



CaixaBank: 2015-18 Strategic Plan

Morgan Stanley – European Financials Conference

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In so far as it relates to results from investee companies, any financial information provided has been prepared mainly on the basis of estimates. In addition, the information and figures included in this presentation related to information on a recently announced Voluntary Tender Offer for BPI assume the completion of the transaction in the proposed terms and conditions.

- **CaixaBank 2007-2014**
- Financial targets
- From here to there: Strategic priorities

2007-2014: Emerging from the crisis as a stronger institution

Building the leading Spanish banking franchise

From # 3 to # 1

Growing organically and non-organically

Strengthening the balance sheet

Best in class

Maintained investment grade ratings throughout the crisis

Transforming the corporate structure

Proactive change

From an unlisted savings bank to 3 institutions with different missions and governance



Unique position to benefit from recovery

- CaixaBank 2007-2014
- **Financial targets**
- From here to there: Strategic priorities

Financial Targets

<i>CaixaBank stand-alone targets¹</i>		2014	Target	From ⁴
Profitability	RoTE²	3.4%	12-14%	2017
	Cost/Income ratio	56.8%	<45%	2018
Capital	Capital allocated to stakes	~16%	<10%	2016
	CET1 FL	11.5%	11-12%	2015
Shareholder return³	Cash dividend payout ratio	50%	≥ 50%	2015
	Special dividend and/or share buybacks	n/a	if CET1FL > 12%	2017

- (1) All 2014 data pro-forma the Barclays Bank Spain acquisition, except ROTE, which is stand-alone CaixaBank. Return targets also valid if BPI tender offer is successful
- (2) Tangible Equity is defined as the book value (exc. valuation adjustments) minus all intangible assets, inc. goodwill. For Dec 14, this would be €23.4bn-€5bn, or €18.4bn. For RoTE purposes, average Tangible Equity is used. Implied ROE associated with this ROTE target: 10-12%
- (3) The capital and cash dividend pay-out ratio figures include the pro-forma impact of the 16 February 2015 Board proposal to pay the final 2014 quarterly dividend in cash.
- (4) Ratios apply to year-end, except CET1FL target (throughout) and payout ratio (profit for year in question).

- CaixaBank 2007-2014
- Financial targets
- **From here to there: Strategic priorities**

Strategic priorities

1 Best-in-class in quality of service and reputation

2 Sustainable profitability above cost of capital

3 Optimisation of capital allocation

4 Enhance our leadership in banking digitalisation

5 Retain and attract the best talent

Strategic priorities

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Restoring our reputation to where it belongs

Reputational issues for the sector

Yet CaixaBank is different...

1 Bail-outs using taxpayer funds



- ▶ Over 3.5bn contributed to resolve the banking crisis¹
- ▶ Assisted in restoring financial stability through the integration of 8 institutions
- ▶ High solvency and liquidity maintained throughout the crisis

2 Mis-selling of complex products



- ▶ No losses for preferred stock or subordinated debt holders
- ▶ Traditionally focused on simple retail products

3 Weak corporate governance combined with greed-driven culture



- ▶ No political interference (business focus only)
- ▶ Strong culture of ethics and values
- ▶ Balanced compensation, not oriented to short-term risk-taking

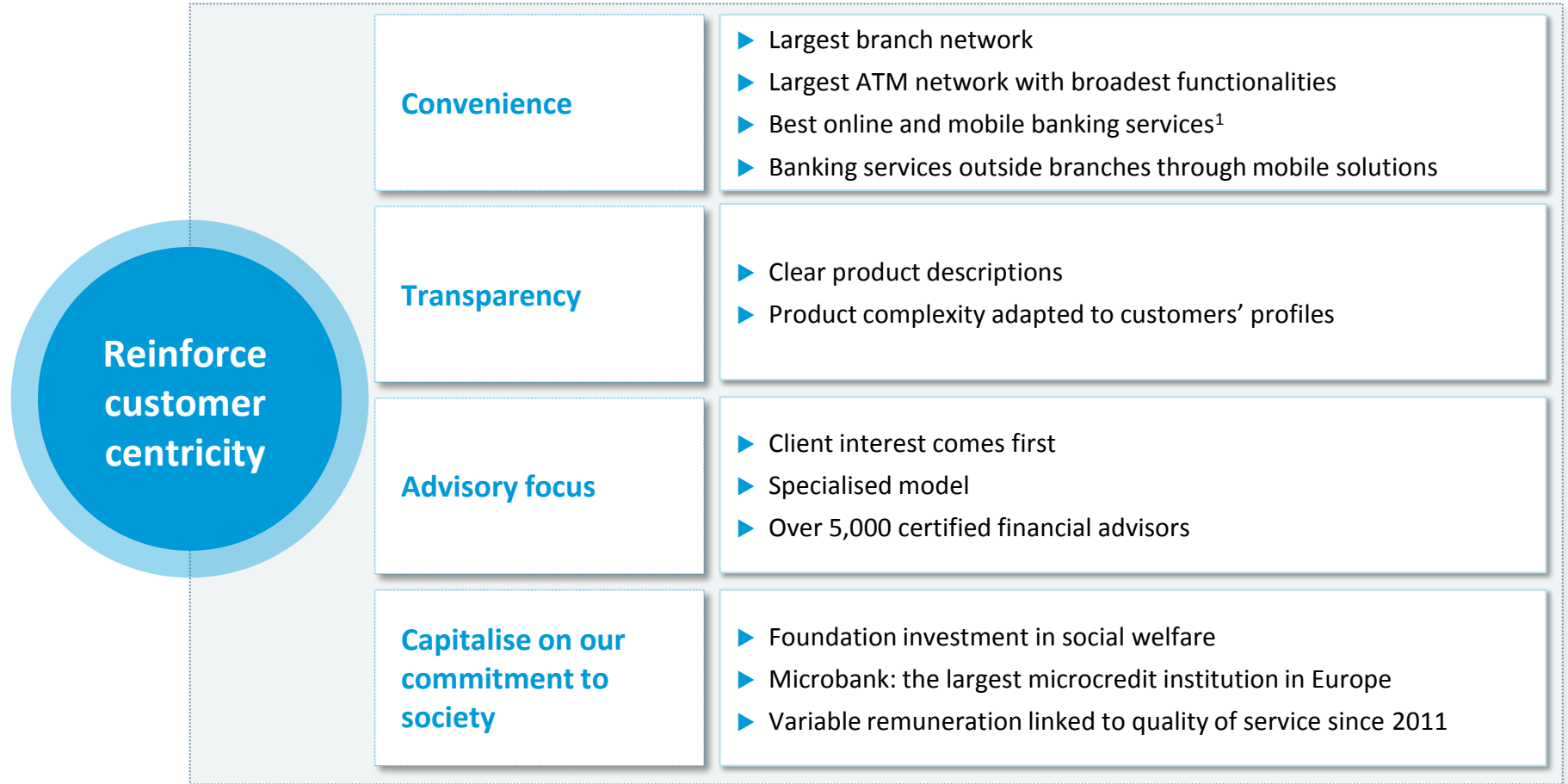
4 Banks seen as a source of instability for the real economy



