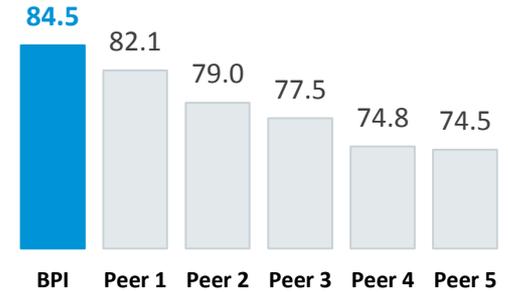
### BPI has been launching many new features in its Apps

Individuals, mobile banking penetration in % <sup>(1)</sup>



### Leadership in digital – businesses

Businesses, Internet banking penetration in % <sup>(1)</sup>



**BPI is at the forefront of the answer to customers' fast moving digital needs**

(1) Percentage of customers of each bank that uses the channel in its bank.  
Source: BASEF Banca, DataE 2018

1

Macroeconomic backdrop

2

BPI: where we stand today

3

**2019-21 Strategic Plan: highlights**

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## 5 Strategic priorities



### Profitability

Sustainable  
increase



### Customer experience

Accelerate  
transformation



### Human resources

Development



### Efficiency

Improvement



### Quality

Service to  
customers and  
society

### Strategic Plan 2019-21

### Profitability

Customer experience

Human resources

Efficiency

Quality

### Sustainable increase in profitability



- ▶ Selective lending growth: **consumer, mortgages, corporate**
- ▶ Promote customer savings **diversification**
- ▶ Focus on **customer payroll deposits**
- ▶ Reinforce **insurance products** distribution
- ▶ Strengthen **profitability analytics** per operation
- ▶ **IRB** adoption
- ▶ **Simplify** product offering, services and pricing
- ▶ Maintain a **stable cost base**

### Volume growth, 2019E-21E CAGR

Customer loans

~5%



Consumer lending

~8%



Business lending

~5%

Customer funds

~3%



Mutual funds <sup>(1)</sup>

& savings insurance

~6%

(1) Excluding real estate, money market investment funds and products with guaranteed capital. Includes public offerings.

Strategic Plan 2019-21

Profitability

Customer experience

Human resources

Efficiency

Quality

Accelerate transformation of customer experience



- ▶ Process-review focusing on **customer experience**
- ▶ Leverage **advanced analytics** to better know and understand customer needs
- ▶ Develop **ecosystem potential** (Life Journeys, CABK technology)
- ▶ Provide **adequate sales tools**
- ▶ **Increase percentage of digital customers<sup>(1)</sup>**  
→ ambition 2021E: >50% (vs. 41% 2018)

Develop the bank's human resources



- ▶ Enhance **training and development** at all levels
- ▶ Foster **talent management**
- ▶ Promote **agile culture** that fosters **motivation and involvement**
- ▶ Promote **cultural integration in Caixabank Group**

(1) Percentage calculated with no age restrictions.

Strategic Plan 2019-21

Profitability

Customer experience

Human resources

Efficiency

Quality

Improve operational and organisational efficiency



- ▶ Continuously review our **distribution networks**
- ▶ **Simplify our processes**
- ▶ **Centralise** non-commercial processes
- ▶ **Differentiate service levels** based on customer potential value
- ▶ Extensive use of **digitalisation** to improve efficiency

Consolidate reputation based on quality of service to the customer and society



- ▶ Maintain a **high quality of service** to customers
- ▶ Position BPI as a **benchmark in responsible management and social commitment**



**Business targets 2019E-21E**
**3**
*Strategic Plan 2019-21*
**Loan-book expected to grow above the market**
**Keep advancing digital channels and expertise in long-term saving products**

Market shares in %

**Residential mortgages**

**New personal loans**

**Payroll deposits**
**~6%**
**CAGR  
2019E-21E**

**Digital customers<sup>(1)</sup>**
**>50%**
**2021E  
vs. 41% 2018**

**Customer satisfaction<sup>(2)</sup>**
**Top 3**
**2019E-21E**

**Consumer credit**
**~8%**
**CAGR  
2019E-21E**

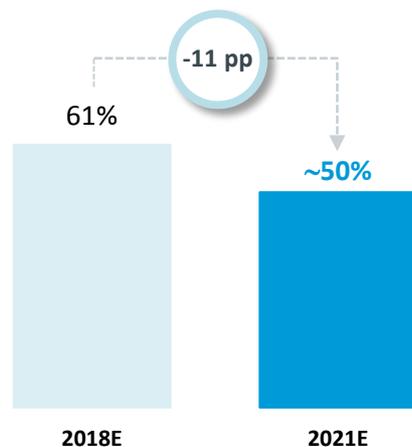
**Business lending**
**~5%**
**CAGR  
2019E-21E**

**Mutual funds<sup>(3)</sup> and savings insurance**
**~6%**
**CAGR  
2019E-21E**

(1) Percentage calculated with no age restrictions.

(2) For individuals and companies, overall, internet banking and digital channel satisfaction indexes from independent market research companies.

(3) Excluding real estate, money market investment funds and products with guaranteed capital. Includes public offerings.

**Financial targets 2019E-21E**
**3**
*Strategic Plan 2019-21*
**Core C/I ratio <sup>(1)</sup>**

**Core revenues <sup>(2)</sup>**
**~ 7%**

CAGR 2019E-21E

**Recurrent expenses**
**~ 0%**

CAGR 2019E-21E

**Core C/I ratio <sup>(1)</sup>**
**~ 50%**

2021E

**NPL ratio**
**<3%**

2021E

**Net income improvement underpinned by revenue growth, stable expenses and low CoR**

(1) Recurrent operating expenses in % of core revenues.

(2) NII, dividends, fees, equity accounted income (Allianz, Unicre and Cosec) and services paid by the businesses sold to CaixaBank.

*Create Value*



*with Values*



# Financial Projections and Targets

Javier Pano  
CFO



**1**

**A solid starting point**

**2**

**Key levers for sustainable profitability**

**3**

**Capital distribution**

**4**

**Financial targets**

## An established track record of delivery

2015-18 Strategic Plan mostly delivered...

...in spite of a challenging backdrop

	2018 Target <sup>(1)</sup>	September 2018
<b>Profitability</b>	RoTE <sup>(2)</sup>	9-11% → 9.4%
	Recurrent C/I ratio <sup>(3)</sup>	~55% → 53%
	Core revenues CABK <sup>(4)</sup>	~4% CAGR 2017-18 → 6%
	Rec. operating exp. CABK <sup>(5)</sup>	Flat 2014 → ~0%
	Cost of risk <sup>(6)</sup>	<40 bps → 20 bps
<b>Capital</b>	CET1 FL % <sup>(7)</sup>	11-12% → 11.4%
	Total Capital FL %	>14.5% → 15.2%
<b>Cash dividend pay-out</b>		≥50% → 56% Avg. 2015-17

### Solid economic recovery but...

- **Negative interest rates** for 3 years of the Plan
- **Subdued loan volumes** → lower than expected
- **Mortgage floor removal**
- **Competitive pressures** in certain segments
- **Regulation** → more... and more demanding

(1) Targets revised in the mid-term review of the plan (December 2016). (2) Trailing 12M. RoTE as reported in 3Q18. Adjusting for the new definition (including valuation adjustments in the denominator) RoTE TTM as of September 2018 would stand at 9.5%. (3) C/I ratio trailing 12M stripping out extraordinary expenses. (4) NII + Fees + insurance revenues from life-risk premia and equity accounted income from SegurCaixaAdeslas. Trailing 12M. (5) Recurrent administrative expenses, depreciation and amortization. 2014 PF w/Barclays Spain. Trailing 12M. (6) Trailing 12M. Excluding extraordinary provision write-back in 3Q18. (7) 11.7% September 2018 PF RE and REP disposals, as per current estimate.

**Macro tempers in line with expectations and maturity of the economic cycle**

**Iberian economies**

Real GDP expected to grow

**~2%  
yoy**

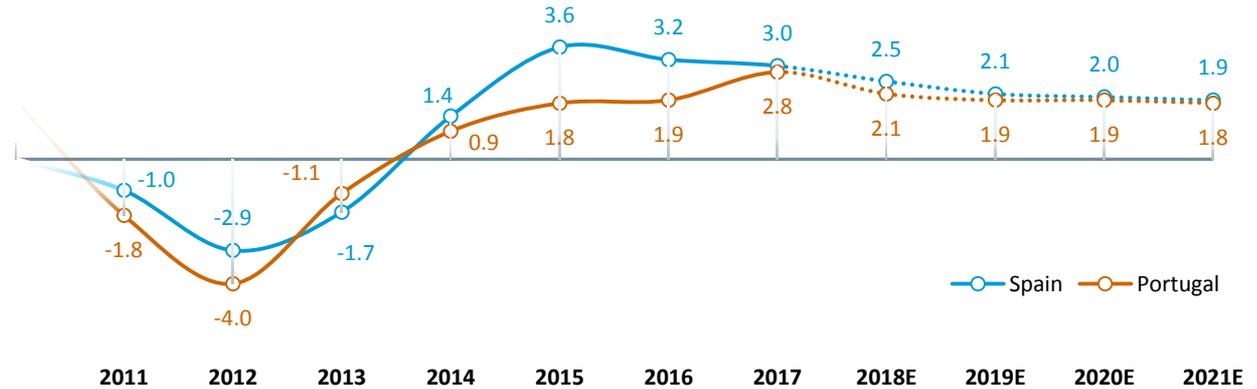
in 2019E-2021E

**Strategic Plan 2011-14**

**Strategic Plan 2015-18**

**Strategic Plan 2019-21**

Real GDP, % yoy



**A changing macro backdrop**



**An evolving strategy**

**Economic recession**

- ▶ Organic/inorganic growth
- ▶ Cost-cutting efforts
- ▶ Reinforcing B/S

**Economic recovery**

- ▶ Organic growth
- ▶ ↑ Profitability to cover Ke
- ▶ Managing crisis legacy

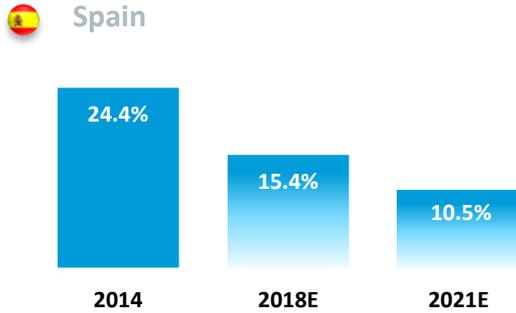
**Cruising speed**

- ▶ Firing on most cylinders
- ▶ Sustainable profitability
- ▶ Future-proofing the bank → investing and transforming

