CaixaBank

A resilient business model in a negative rate environment

Gonzalo Gortazar, CEO

Bank of America Merrill Lynch – 24th Annual Financials CEO Conference

London, 24 September 2019

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Prepared with data at closing of 30 June 2019, unless otherwise noted

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2. A resilient business model in a negative rate environment
3. Final remarks

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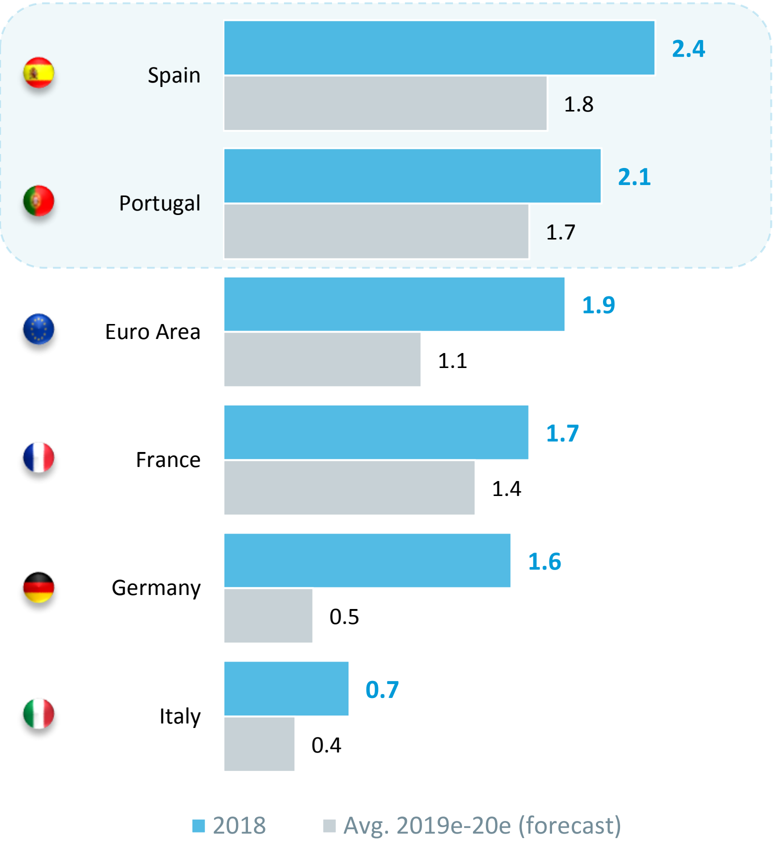
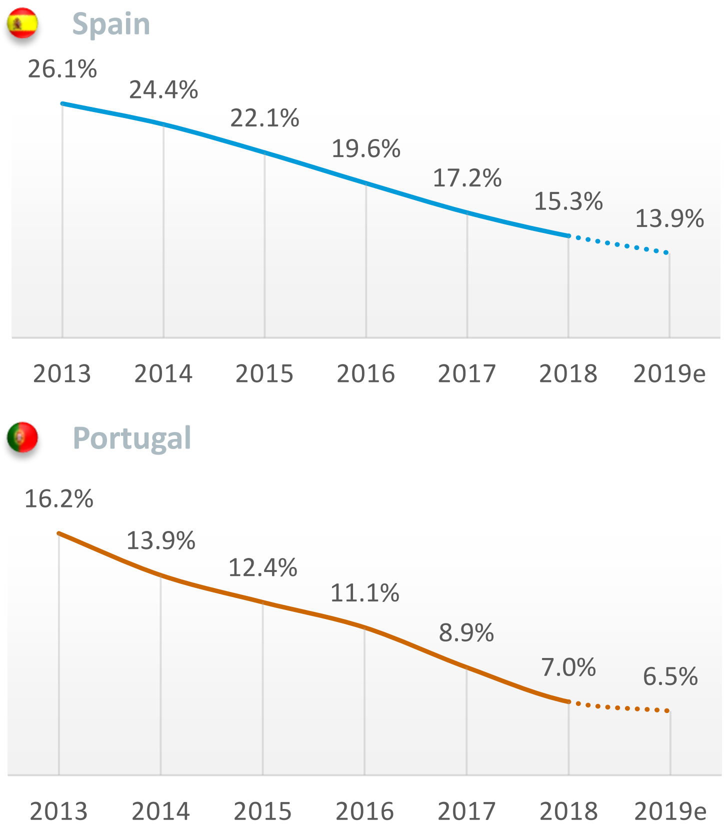
The Iberian economies show resilience to external headwinds and political uncertainty