- ▶ Provided credit throughout the crisis – with particular focus on entrepreneurs
- ▶ Far-reaching distribution network encourages financial inclusion
- ▶ Socially responsible policies for families in prolonged hardship (>20,000 social housing units)
- ▶ €500M social welfare budget reverted annually to society through the Foundation

(1) Contribution to DGF, FROB (Banca Cívica), Sareb

Recovering trust will be a lengthy process but we are ahead of others



An appropriate and sustainable return on capital will not be possible unless society perceives banks to be useful servers to the community

(1) AQ Metrix ranks CABK online and mobile banking retail banking #1 in Spain /Forrester ranks CABK #2 worldwide in mobile banking

Strategic priorities

1 Best-in-class in quality of service and reputation

2 Sustainable profitability above cost of capital

3 Optimisation of capital allocation

4 Enhance our leadership in banking digitalisation

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Returning a profit above our cost of capital

How to get there?

Revenue growth

Core income¹
+5.7% CAGR

Credibility: a long-term track record of generating growth

Key levers

1. Fully integrated omni-channel platform
2. Market-leading product factories
3. Distinctive commercial strategy

Stable cost base

Operating expenses **Flat** through 2015-2018

Implies ~ €450M cost savings

Cost of risk normalisation

Cost of Risk: from 1% to <0.5%

Cost-to-income
from **57%** to
<45%

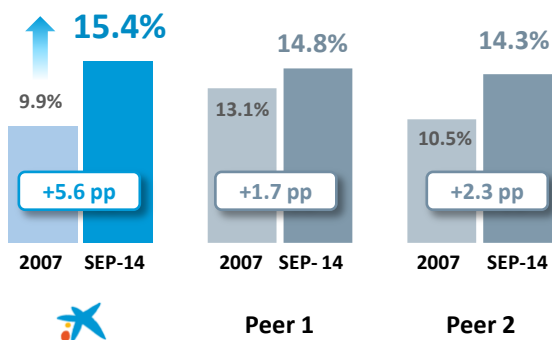
RoTE: from 3.4% to 12-14%



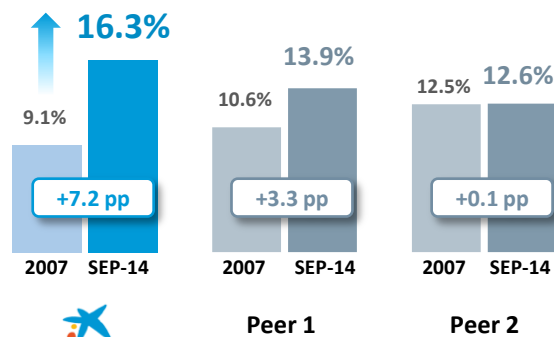
- Fully integrated omni-channel distribution platform
- Market-leading product factories
- Distinctive commercial strategy