More sustainable growth lies ahead

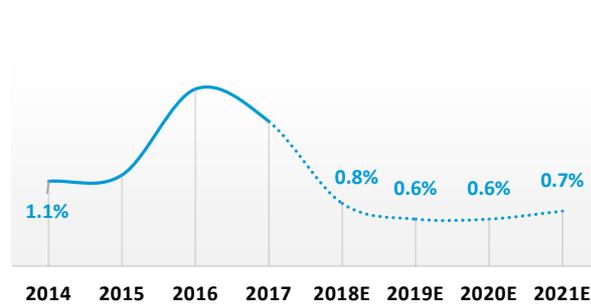
Favourable labor market dynamics

Unemployment rate (annual average), %



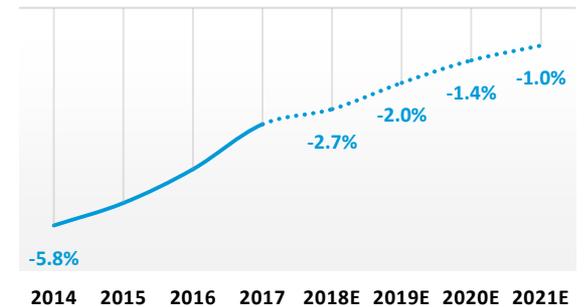
Sustained external rebalancing

Current account balance, in % of GDP

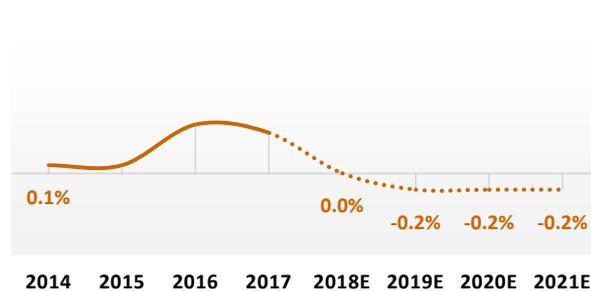
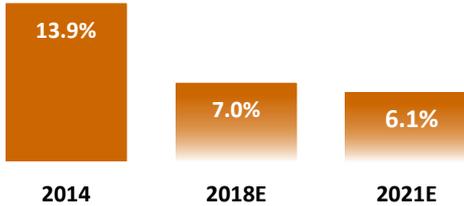


Continued fiscal consolidation

Fiscal deficit, in % of GDP



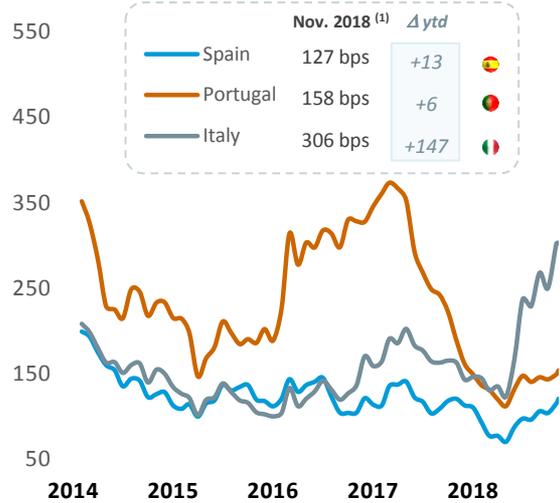
Portugal



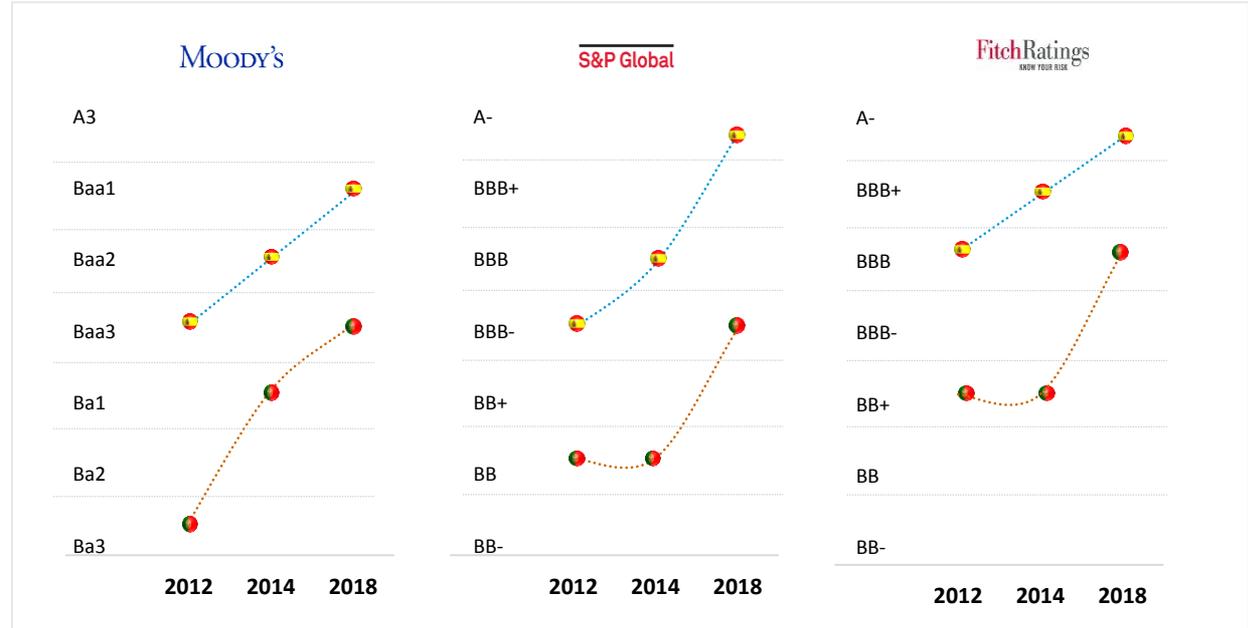
## Lower risk-premia and rating upgrades reflect improved fundamentals

### Risk premia stable at low levels

Sovereign risk premium vs. 10y German Bund, monthly average in bps



### Sovereign credit rating: Spain and Portugal

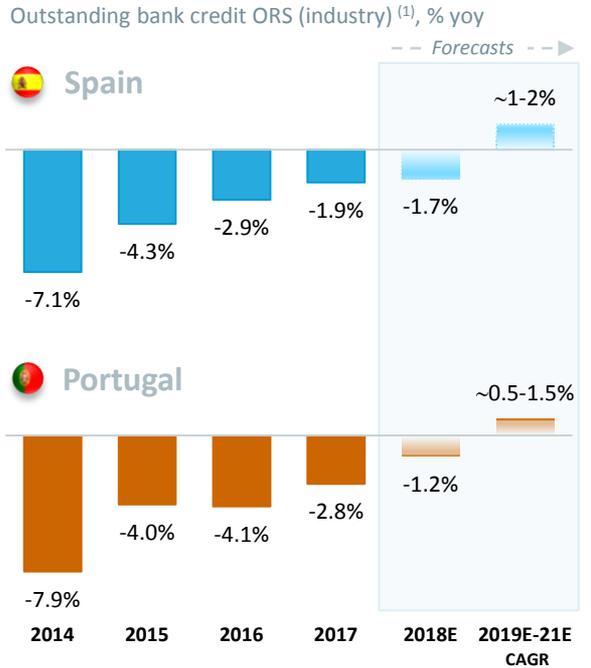


### Lower financing costs have facilitated economic rebalancing

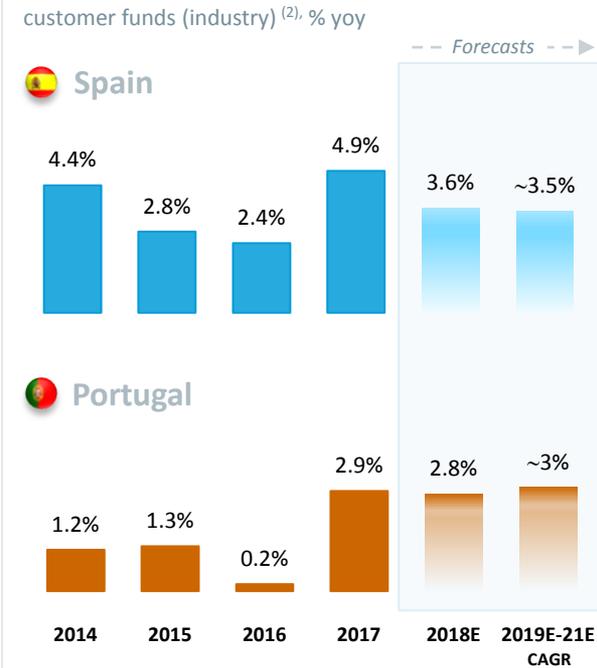
(1) As of 22 November 2018.  
Sources: Bloomberg and rating agencies.

## Expecting modest growth in sector volumes and a very gradual increase in interest rates

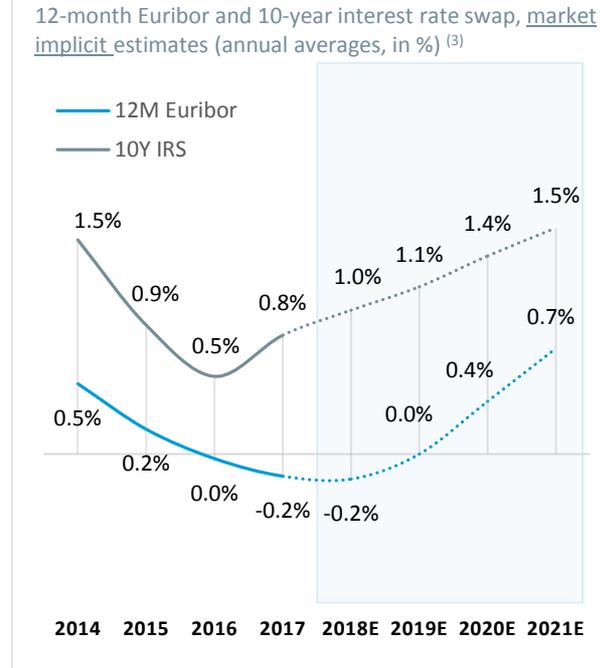
### Loan volumes (industry)



### Customer funds (industry)



### Market interest rates



**Plan based on conservative assumptions on volumes and rates**

(1) ORS as in "other resident sectors". CaixaBank Research forecasts 2018E-21E. The evolution of outstanding credit is subject to an unusual degree of uncertainty given the volatility induced by portfolio sales.  
 (2) CaixaBank Research forecasts 2018E-21E.  
 (3) Interest rate forward rates as of 31 July 2018 used in financial projections. Current forward rates are not materially different from those used in the plan's projections. Annual averages.  
 Sources: Bank of Spain, Bank of Portugal, ECB and CaixaBank Research.



1

A solid starting point

2

Key levers for **sustainable profitability**

3

Capital distribution

4

Financial targets

## Key RoTE drivers

RoTE <sup>(1)</sup>

&gt;12%

2021E Ambition

1

Core revenue growth

2

Investing and transforming

3

De-risking

4

Ahead of regulation

Building a transitional buffer for new capital requirements

## Core revenue growth and lower NPA costs drive RoTE improvement

RoTE<sup>(1)</sup> bridge Sep-2018 TTM – 2021E, in % and pp post-tax



**BFA results are not included in projections**

(1) Tangible equity redefined as own funds (including valuation adjustments) minus intangible assets.  
 (2) RoTE adjusted for one-offs (REP disposal, ServiHabitat repurchase and extraordinary provision write-back in 3Q18) and pro-forma excluding REP and BFA earnings.  
 (3) Includes other core revenues (CABK) not included in previous categories and other than funding costs (which are allocated among previous categories).  
 (4) Including other P&L and equity impacts.