Proven capabilities to increase market shares across a wide range of products

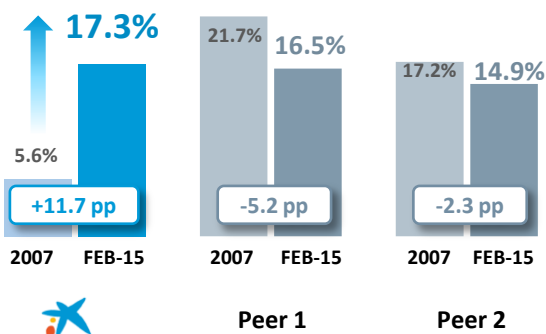
Deposits market share^{1,2}



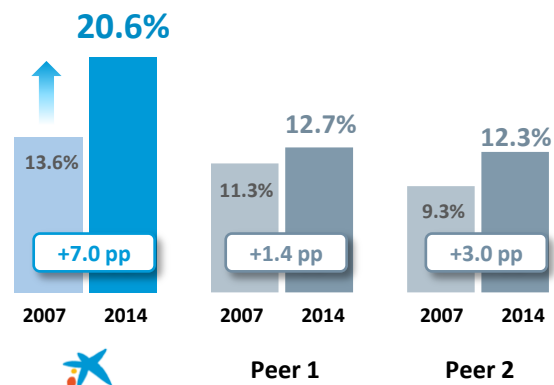
Loans market share^{1,2}



Mutual funds market share²



Saving insurance and pension plans market share²



Growth during the crisis

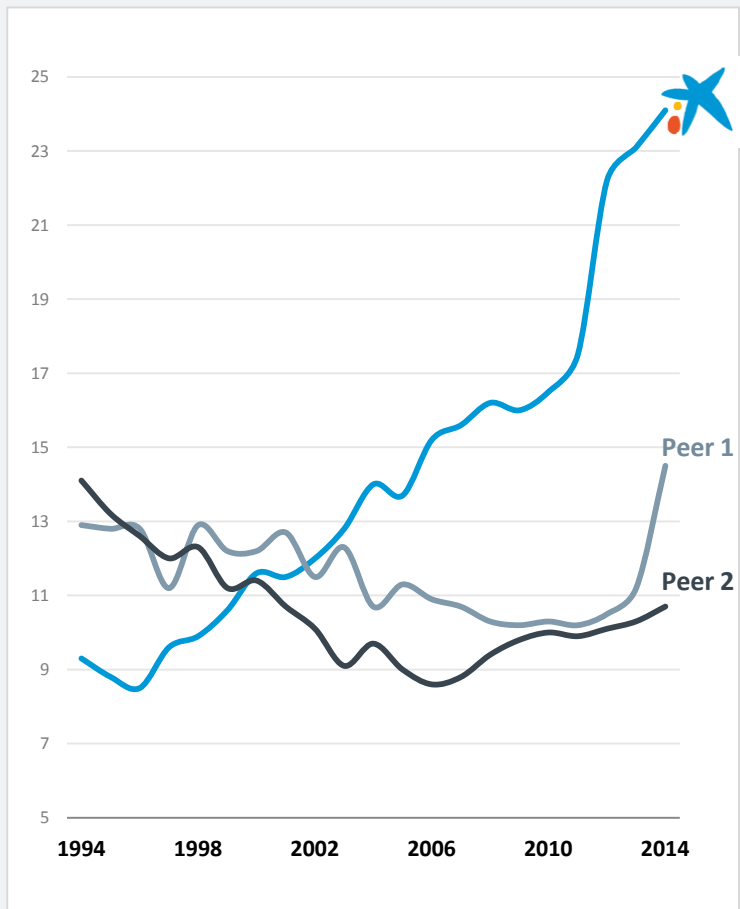
(1) To other resident sectors

(2) 2014 market shares include announced transactions

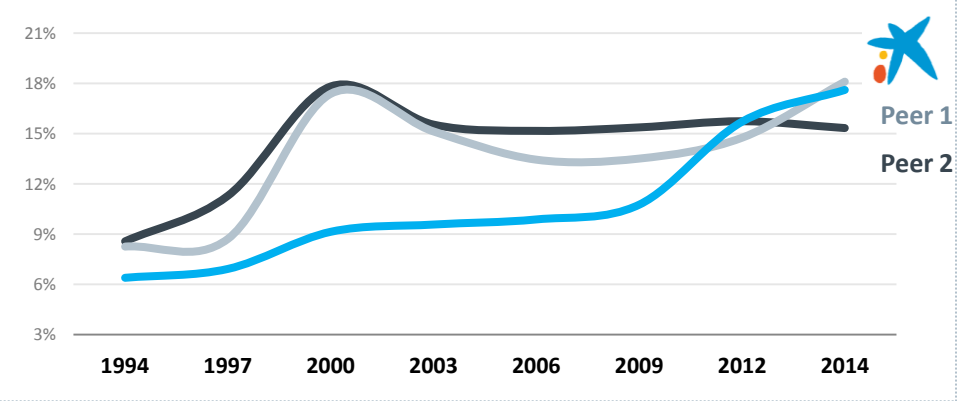
Sources: Bank of Spain, INVERCO and ICEA, latest available data

Our successful track record of market share growth extends beyond the crisis

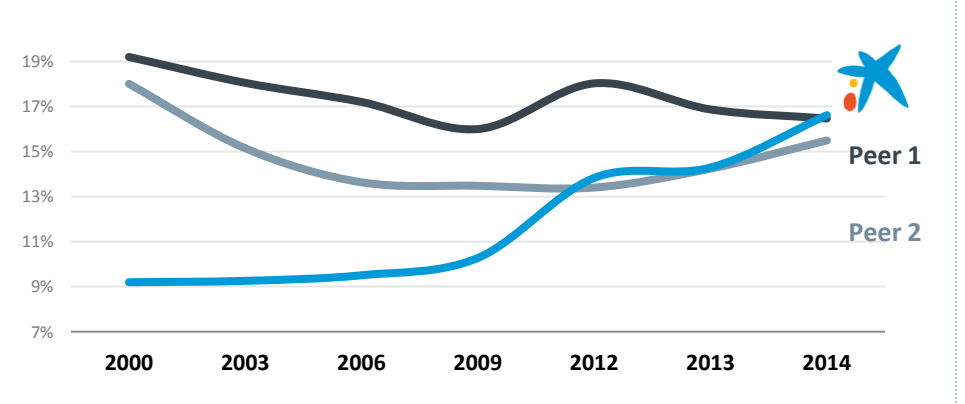
Market penetration for retail clients (primary bank)



Share of total loans¹

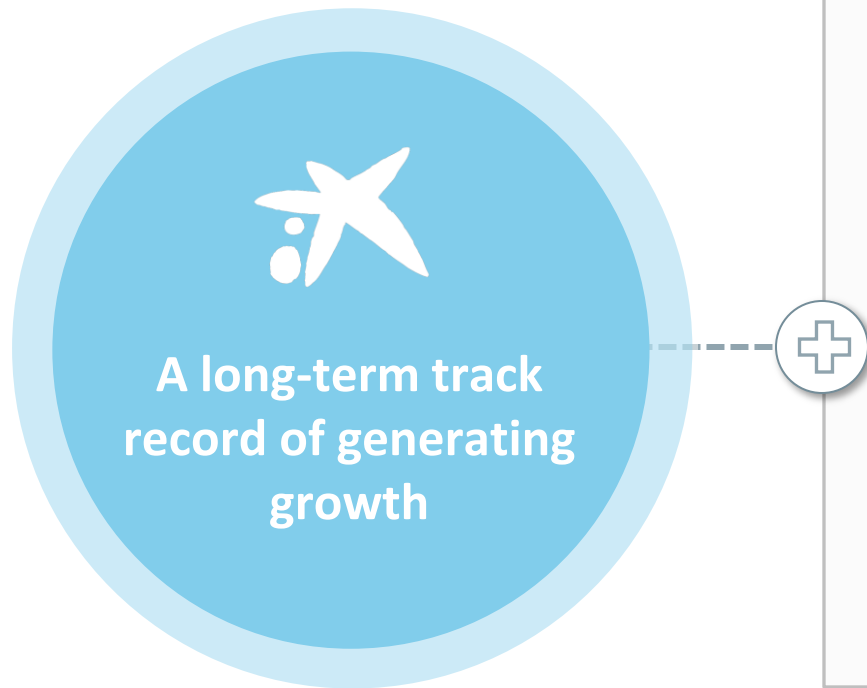


Share of total deposits¹ + mutual funds + pension plans



NOTE: 2014 market shares include announced transactions. Loans and deposits market share over total banks and savings banks. Latest available figures.

(1) Other resident sectors + public sector + non resident sector
Source: FRS Inmark, Bank of Spain, INVERCO, ICEA and "la Caixa" Research

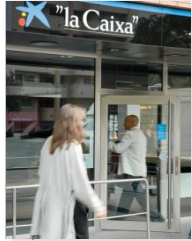


► **Fully integrated omni-channel distribution platform**

- Market-leading product factories
- Distinctive commercial strategy

An omni-channel distribution platform combined with multi-product capabilities

The largest branch footprint in Spain



5,251
branches

17.3%
market share²

- Over 9,000 advisory specialists

- 5,000 mobile devices enabling sales outside branches
- 20,000 estimated in 2016

The largest ATM network in Spain



9,544
ATMs

18.9%
market share²

- Over 200 functionalities

- 76% of operational activity during branch opening hours

- 98% availability

European leader in internet banking



4 M
active
customers¹

35.8%
customer
penetration²

- Web accounts for 32% of transactions

- Video-banking, chat and online completion of in-branch initiated operations

Global leadership in mobile banking



2.2 M
active
customers¹

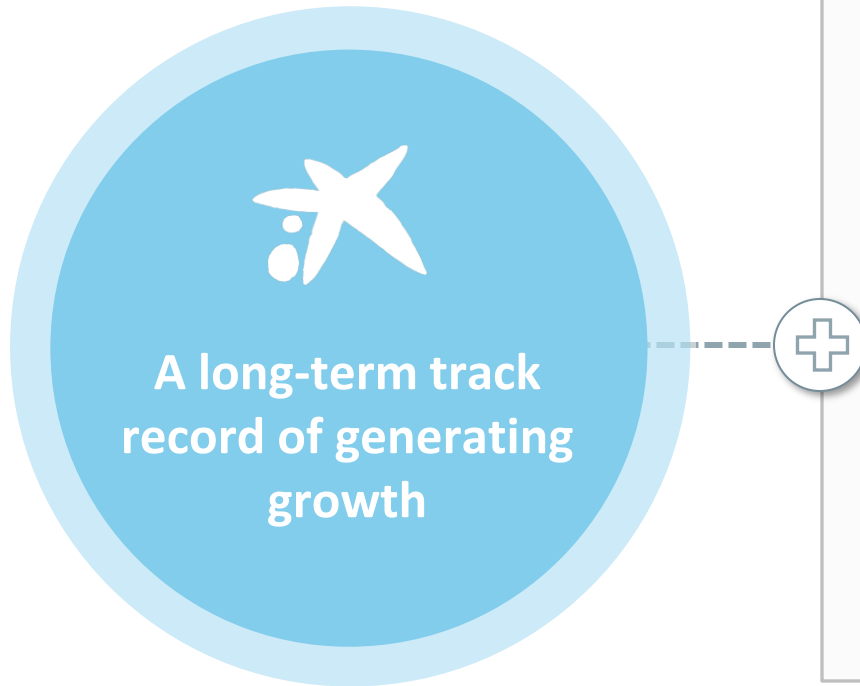
- Mobile accounts for 21% of transactions