**Growth in volumes is a key enabler for core revenue growth**

1

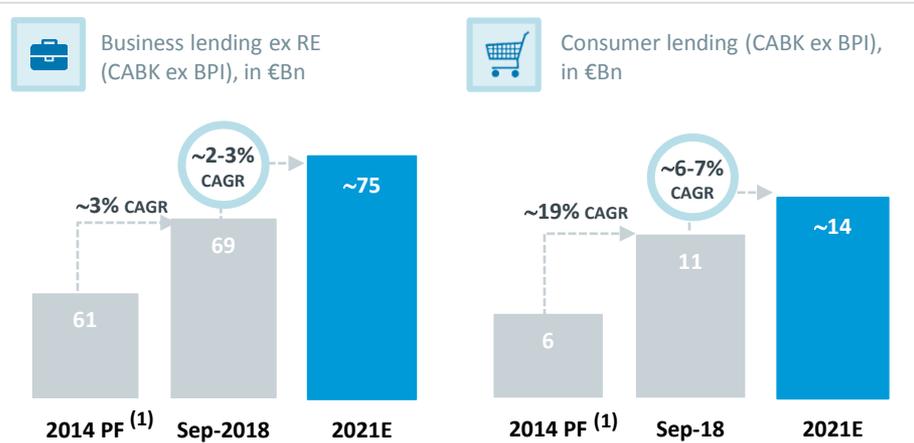
**Customer funds**  
**~4%**  
**Performing loans**  
**~1%**  
**CAGR 2019E-21E**

Customer funds and performing loans, in €Bn



- ▶ Long-term savings to keep pushing customer funds growth
- ▶ Gradual performing loan-book improvement underpinned by production growth and NPL trends

### Growth skewed toward segments with higher potential



Spanish economy

Investment in equipment (ex RE) in Spain is growing strongly (2)

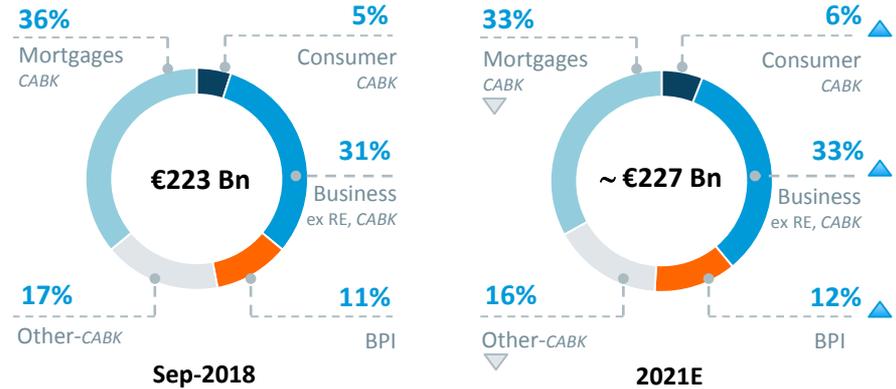
**+8.0 yoy 2018E**

Consumption of durable goods is still below pre-crisis levels (3)

**~90%** of 2007 levels

### Towards a more diversified and higher-yielding loan book

Customer loans: breakdown by segment, in % of total

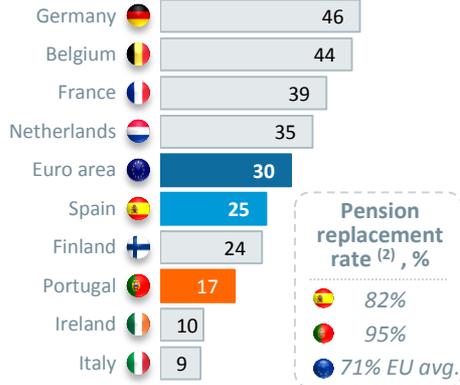


- ▶ Change in mix towards higher-yielding segments
- ▶ Conservative outlook for mortgage production as focus is on value rather than volume
- ▶ Positive loan-growth trends at BPI continue

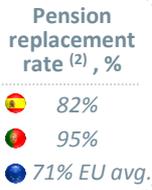
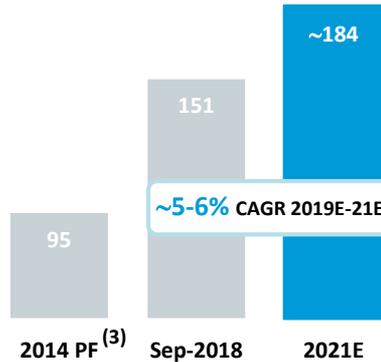
(1) PF Barclays Spain.  
 (2) Source: INE (Spain).  
 (3) Source: CaixaBank Research, based on INE (Spain) data.

Seizing potential in long-term savings

Private savings insurance and pension plans penetration, % of households <sup>(1)</sup>



Long-term savings (AuM + life-saving insurance), in €Bn



Market share gains

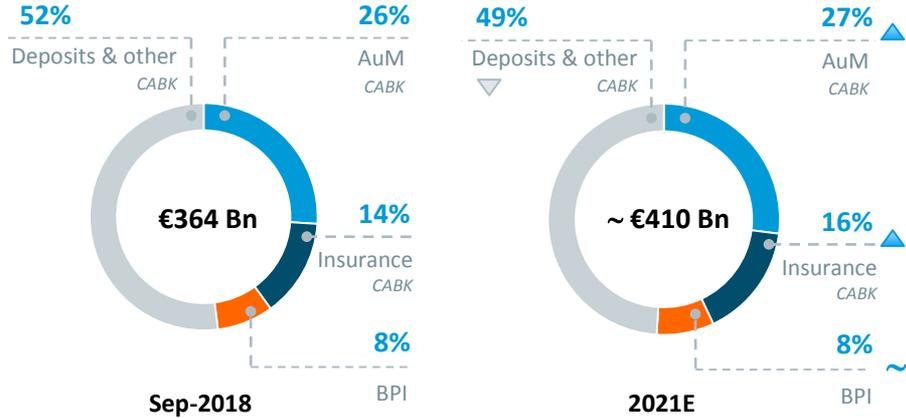
Market share in long-term savings (Spain) <sup>(4)</sup>



Next in ranking <sup>(5)</sup>:  
13.3% peer 1  
11.9% peer 2

Profitable mix-shift

Customer funds: breakdown by segment, in % of total



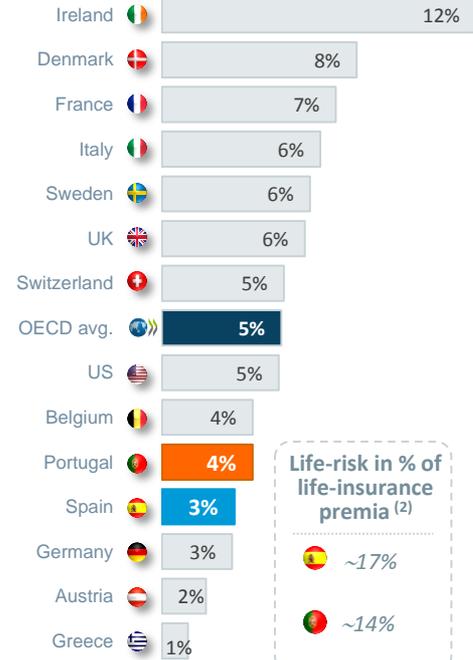
- ▶ Growing weight of long-term savings → resilience in a low-rate environment
- ▶ Advisory capabilities and owned product factories are key enablers
- ▶ High proportion of zero-cost retail deposits provides upside to rate-cycle
- ▶ Granular accounts from a large retail customer base provide stability

(1) Source: ECB based on household financial survey.  
 (2) Net pension replacement rate: individual net pension entitlement divided by net pre-retirement earnings for an average wage earner (2016). Source: OECD.  
 (3) PF Barclays Spain.  
 (4) Market share in own mutual funds, pension plans and life-saving insurance. Sources: ICEA and Inverco.  
 (5) Peer group includes BBVA and Santander.

## Life-risk and non-life insurance also set for growth

### Rapid growth in life-risk insurance

Total (gross) premia in % of GDP <sup>(1)</sup>



Life-risk in % of life-insurance premia <sup>(2)</sup>



Principles for Responsible Investment

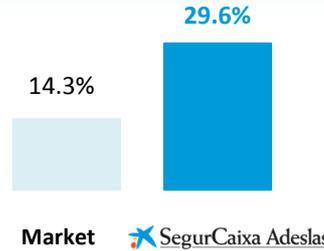
Life-risk insurance premia (net) <sup>(3)</sup>, Sep-2018 TTM = 100



### Taking share from competitors in non-life insurance

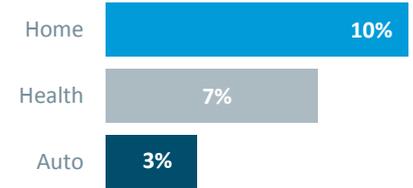


Non-life premia (Spain), growth 2014-Sep 18 (TTM), in %



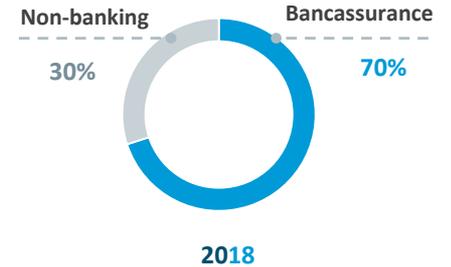
### Seizing potential amongst customers...

% of CABK individual customers that have the product, September 2018



### Benefitting from powerful network

SegurCaixa Adeslas new production by channel, in %

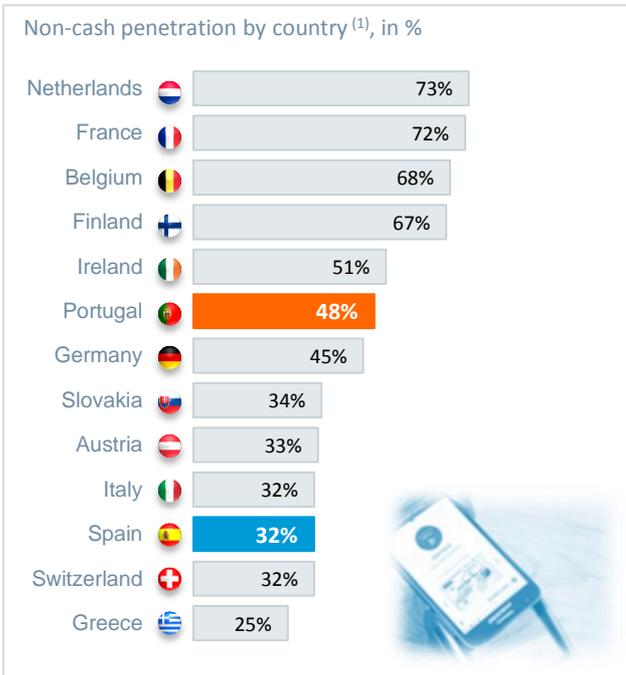


(1) Source: OECD (data for 2016).