- Over 70 apps with new services and functionalities

Powerful IT architecture allows for total seamlessness, flexibility, reliability and sales-force mobility
Staff time is freed-up to concentrate on building relationships and innovation

(1) Customers between 20 and 74 years with at least one transaction through CaixaBank's home banking in the last 2 months

(2) Sources: ComScore (online customer penetration) and Bank of Spain



- Fully integrated omni-channel distribution platform
- ▶ **Market-leading product factories**
- Distinctive commercial strategy

VidaCaixa Group is the largest and fastest-growing Spanish insurance company



Life insurance and pension plans

100%

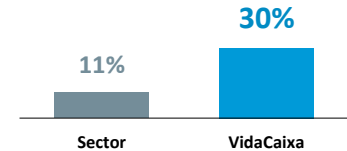
€52bn
AuM

3 Million
customers

- | | |
|----------------------|---|
| INSURANCE | <ul style="list-style-type: none"> ▪ #1 in Spain ▪ 21.3% market share ▪ €32bn AuMs |
| PENSION PLANS | <ul style="list-style-type: none"> ▪ #1 in Spain ▪ 19.4% market share¹ ▪ €20bn AuMs |

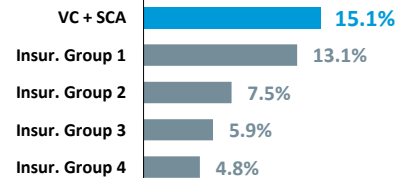
- From 13.6% market share in 2007 to 20.6% in 2014
- Gaining further traction: VidaCaixa accounted for 60% of total inflows into individual pension plans in 2014
+1.94 p.p. market share in 12 months

Pension Plans to individuals 2014 AuM growth (yoy)

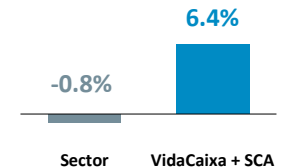


- The largest insurance group by premiums...and growing

Market share by premiums



2014 Growth in premiums² (yoy)



Non-life insurance

49.9%

€2.8bn
premiums

- #1 in health insurance
- #2 Household insurance
- #5 Multirisk insurance

5M customers

(1) PPIs + PPAs

(2) Savings insurances and pension plans

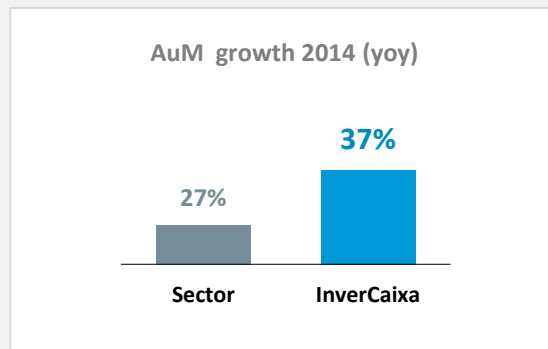
InverCaixa is currently the largest asset manager by clients and AuM



InverCaixa **100%**

€37.5bn AuM¹

- #1 in Spain
- 17.3% market share
- 1M clients



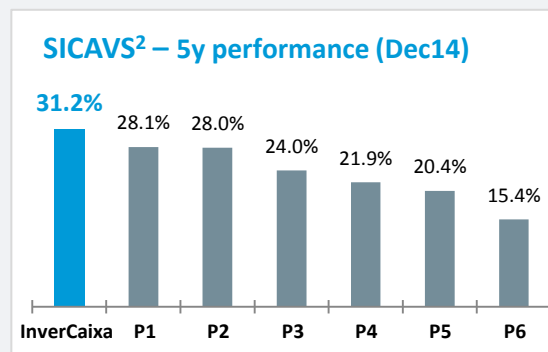
- 2014: from #3 to #2
- Jan15 – from #2 to #1

**+1.92pp market share
in 12 months**

Funds performance (Dec14)

	1y	3y
1st Quartile	44.0%	40.2%
2nd Quartile	39.6%	45.9%

- **Best-in-class investment performance**



(1) Mutual funds, client portfolios and SICAV
 (2) Peers: SAN, BBVA, POP, BKIA, BKT, B.March

The most extensive card business still growing faster than the market

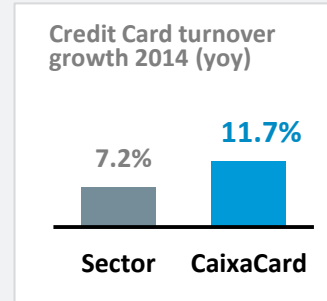


CaixaCard
Credit and debit cards **100%**


€25.4bn turnover

- #1 in Spain
- 21.4% market share
- 13M cards

Leading payments provider



- Growing faster than the market
+ 0.3pp market share in 12 months
- 4,2M contactless cards (54% market share)
→ yoy turnover: +150%