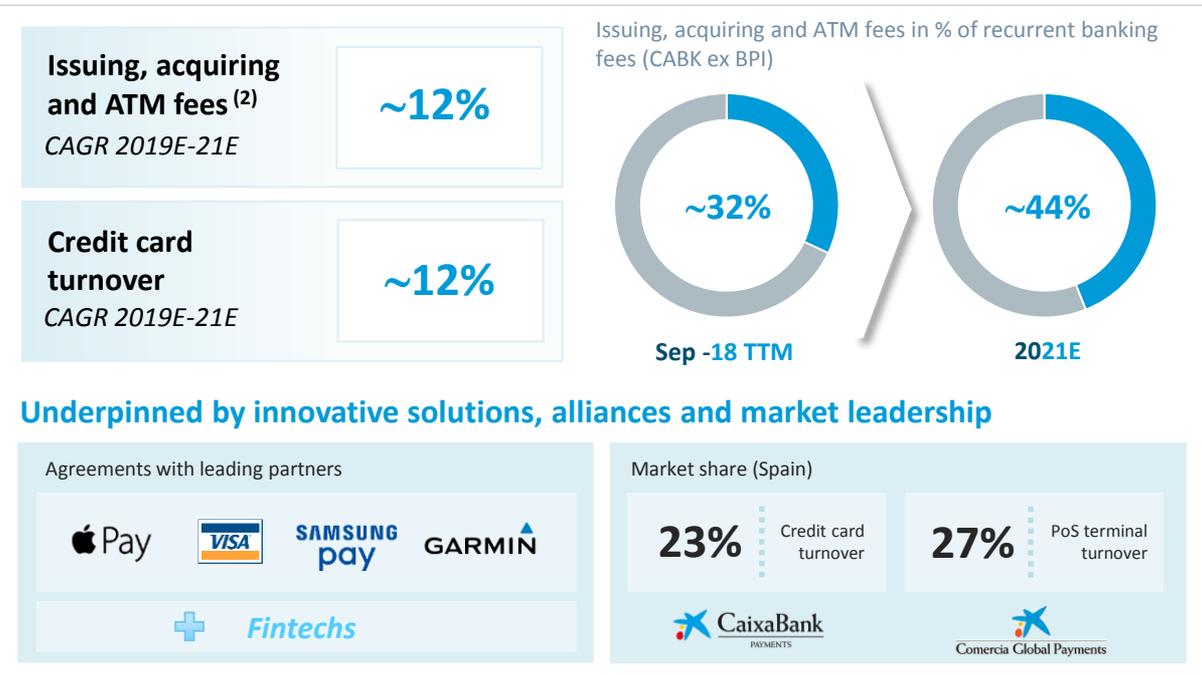
(2) Latest available data: 2018 Jan-Sep for Spain; 2016 for Portugal.

(3) Income and expense under insurance and reinsurance contracts.

Non-cash penetration still low in Spain



Growing credit card turnover increases contribution to recurrent banking fees



**A proprietary data environment provides a unique competitive advantage**

(1) Share of non-cash transactions per country at points of sale (value of transactions). Source: ECB Occasional paper #201 "The use of cash by households in the euro area" (November 2017).  
 (2) Note that the category "payments" in the RoTE bridge includes issuing, acquiring and ATM fees and other transactional fees.

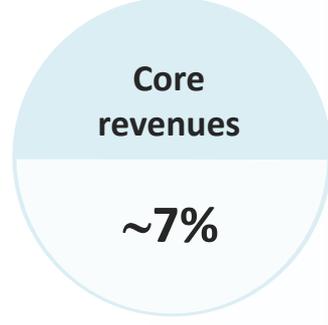
 **+0.6 pp** 

**BPI segment contribution to Group core revenues and net income grows**

1

**Key financial targets – BPI segment**

CAGR 2019E-21E



 **BPI**  
Strategic ambition

RoTE recurrent – 2021E

**~11%**

Core C/I ratio – 2021E

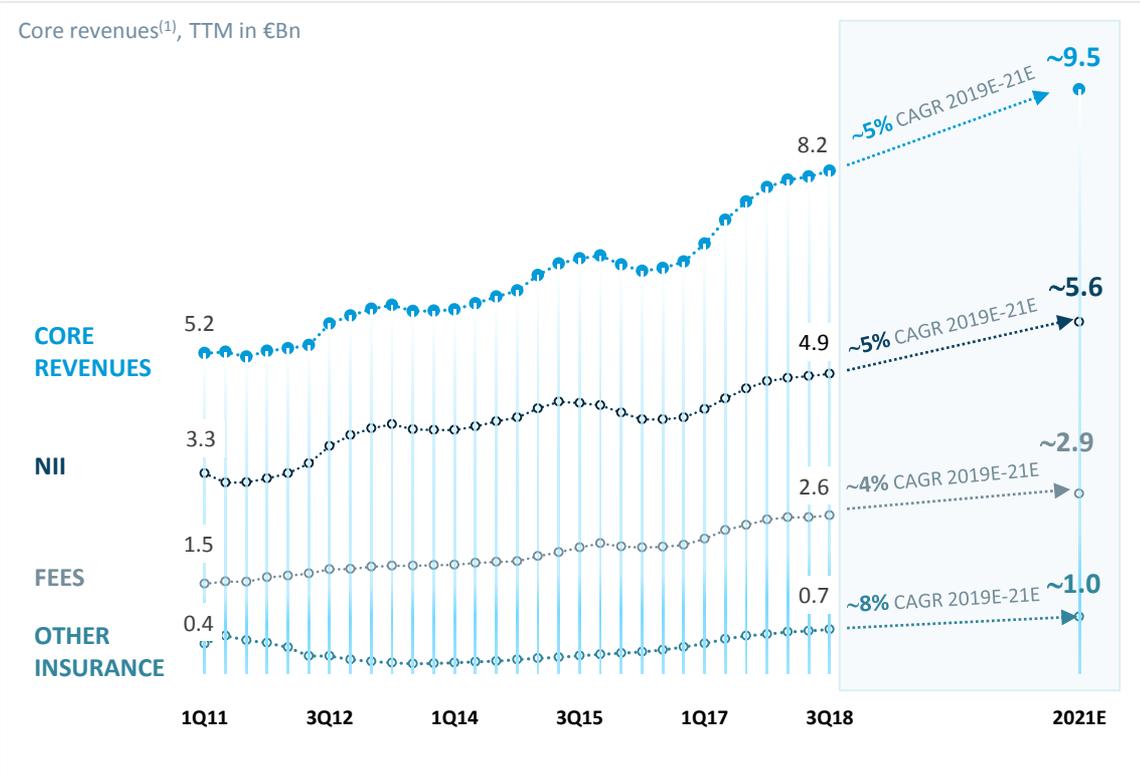
**~50%**



**BFA results are not included in projections**

**Core revenues expected to grow c.5% CAGR with broad-based support**

1

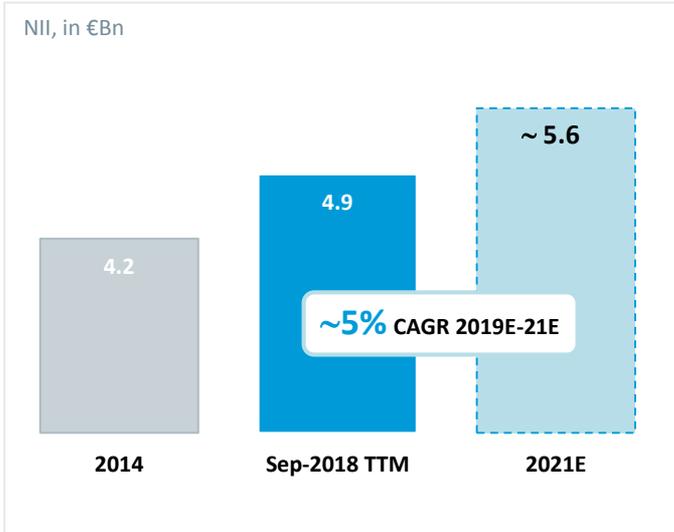


(1) NII, fees, life-risk premia and equity accounted income from SegurCaixa Adeslas and BPI bancassurance stakes.

# NII growth underpinned by new lending in selected segments

1

## NII ambition



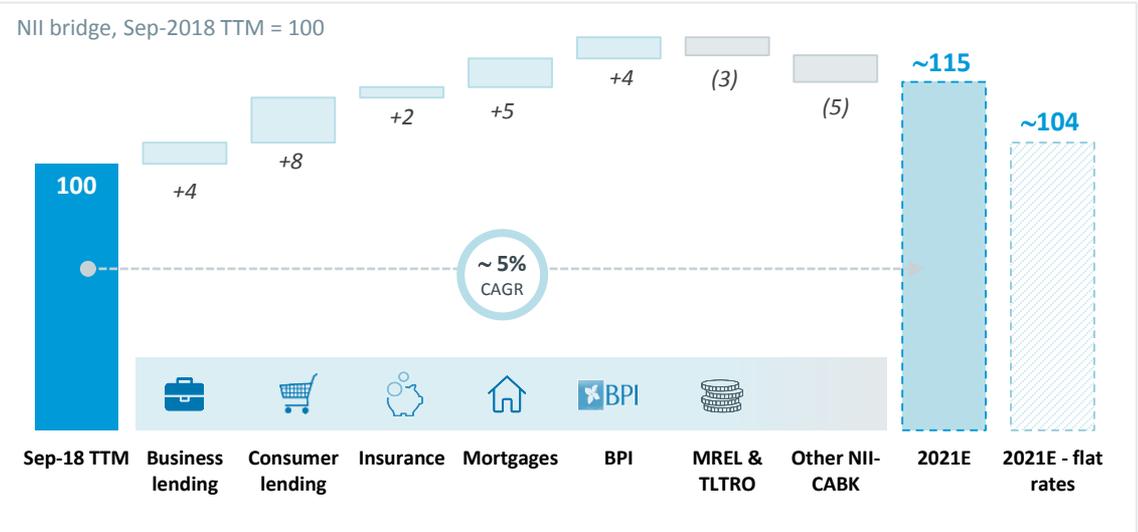
### Flat-rate scenario

Interest rates flat at current levels

~ 1%

CAGR 2019E-21E

## NII bridge



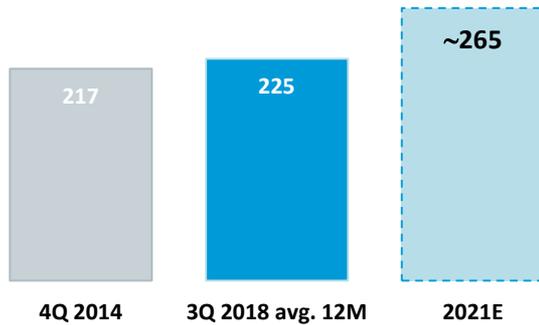
- ▶ Consumer and business lending expected to drive NII growth
- ▶ Yields supported by pricing discipline, mix-shift and slightly higher rates
- ▶ Positive mortgage contribution underpinned by Euribor resets
- ▶ Higher funding costs (TLTRO) and MREL requirements detract from NII