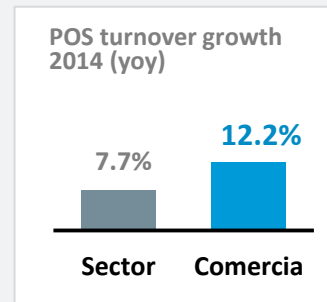


Comercia Global Payments
Merchant acquiring **49%**

€31.3bn turnover

- #1 in Spain
- 24.9% market share
- 266,240 POS terminals

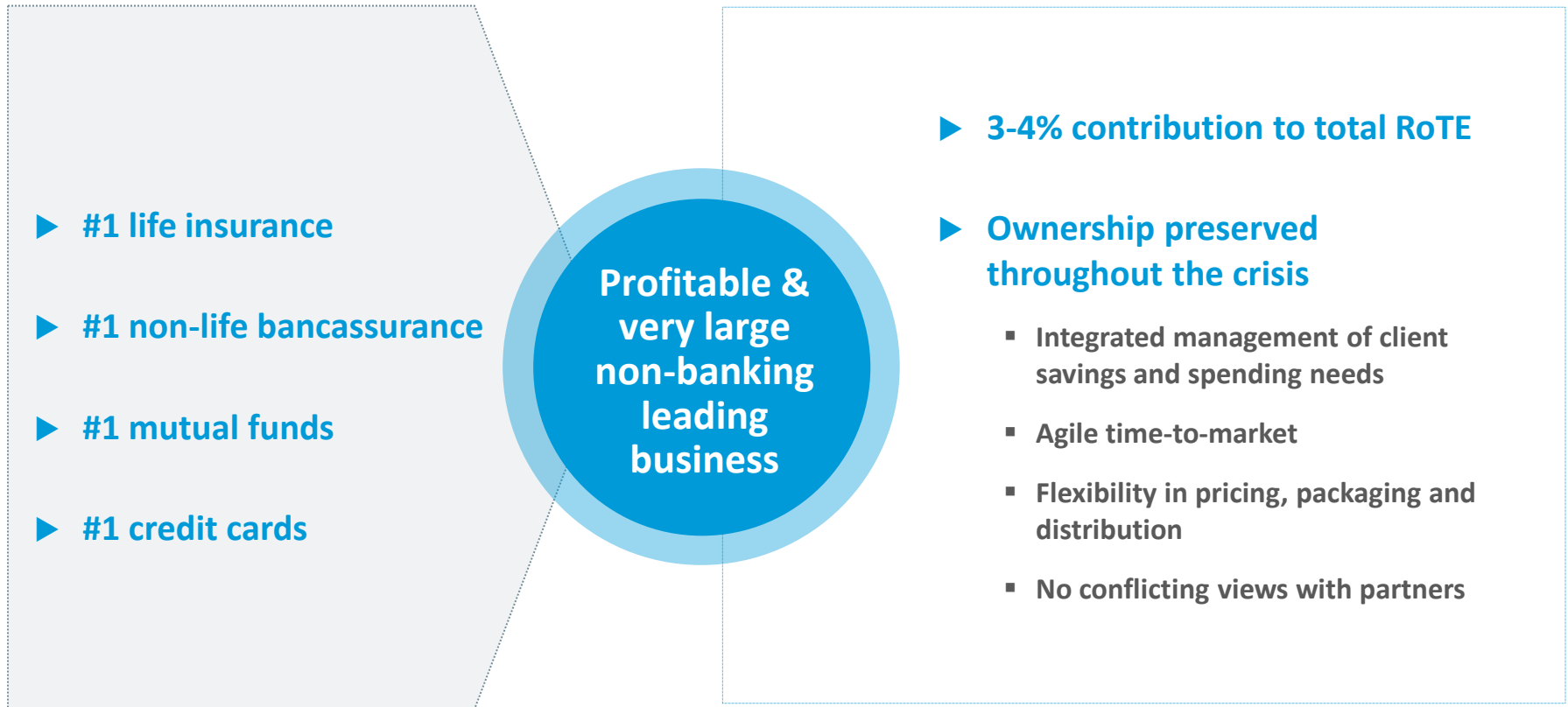
Growing the merchant acquiring business



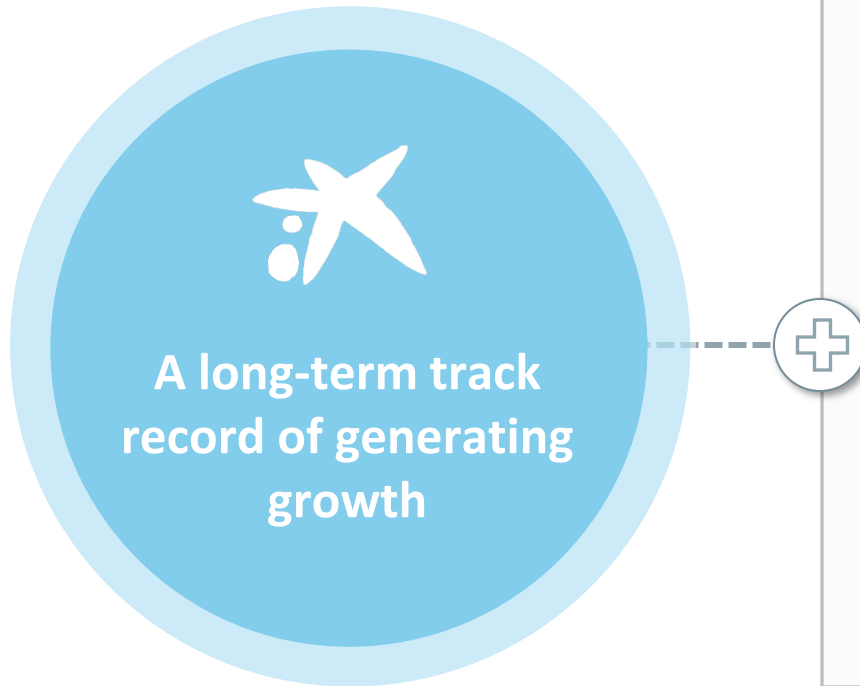
- Continued growth in market share
+ 0.9pp market share in 12 months
- 80% of POS terminals enabled with contactless technology

A financial supermarket providing a one-stop shop for lifetime finance and insurance needs

A key competitive advantage to lead to higher RoTE than peers

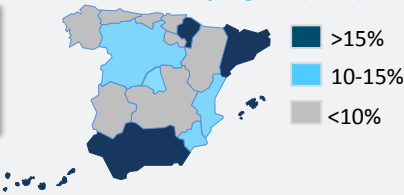


Market- leading product factories provide revenue diversification and benefits from scope



- Fully integrated omni-channel distribution platform
- Market-leading product factories
- ▶ **Distinctive commercial strategy**

Opportunities exist in underserved segments and in deepening existing client relationships

<p>1 Underpenetrated regions</p>	<ul style="list-style-type: none"> ▶ Asymmetric market share 	<p>Market share by region¹ (2014)</p> 
<p>2 Retention and cross-selling</p>	<ul style="list-style-type: none"> ▶ Refine offering to specific targets with potential ▶ Lead and capture the digital opportunity (intelligence + delivery) 	
<p>3 Long term savings</p>	<ul style="list-style-type: none"> ▶ Qualified advisory ▶ Leading product offering and distribution platform 	
<p>4 Consumer finance</p>	<ul style="list-style-type: none"> ▶ Below our natural potential (i.e. 17.1% market share vs. 24.1% payrolls) ▶ Credit and distribution processes streamlined 	
<p>5 Business and Corporate banking</p>	<ul style="list-style-type: none"> ▶ High penetration not yet converted to share ▶ Success of recent value propositions ▶ Core strength in transactional services 	

Client Funds
+ 6% CAGR

AuM + insurance
+ 2pp market share

Credit
+ 0.6pp market share

Loan Book
+ 4% CAGR
Performing ex-real estate

(1) Market share in business volume (credit to other resident sectors + other resident sectors' deposits) by region, December 2014 pro forma the acquisition of Barclays Bank Spain
Source: Bank of Spain, Social Security and FRS Inmark

Returning a profit above our cost of capital

How to get there?

Revenue growth

Core income¹
+5.7% CAGR

Credibility: a long-term track record of generating growth

Key levers

1. Fully integrated omni-channel platform
2. Market-leading product factories
3. Distinctive commercial strategy

Cost-to-income
from **57%** to
<45%

Stable cost base

*Operating expenses **Flat** through 2015-2018*

Implies ~ €450M cost savings

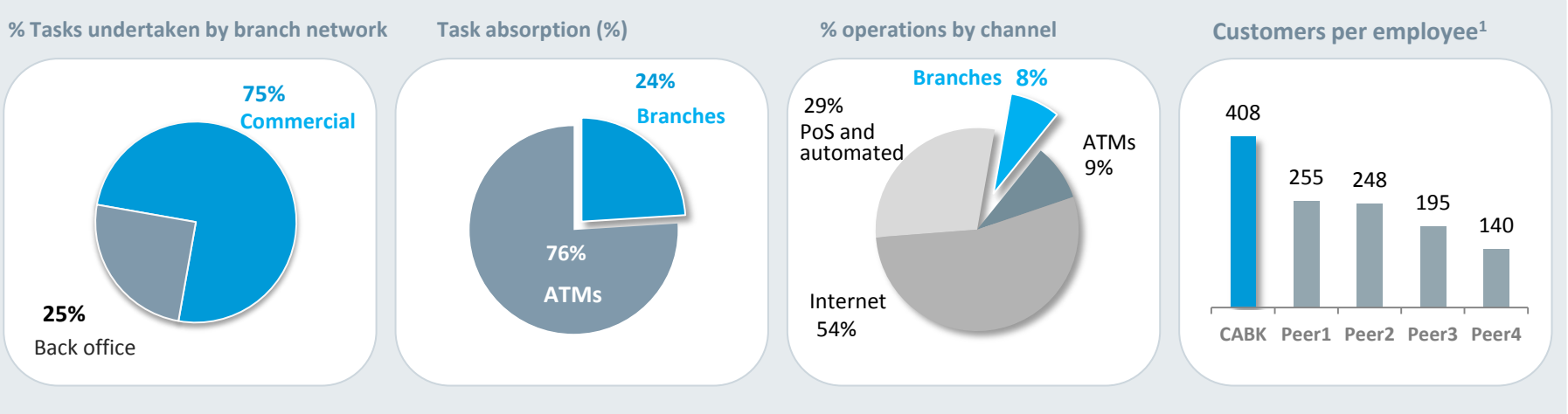
Cost of risk normalisation

*Cost of Risk: from **1%** to **<0.5%***

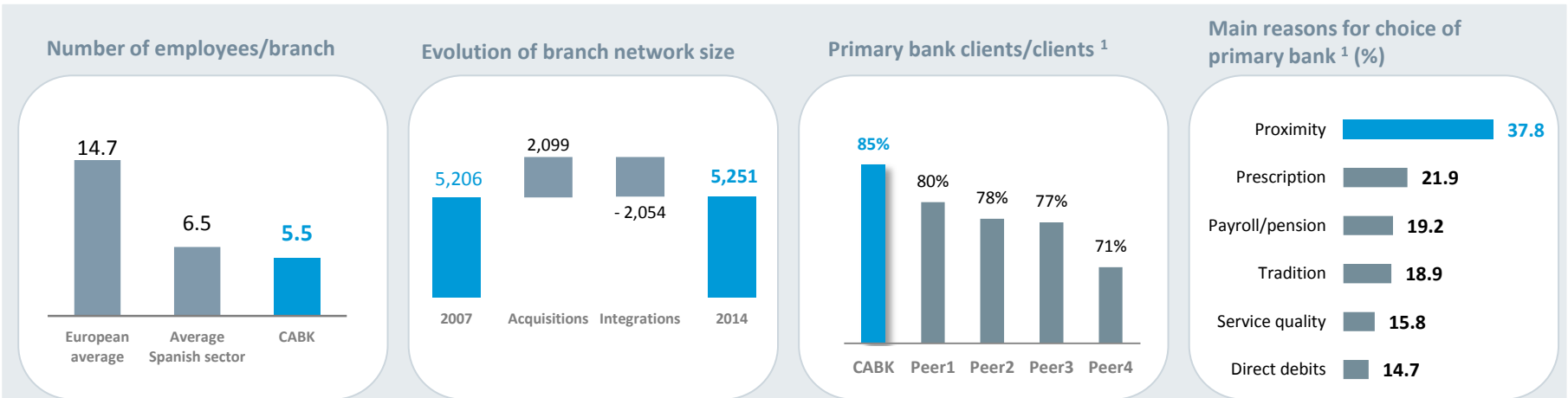
RoTE: from 3.4% to 12-14%

Our distribution network is highly efficient from an operational perspective

Scalable & very efficient sales-oriented network developed over the last 3 decades



Light-branch network that is commercially very effective in a geographically-dispersed country



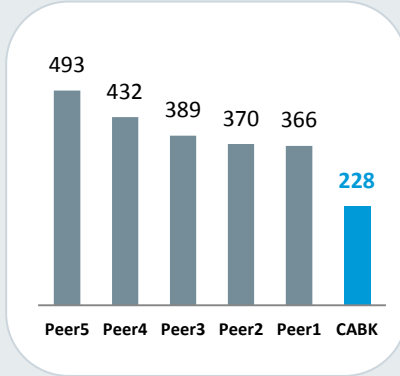
A high number of branches is an indication of reach and client proximity – not a cost driver

(1) Retail customers, source: FRS Inmark 2014
Peers: SAN, BBVA, SAB, POP

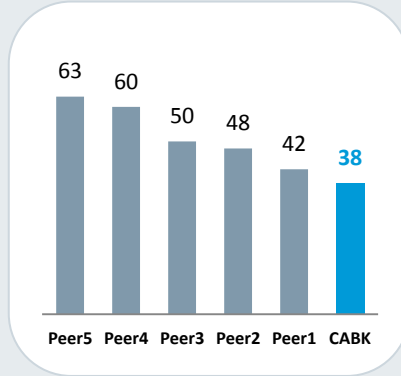
Economies of scale result in significant cost benefits