## Customer spread to improve despite higher funding costs

1

### Customer spread

Customer spread (CABK ex BPI), in bps



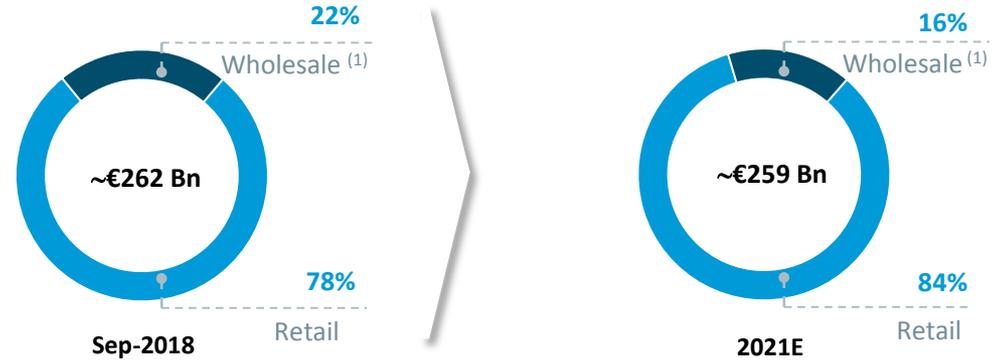
**2021E**

- ▶ Improvement in loan yields (supported by increased Euribor) offsets higher funding costs
- ▶ Asset margin expansion (like for like) not considered; pricing discipline to continue

### Funding costs set to increase and TLTRO II redeemed in 2020



Funding structure breakdown



- ▶ TLTRO redemption and MREL will negatively impact NII
- ▶ Large base of sight deposits provides optionality to higher rates
- ▶ Interest rate sensitivity (post TLTRO redemption): a parallel shift of 100 bps would increase NII in year 2 by c. 15%<sup>(2)</sup>

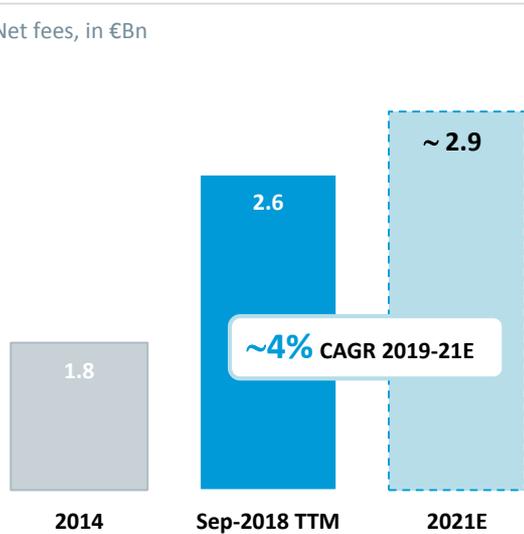
**Higher funding costs reflect deposit pass-through of higher rates, TLTRO redemption and MREL**

(1) Including €28.2Bn TLTRO in Sep. 2018. Excluding other net interbank funds.  
 (2) Assumes balance-sheet structure in 2021E as in the Plan projections and redemption of TLTRO by YE2020.

## Fee revenue growth mostly underpinned by AuM fees

### Fee ambition

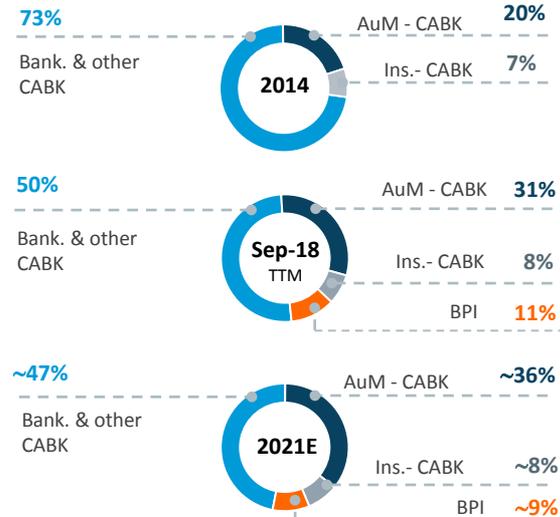
Net fees, in €Bn



- ▶ Sustained fee growth reflects franchise strength and specialised offering

### Fee breakdown evolution

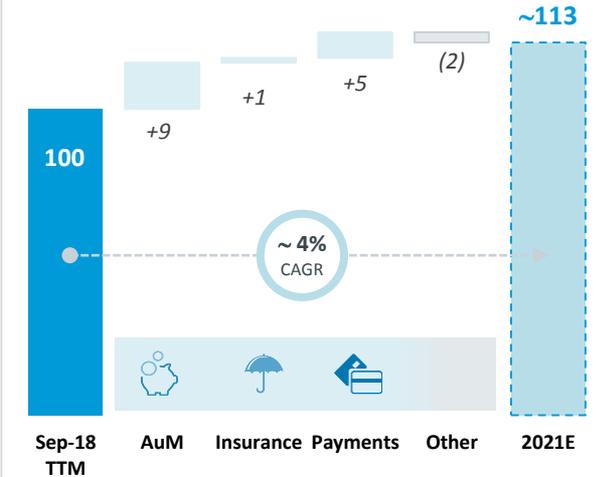
Net fee breakdown <sup>(1)</sup>, in % of total



- ▶ Increasing weight of AuM fees
- ▶ BPI impacted by sale of businesses

### Fee bridge

Net fee bridge, Sep-2018 TTM = 100



- ▶ AuM, insurance and payments fee growth more than offsets other banking fees decline

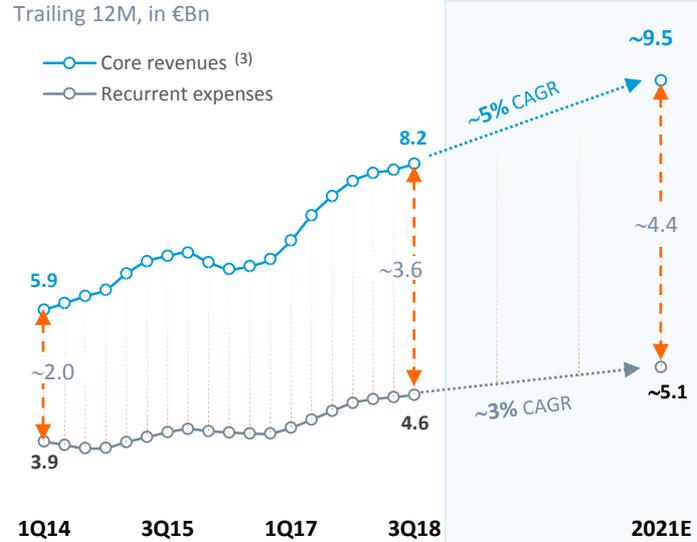
(1) Unit-link fees have been reclassified from insurance fees to AuM fees. In Sep-18 TTM, AuM fees in % of total prior to the reclassification would have been 29%.

## Core revenue growth and lower NPA costs drive RoTE improvement

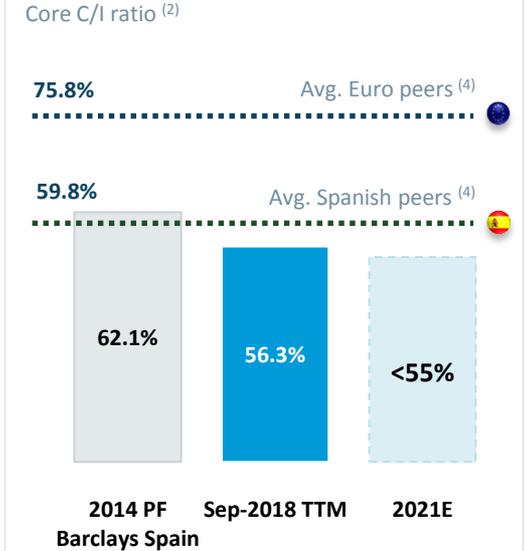


Positive jaws lead to efficiency improvements

Core revenues vs. recurrent cost base



Core C/I ratio



Core operating income <sup>(1)</sup>

~7%

CAGR 2019E-21E

Core C/I ratio <sup>(2)</sup>

56.3% → <55%

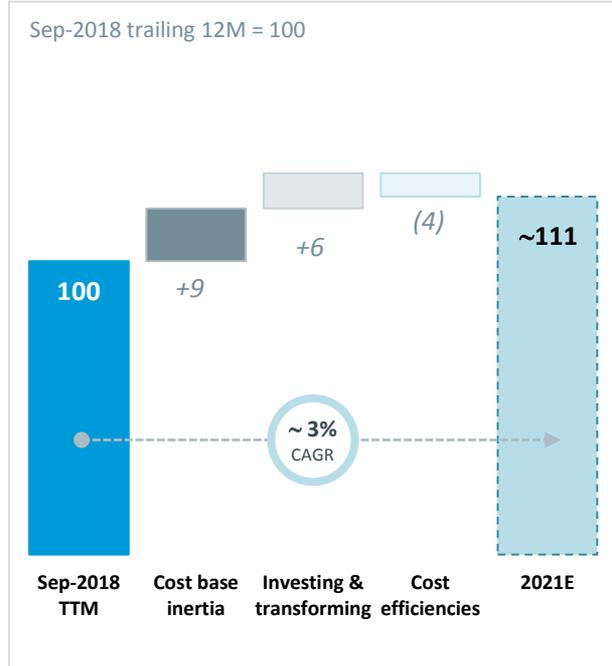
SEP-18 TTM

2021E

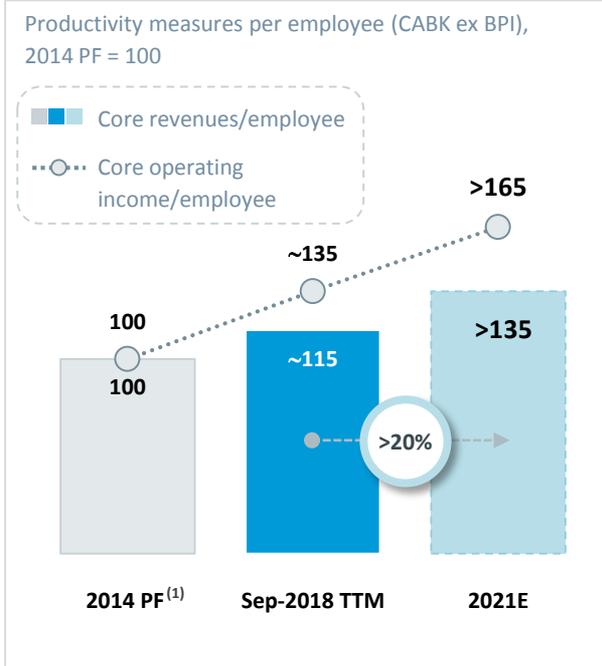
Core revenue growth expected to exceed recurrent cost base growth

(1) Core revenues minus recurrent costs. (2) Recurrent cost base (stripping extraordinary impacts) over core revenues. (3) NII, fees, life-risk premia and equity accounted income from SegurCaixa Adeslas and other BPI bancassurance stakes. (4) Spanish peer group includes: Banco Sabadell (ex TSB), Bankia, Bankinter, BBVA Spain + RE, Santander Spain + RE. European peer Group includes ABN Amro, Erste, Commerzbank, ING, Intesa Sanpaolo, KBC, Nordea, Unicredit. Data as of 3Q18, trailing 12M.