General expenses¹ are low and falling

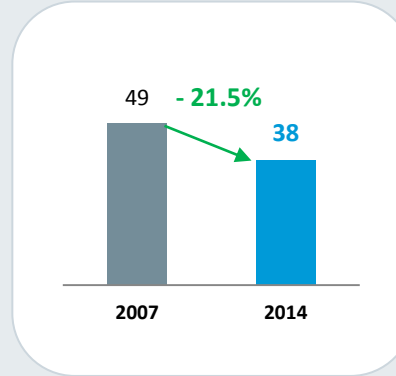
General expenses per branch, € Thousand



General expenses per employee, € Thousand



Gral. expenses per employee, € Thousand

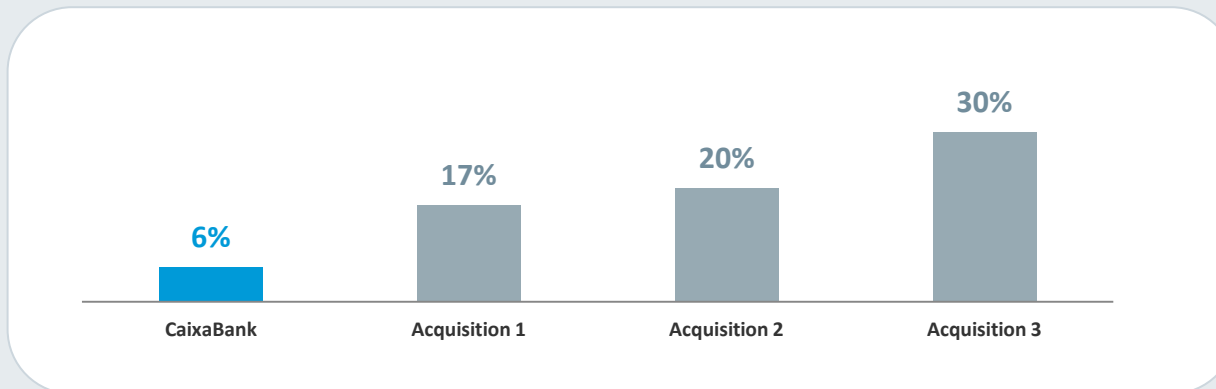


► **Extremely competitive general expenses per branch and per employee.**

- General expenses have been reduced by c.6% over the last 7 years while loans + deposits have grown by 34%.

Minimal HQ staff

HQ staff as % of total employees²



► **Process simplicity and a culture of cost efficiency contributes to a minimal HQ structure**

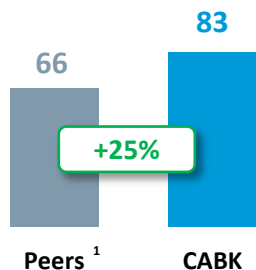
(1) Including amortisations

(2) Source: own estimates as of June 2014 for CaixaBank and as of the acquisition date for the acquired entities (Banca Cívica, Banco de Valencia and Barclays)

High unit labour costs to be gradually reduced over time

Labour cost per employee

2014, € Thousand



+ c.1.8%
per annum
(without
inflation)

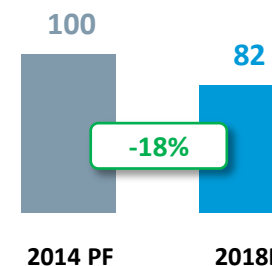
Early retirements plans to reduce unit costs

- 829 early retirements in 2014
- 700 new hires in 2015
- ~ 3,000 departures during 2015-18²

New hires come at much reduced costs (-80%)

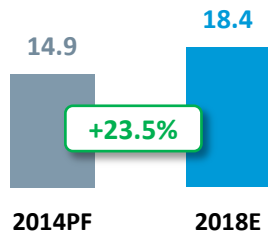
Personnel expense/business³

Rebased, 2014 =100

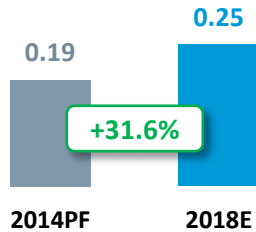


We expect substantial increases in productivity over the life of the plan

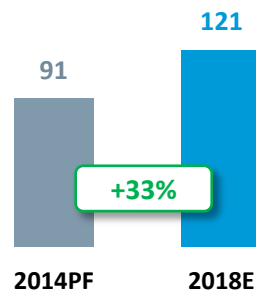
Business³/employee



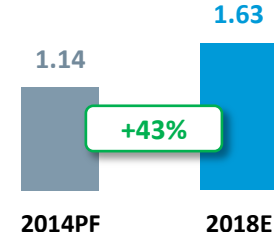
Core income⁴/employee



Business³/branch



Core income⁴/branch



(1) Weighted average → (SAN Spain, BBVA Spain, Bankia, SAB and POP)

(2) Partially offset by new hires

(3) (Loans+ customer funds) in €M

(4) (NII +fees) in €M

Strategic priorities

1 Best-in-class in quality of service and reputation

2 Sustainable profitability above cost of capital

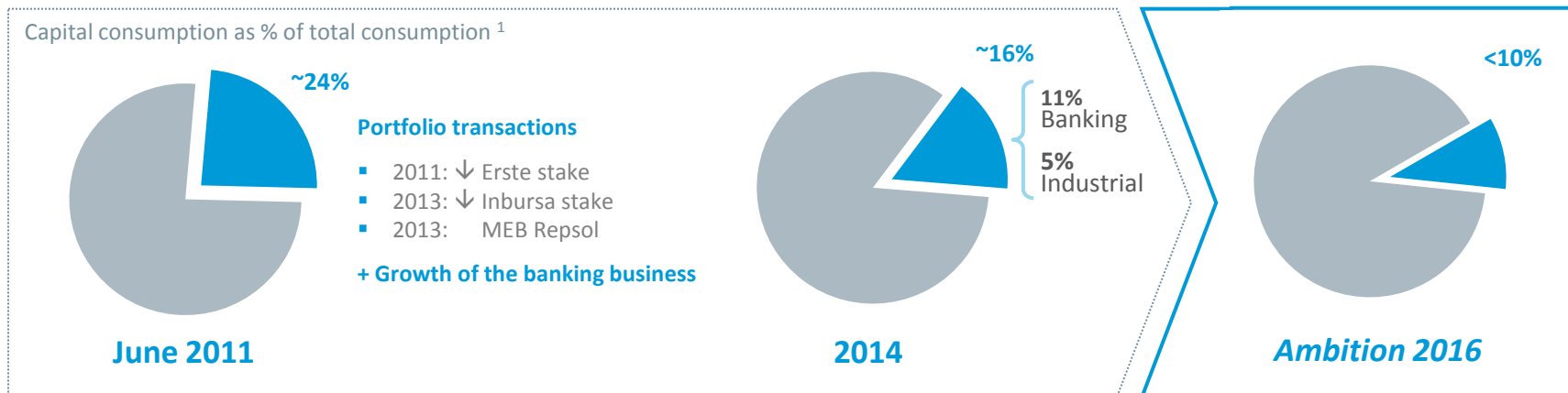
3 Optimisation of capital allocation

4 Enhance our leadership in banking digitalisation

5 Retain and attract the best talent

Freeing up capital from equity portfolio and real estate exposure

1 Reduced % capital consumption of the equity portfolio



2 Further optimisation with the winding down of problematic RE exposure

▼ -60%

Over the life of the plan

(1) Capital allocation defined as the capital consumption of the investment portfolio over total capital consumption (at 11% target CET1 FL), which amounts to €24.5bn at YE14. All data pro-forma Barclays Bank Spain.