Recurrent cost base evolution



Productivity per employee

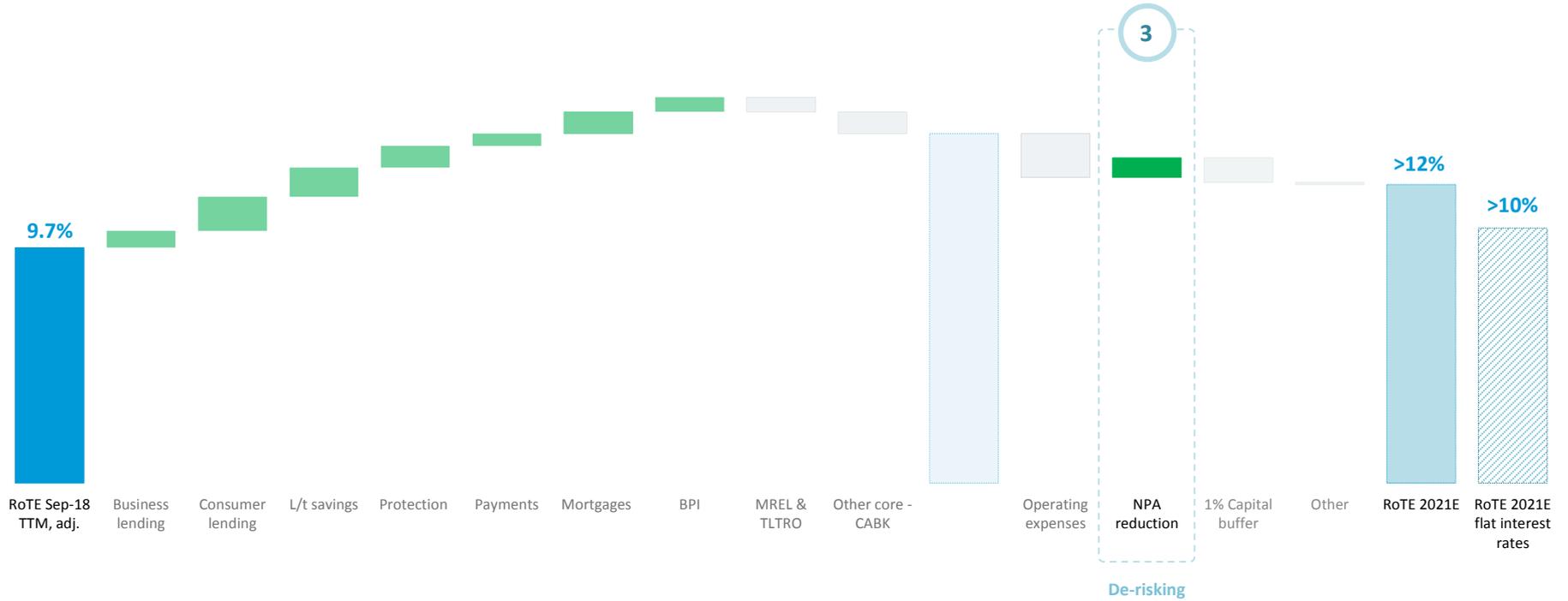


- ▶ Cost inertia mostly derived from collective bargaining agreements for salaries in a benign economic environment
- ▶ Transformation and investment in the distribution model related to changes in customer experience requires some additional expenditure
- ▶ Savings from restructuring enabled by deployment of new relationship models (headcount optimisation, branch closures and re-skilling) have also been identified
- ▶ Cost management partly based on productivity considerations: high quality revenues require investment

No material growth in intangible assets despite investment in transformation

(1) PF Barclays Spain.

## Core revenue growth and lower NPA costs drive RoTE improvement



**NPL ratio expected to fall to <3% by 2021E**

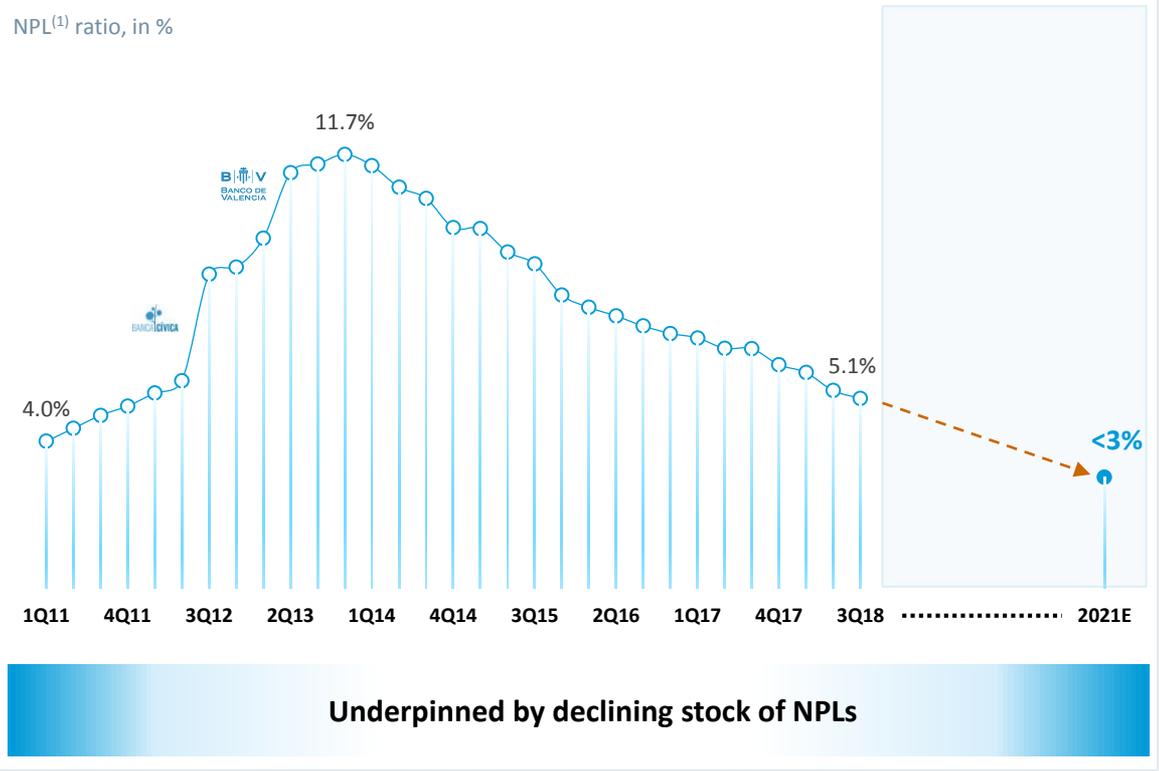
NPL ratio

# <3%

2021E

5.1%

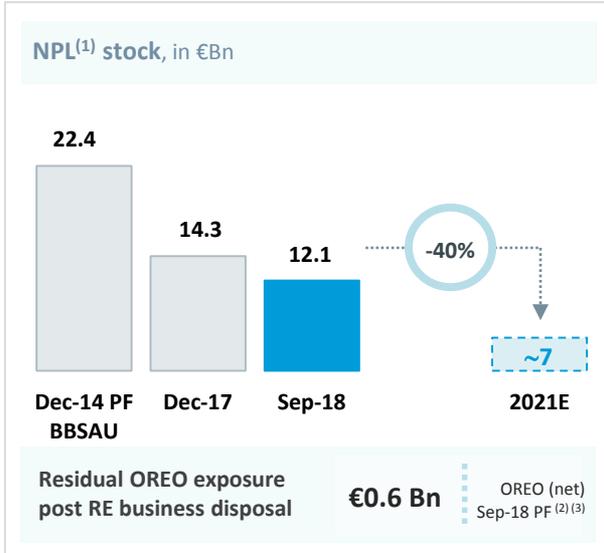
September 2018



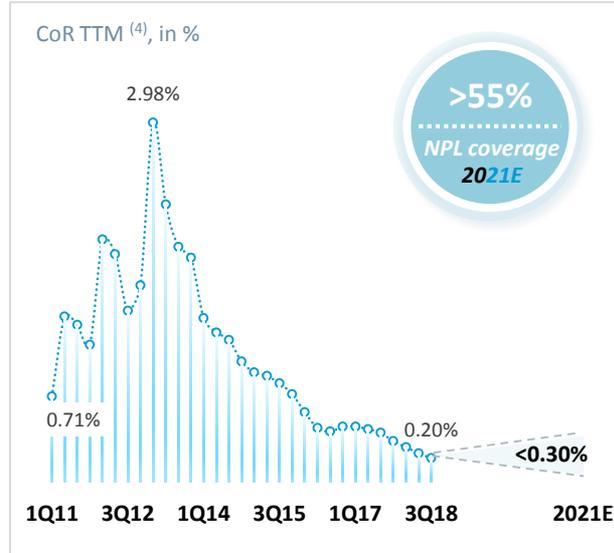
(1) NPLs including contingent liabilities.

Constant NPL reduction and strong coverage support low CoR levels

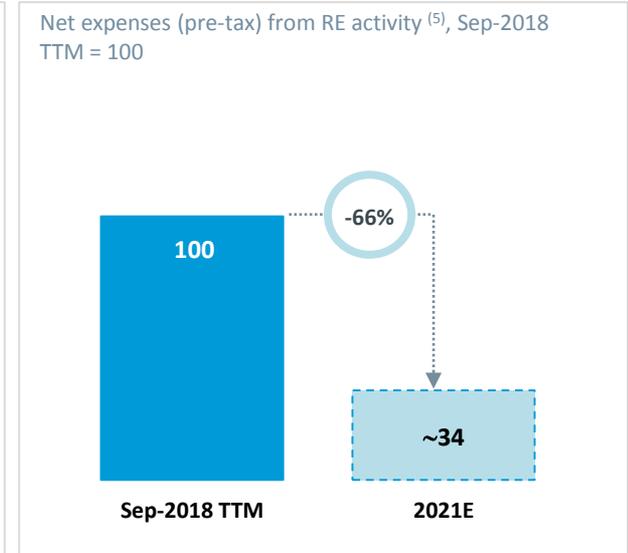
Steady NPA reduction



CoR expected to remain below 30 bps



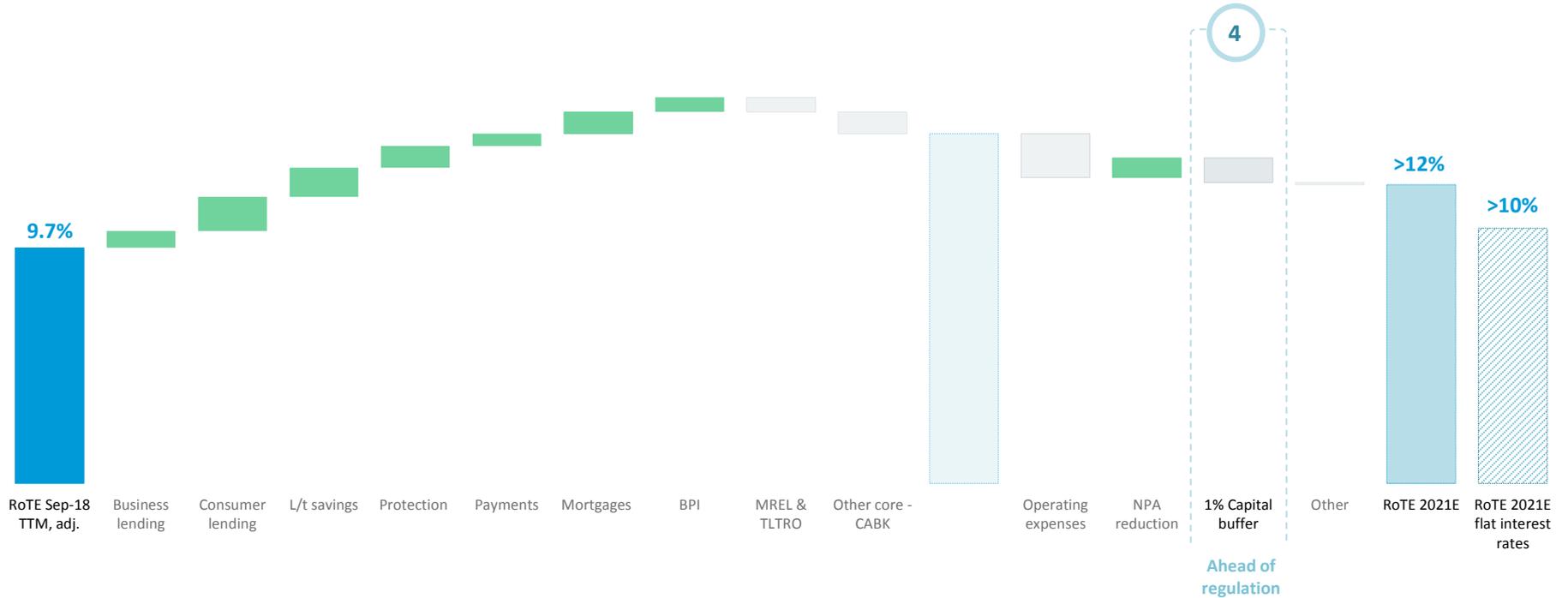
Additional cost-savings from RE de-risking



- ▶ NPL reduction supported by positive macro, strong coverage and pro-active approach → early delinquency management unit in place since 2H17
- ▶ CoR expected to remain < 30 bps during the Plan supported by above factors → back-book mix does not change materially in spite of push for consumer and business lending
- ▶ Lower RE expenses post Lone Star deal<sup>(5)</sup> from reduced management and sale fees

(1) NPLs including contingent liabilities. (2) It excludes the rental portfolio (c. €2.5Bn net as of 30 September 2018 PF RE disposal deal). (3) Refer to CNMV Significant Event #267324 (June 2018) for additional information. (4) Excluding one-offs in 4Q16 and in 3Q18. (5) Includes net negative "other operating income and expenses" related to RE activity and RE result in "gains/losses on disposals".

## Core revenue growth and lower NPA costs drive RoTE improvement

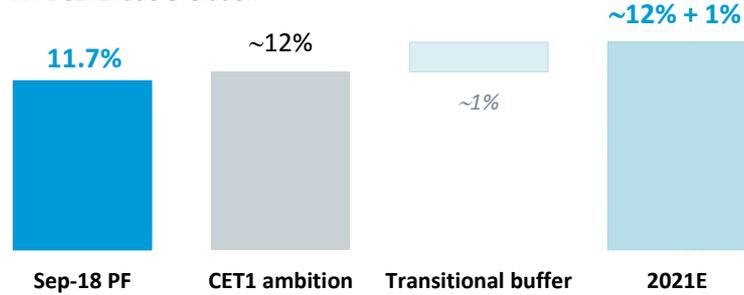


Strong capital position to be reinforced throughout 2019-21E

% CET1 target - BIII  
**~12%**  
 2019E-21E  
**+ 1 pp buffer by 2021E**

Building a transitional buffer ahead of new regulatory requirements

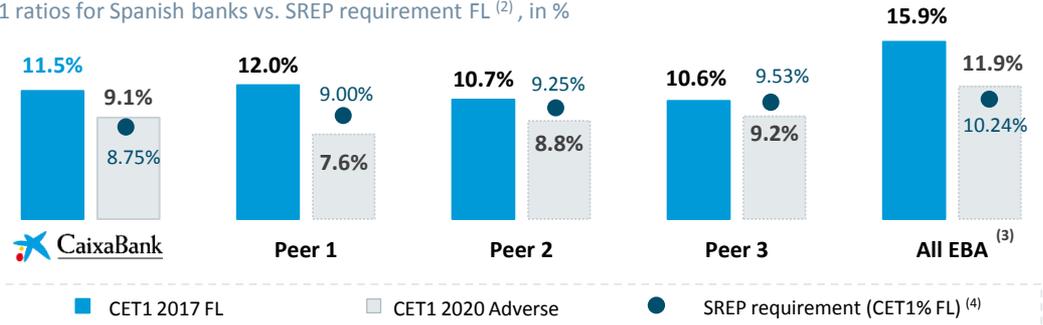
B-III FL CET1 ratio evolution <sup>(1)</sup>



Well-above requirement  
**8.75%**  
 SREP 2018

Recent stress test proved CET1 resilience in adverse scenario

CET1 ratios for Spanish banks vs. SREP requirement FL <sup>(2)</sup>, in %



(1) September 2018 ratio pro-forma RE (Lone Star) and REP disposals, as per current estimate.

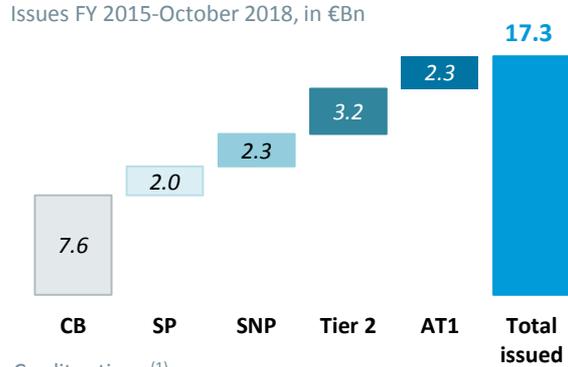
(2) Peer group includes: Banco Sabadell, BBVA and Santander.

(3) Excluding banks with no public information on SREP requirements: Barclays, Danske Bank, Handelsbanken, HSBC, JyskeBank, Lloyds, NordLB, Nordea, Nykredit, OP Financial Group, OTP, PKO, RBS, SEB, PolskaKasa

(4) SREP 2018. Including Pillar 1 + Pillar 2R + CCB + CCyB+ G-SIB/O-SII buffer.

## Solid capital position supports MREL build-up

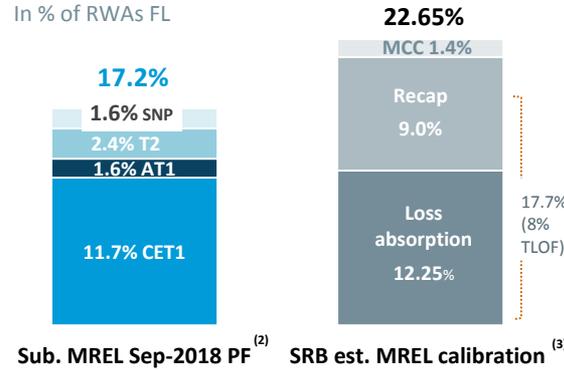
### Continued and successful market access



Credit ratings <sup>(1)</sup>



### Maximum MREL calibration vs. capital stack



**Subordinated MREL ratio**  
Sep 2018 PF <sup>(2)</sup>

**17.2%**

### 2019-21 wholesale maturity profile



■ Senior Preferred ■ Covered Bonds

- ▶ Strong total capital base with full T1 and T2 buckets and no refinancing needs in the near future
- ▶ Targeting manageable issuance with funding plan focused on subordinated instruments to address MREL needs
  - Issuance needs ≤ €8 Bn in the most demanding scenario
  - Upcoming maturities (€7.5Bn) expected to be mainly rolled over into SNP, with potential issuance of other funding instruments

(1) Rating upgrades in 2Q18 and 3Q18: S&P on 6 April 2018, DBRS on 12 April 2018, Moody's on 1 August 2018 and Fitch on 8 October 2018.

(3) As per the mechanical formula prescribed by SRB in its Dec 17 report titled "SRB Policy for 2017 and Next Steps", with the SRB informative target not being lower than the 8% of total liabilities and own funds ("TLOF"). Loss absorption=8.75% CET1 + 1.5% AT1 + 2.0% T2. Recap = SREP pillar 1 + pillar 2R at 95% RWAs. MCC corresponds to the combined buffer requirement of 2.75% (which comprises of CCB and OSII buffer) -1.25% and at 95% RWAs. Final MREL targets will be tailored to a bank's business model, risk profile, resolution strategy and resolvability.

# Prudent liquidity management includes pre-financing of TLTRO

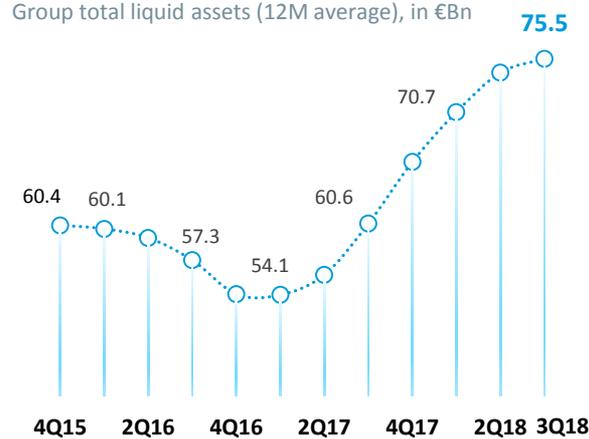
## Liquidity ratios well above requirements

Group regulatory liquidity ratios <sup>(1)</sup> as of September 2018, in %



▶ Expected to remain comfortably above 100% regulatory requirement (post TLTRO redemption)

## Record-high liquidity ahead of TLTRO maturity



▶ Ready to redeem TLTRO by 2020

**€28.2 Bn**  
30 Sep-2018

## Wholesale issuance

CABK ex BPI wholesale issuance back-book <sup>(2)</sup> in €Bn



Cost of maturities per year: CABK spread over 6M Euribor in bps, as of October 2018



## Recent rating upgrades facilitate continued market access

(1) LCR 12 month average. NSFR: pending final definition.