Taking steps towards developing more synergies with our partners

CaixaBank

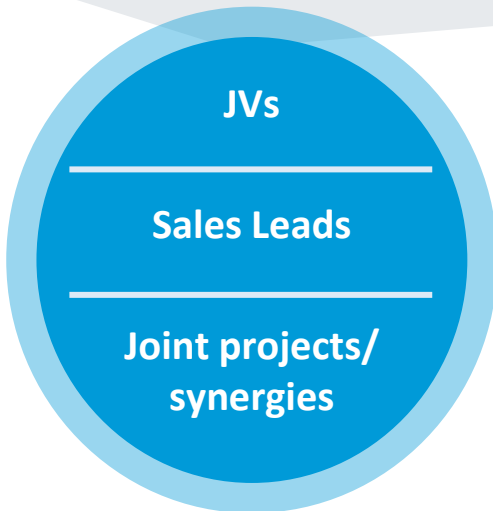
Leverage our know-how and expertise in certain segments

- IT
- Mobile banking
- Bancassurance
- Consumer Finance / microfinance
- Credit cards (issuance & acquiring)
- Electronic payments



Partners

- ▶ Unique positioning within their markets
- ▶ Growth potential
- ▶ Management and execution capabilities



Examples of our cooperation today

- ▶ Car financing JV with BEA
- ▶ Prepaid cards JVs with Erste Bank and BPI
- ▶ Retail Banking know-how transfer with Inbursa
- ▶ Aggregated €2bn credit lending from cross opportunities¹
- ▶ Joint procurement initiatives
- ▶ Capturing trade flows between countries

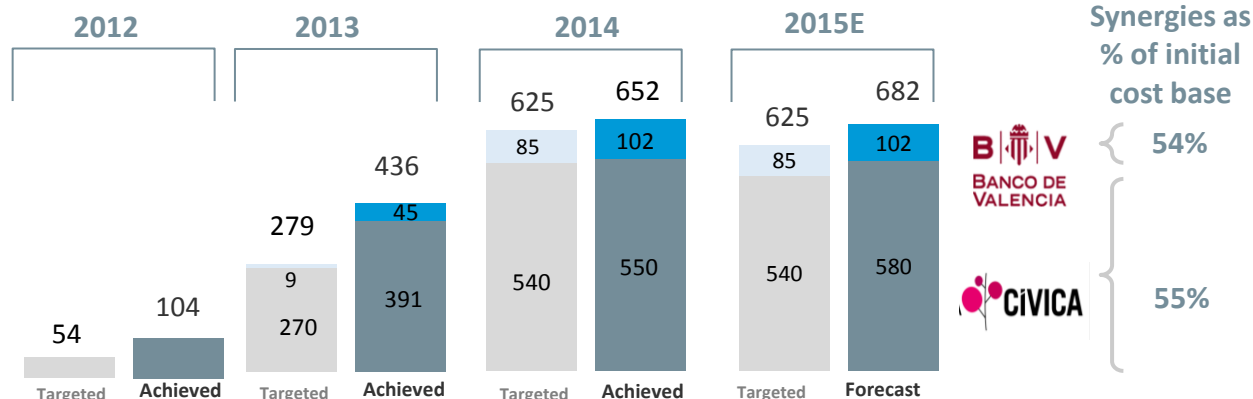
Specific case of Tender Offer for BPI

- ▶ Expected synergy potential of €130 M per annum by 2017, with a NPV of €650 M

(1) Includes Spanish desks in Vienna, Mexico and Lisbon

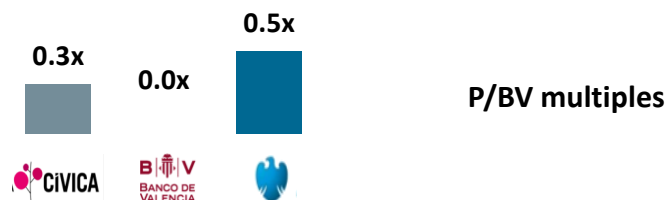
Maintaining a track-record of strict financial discipline for acquisitions

Effectively delivering synergies and exceeding both size and timing of targets



- Cost savings from Barclays Bank Spain confirmed post 25 Feb restructuring agreement
- 2016E ROIC > 15% (vs. 10% original target)

Recent transactions made at attractive multiples



Foregoing opportunities when not meeting our targets



Strategic priorities

1 Best-in-class in quality of service and reputation

2 Sustainable profitability above cost of capital

3 Optimisation of capital allocation

4 Enhance our leadership in banking digitalisation

5 Retain and attract the best talent

IT & Innovation: Integral to our culture and key to lead banking digitalisation

Ample recognition

Best retail bank for IT Innovation 2013, 2014



Most innovative bank in 2011, 2013



Most innovative bank in 2013



2nd best bank worldwide in mobile banking 2014



Established track record in IT & Innovation



- ▶ Leading omni-channel platform
- ▶ Extensive process automation
- ▶ Constant innovation: products, services and processes
- ▶ Broad functionality in our online and mobile banking

The largest user base of active digital customers¹

Web
4.0 M

Mobile
2.2 M

(1) Customers between 20 and 74 years with at least one transaction through CaixaBank's home banking in the last 2 months

2015-2018 focus: Commercial effectiveness and customer experience

Improve the customer experience



Adapting to changing client needs

- ▶ Increase digital¹ sales : 10% in 2014
- ▶ New channels: videoconference, chat solutions
- ▶ Online advisory solutions
- ▶ 70 mobile apps
- ▶ Lead product innovation
- ▶ Personal finance management tools:



Enhance banking mobility



Leading adopter of mobility solutions

- ▶ Smart PCs: from 5,000 in 2014 to >20,000 by 2016E

CaixaNegocios 1,421 257,700
managers new accounts

- ▶ Digital signatures: 181,500 in 2014
- ▶ *Ready2Buy*: online completion of in-branch initiated sales

Big data: from data to value



Bespoke products & services through better client knowledge

- ▶ A single information repository: from >10 datamarts to 1 data pool
- ▶ Personalisation
- ▶ Improve risk models
- ▶ Commercial targeting

Not just “anytime, anyplace, anywhere” but also bespoke service

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Building on talent to take ownership and execute the plan

An excellent starting point

- Business-oriented structure
- Strong commercial, operational and technological skills
- Free of “silos” and decentralised
- Best from each culture has been reinforced in consecutive integrations

Taking a step further

- Continue to invest in training of a highly skilled workforce
- Develop top quality advisory capabilities
- Empowering employees (key role of the branch)
- Fostering meritocracy and diversity

Big but Simple

- CaixaBank has the advantage of scale
- At the same time we operate in one single big market so we have a lean, no-silos, no-complexity structure
- Decision making and execution is simple, fast and focused

Key competitive advantage

Institutional Investors & Analysts Contact

We are at your entire disposal for any questions or suggestions you may wish to make. To contact us, please call or write to us at the following email address and telephone number:

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