(2) Includes securitisations placed with investors and self-retained multi-issuer covered bonds. It does not include the AT1 issued in June 2017 and in March 2018.



1

A solid starting point

2

Key levers for sustainable profitability

3

**Capital distribution**

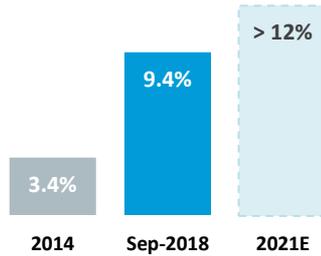
4

Financial targets

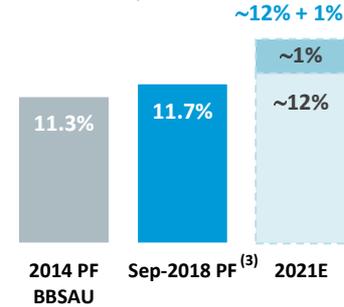
## Capital distribution supported by sustainable earnings and strong capital position

### Reinforced cash-payout capacity

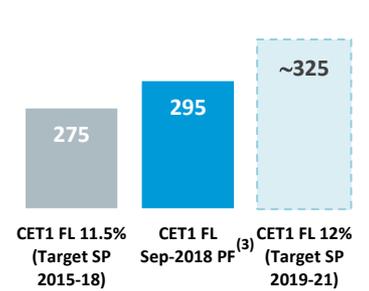
RoTE TTM<sup>(2)</sup>, in %



CET1 B-III FL, %



MDA buffer, bps



Cash payout:  
from  $\geq 50\%$  2015-18 to  
**>50%**  
2019E-21E

**56%**

Average 2015-17

For FY 2019, it is the intention of the Board<sup>(1)</sup> to approve a cap of 60%

### Use of capital generation



Transitional buffer (1%)



Shareholder remuneration



Business opportunities and transformation

(1) At the beginning of each year, when reporting the results of the previous financial year, the Board of Directors may set a cap on cash payout for dividend accrual purposes in regulatory capital.  
 (2) RoTE 2021E based on new definition, including valuation adjustments in tangible equity. RoTE 2014 and Sep-18 as reported. September 2018 RoTE based on new definition would stand at 9.5%.  
 (3) Pro-forma RE (Lone Star) and REP disposals.



1

A solid starting point

2

Key levers for sustainable profitability

3

Capital distribution

4

**Financial targets**

**Financial targets**

**Profitability**
**Core revenues**
**~5%**

CAGR 2019E-21E

**Core C/I ratio**
**<55%**

2021E

**RoTE**
**>12%**

2021E


**Balance sheet**
**Performing loans**
**~1%**

CAGR 2019E-21E

**AuM + insur. funds**
**~5-6%**

CAGR 2019E-21E

**NPL ratio / CoR**
**<3% / <0.30%**

2021E

2019E-21E


**Capital & liquidity**
**CET1 FL - BIII**
**~12% + 1pp**

2021E

**Cash payout**
**>50%**

2019E-21E

**LCR**
**>130%**

2021E

# Appendix

## Glossary I/IV

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRS), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the “ESMA Guidelines”). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the company's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable. ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

Term	Definition
ALCO book	Asset – Liability Committee banking book.
ALM	Asset – Liability Management
AT1	Additional Tier 1 Capital.
AuM / AM	Assets under Management including mutual funds and pension plans.
B/S	Balance sheet.
CAGR	Compound Annual Growth Rate.
CCB	Capital Conservation Buffer.
CCyB	Countercyclical Capital Buffer.
CET1	Common Equity Tier 1 Capital, or best quality capital according to Basel III rules.
CIB	Corporate and Institutional Banking division.
Consumer lending (Spain)	Unsecured loans to individuals, excluding those for home purchases. Includes personal loans from CaixaBank, MicroBank and CaixaBank Consumer Finance as well as credit cards (CaixaBank Payments) except for floating.
CoR	Cost of risk: total allowances for insolvency risk divided by average of gross loans plus contingent liabilities, using management criteria.
Core C/I ratio	Core cost-to-income ratio: administrative expenses, depreciation and amortisation divided by core revenues (last 12 months).
Core C/I ratio (recurrent)	Core cost-to-income ratio stripping out extraordinary expenses: administrative expenses, depreciation and amortization stripping out extraordinary expenses divided by core revenues (last 12 months).
Core operating income	Core revenues minus recurrent costs.
Core revenues (CABK/Group)	NII, fees, revenues from life-risk insurance business, equity accounted income from SegurCaixa Adeslas and revenues of bancassurance stakes of BPI.
CRD-IV	Capital Requirements Directives: the legal framework for the supervision of credit institutions, investment firms and their parent companies in all Member States of the European Union and the EEA. CRD IV commonly refers to both the EU Directive 2013/36/EU and the EU Regulation 575/2013.

## Glossary II/IV

Term	Definition
Customer spread	Difference between: <ul style="list-style-type: none"> <li>• Average rate of return on loans (annualised income for the quarter from loans and advances divided by the net average balance of loans and advances for the quarter); and</li> <li>• Average rate for retail deposits (annualised quarterly cost of retail deposits divided by the average balance of those same retail deposits for the quarter, excluding subordinated liabilities).</li> </ul>
Digital customers (CABK)	Individual customers 20-74 years old with at least one transaction in the last 12 months as a % of total customers.
EBA	European Banking Authority.
ECB	European Central Bank.
FL	Fully loaded.
Gains/losses on disposals & others	Gains/losses on derecognition of assets and others. Includes the following line items: <ul style="list-style-type: none"> <li>• Impairment/(reversal) of impairment on investments in joint ventures or associates;</li> <li>• Impairment/(reversal) of impairment on non-financial assets;</li> <li>• Gains/(losses) on derecognition of non-financial assets and investments, net;</li> <li>• Negative goodwill recognised in profit or loss;</li> <li>• Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.</li> </ul>
GFCF	Gross Fixed Capital Formation.
ICAAP	Internal Capital Adequacy Assessment Process.
ILAAP	Internal Liquidity Adequacy Assessment Process.
INE	<i>Instituto Nacional de Estadística</i> (Spain) or <i>Instituto Nacional de Estatística</i> (Portugal): National Statistics Institute.
IRB	Internal Rating Based.
IRS	Interest rate swap.
LCR	Liquidity coverage ratio: High quality liquid asset amount (HQLA) / Total net cash outflow amount.
MCC	Market Confidence Charge. A component of MREL, necessary to ensure market confidence post-resolution.
MDA	Maximum Distributable Amount, estimated as the difference between current capital level of the entity and the sum of its capital requirements of Pillar 1 + Pillar 2 + capital buffers + possible shortfalls of AT1 and T2. MDA trigger is the capital level below which there are limitations in dividend distribution, variable remuneration and interest payments to the holders of additional tier 1 instruments.
MREL	Minimum Requirement for own funds and Eligible Liabilities.
Mutual funds (CABK/Group)	Includes own and third-party funds, SICAVs and managed portfolios.

## Glossary III/IV

Term	Definition
Net fees	Net fee and commission income. Includes the following line items: <ul style="list-style-type: none"> <li>• Fee and commission income;</li> <li>• Fee and commission expenses.</li> </ul>
NII	Net interest income.
NIM	Net interest margin, or also balance sheet spread, difference between: <ul style="list-style-type: none"> <li>• Average rate of return on assets (annualised interest income for the quarter divided by total average assets for the quarter); and</li> <li>• Average cost of funds (annualised interest expenses for the quarter divided by total average funds for the quarter).</li> </ul>
NPA	Non-performing assets: including non-performing loans and contingent liabilities, and repossessed real estate assets.
NPL coverage ratio	Quotient between: <ul style="list-style-type: none"> <li>• Impairment allowances on loans to customers and contingent liabilities, using management criteria;</li> <li>• Non-performing loans and advances to customers and contingent liabilities, using management criteria.</li> </ul>
NPL ratio	Non-performing loan ratio: quotient between: <ul style="list-style-type: none"> <li>• Non-performing loans and advances to customers and contingent liabilities, using management criteria;</li> <li>• Total gross loans to customers and contingent liabilities, using management criteria.</li> </ul>
NPL stock / NPLs	Non-performing loans including non-performing contingent liabilities.
NSFR	Net Stable Funding Ratio. Quotient between: <ul style="list-style-type: none"> <li>• the bank's available stable funding;</li> <li>• its required stable funding.</li> </ul>
OCI	Other comprehensive income is those revenues, expenses, gains, and losses under both Generally Accepted Accounting Principles and International Financial Reporting Standards that are excluded from net income on the income statement. Instead it is registered under the equity section of the balance sheet.
OECD	Organisation for Economic Co-operation and Development.
Operating expenses	Include the following line items: <ul style="list-style-type: none"> <li>• Administrative expenses;</li> <li>• Depreciation and amortization.</li> </ul>
OR	<i>Oficina de representación</i> : representation office.
OREO	Other Real Estate Owned: repossessed real estate assets available for sale.
ORS	Other Resident Sectors.

## Glossary IV/IV

Term	Definition
OSII	Other Systemically Important Institution. Institutions that, due to their systemic importance, are more likely to create risks to financial stability.
Other insurance revenues	Life-risk premia and equity accounted income from SegurCaixa Adelas and BPI bancassurance stakes.
P&L	Profit and Loss Account.
RDA	Risk Data Aggregation.
RE	Real Estate.
PF	Proforma.
ROTE	Return on tangible equity: profit attributable to the Group, trailing 12 months, divided by the average own funds (including valuation adjustments) less intangible assets using management criteria (last 12 months). The value of intangible assets under management criteria is the value of Intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of impairment allowances, recognised in Investments in joint ventures and associates in the public balance sheet. Profit attributable to the Group adjusted to reflect the amount of the Additional Tier1 coupon, after tax, registered in equity.
RWAs	Risk Weighted Assets.
SNP	Senior non preferred debt.
SRB	Single Resolution Board.
SREP	Supervisory Review and Evaluation Process.
T2	Tier 2 Capital, or supplementary capital.
TLOF	Total Liabilities and Own Funds.
TLTRO	Targeted long-term refinancing operation conducted by the European Central Bank.
TTM	Trailing 12 months.

## Investor Relations



[investors@caixabank.com](mailto:investors@caixabank.com)



+34 93 411 75 03



Av. Diagonal, 621-629 - Barcelona



**CaixaBank**

Pintor Sorolla, 2-4  
46002 Valencia  
[www.CaixaBank.com](http://www.CaixaBank.com)