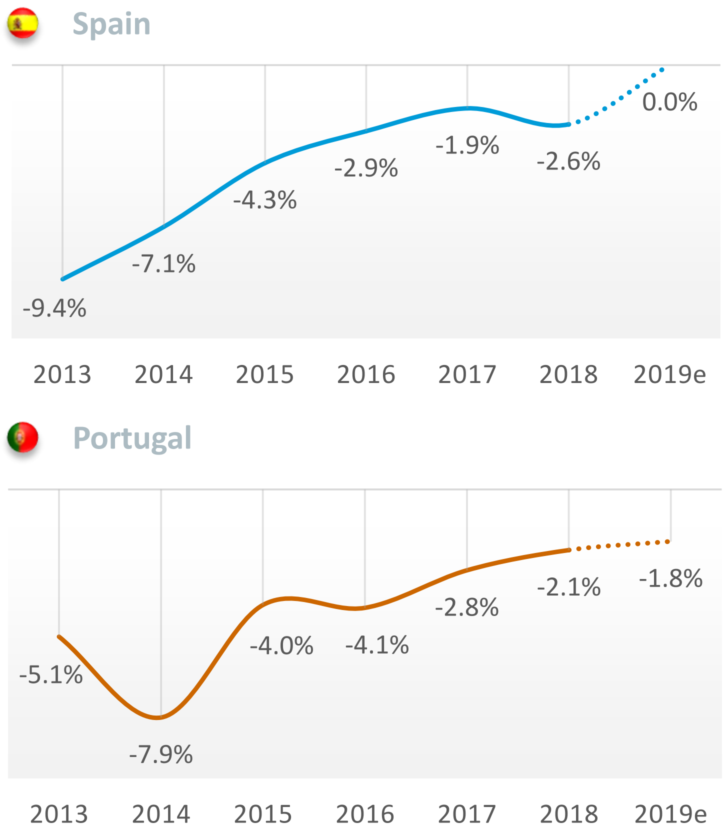
GDP growth
% yoy



Unemployment rate
In %



Total bank-credit growth
Outstanding bank credit to other resident sectors (industry)(1), % yoy



Trends provide support for loan volumes and asset quality

(1) Loans to "Other Resident Sectors" excluding to financial services companies.

Sources: Eurostat, Bank of Spain and Bank of Portugal and CaixaBank Research (all forecasts 2019E-2020E). Forecasts as of 16 September 2019.

A stronger Spanish banking sector despite persistent pressure on profitability

- Better new lending dynamics and structural demand for long-term savings support volumes
- Balance-sheet clean up mostly concluded
- Profitability improves closer to cost of capital
- Stronger solvency and liquidity metrics

- Negative rates, excess liquidity and competitive environment
- Changes in consumer behaviour and expectations empowered by technology
- Organic capital generation partially offset by implementation of existing regulation
- Banking Union still work-in-progress

Revenue diversification and asset quality provide buffers while cost control remains a key priority

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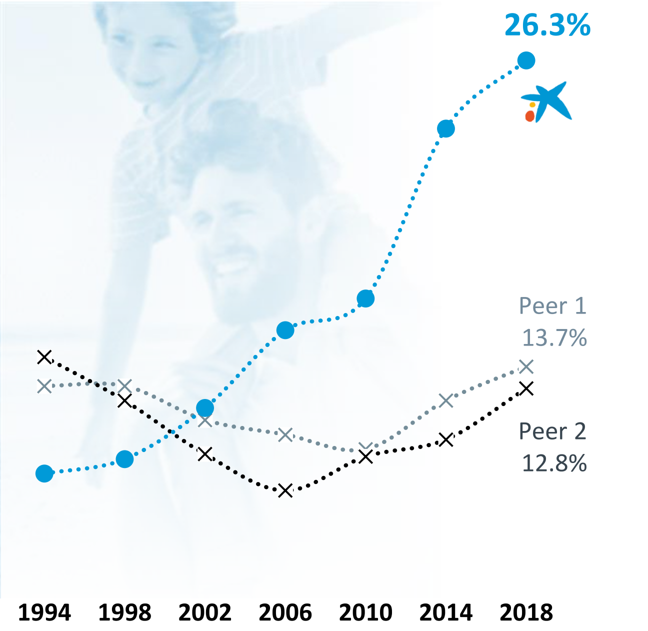
We have built a successful model based on specialisation and customer intimacy…

Proven capabilities to grow above market

Penetration among retail clients (primary bank, Spain)[(1)] , %



Strong and growing market shares across the board

Market share by key products (Spain)[(2)]

	Market share (%)	YoY (bps)
Payroll deposits	27.8%	+38
Long-term savings[(3)]	22.0%	+46
Life insurance	27.1%	+46
Business lending	15.1%	+35[(4)]
POS terminal turnover	27.8%	+37

The highest digital penetration

Market penetration among digital clients (Spain)[(5)], %

CaixaBank	31.2%
Peer 1	24%
Peer 2	20%
Peer 3	14%
Peer 4	13%

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

- **Scale & capillarity**
- **IT & digitalisation**
- **Advisory & proximity**
- **Comprehensive offering**

EUROMONEY AWARDS FOR EXCELLENCE 2019

2019
Best Bank in Spain

BEST BANK AWARD 2019 GLOBAL FINANCE

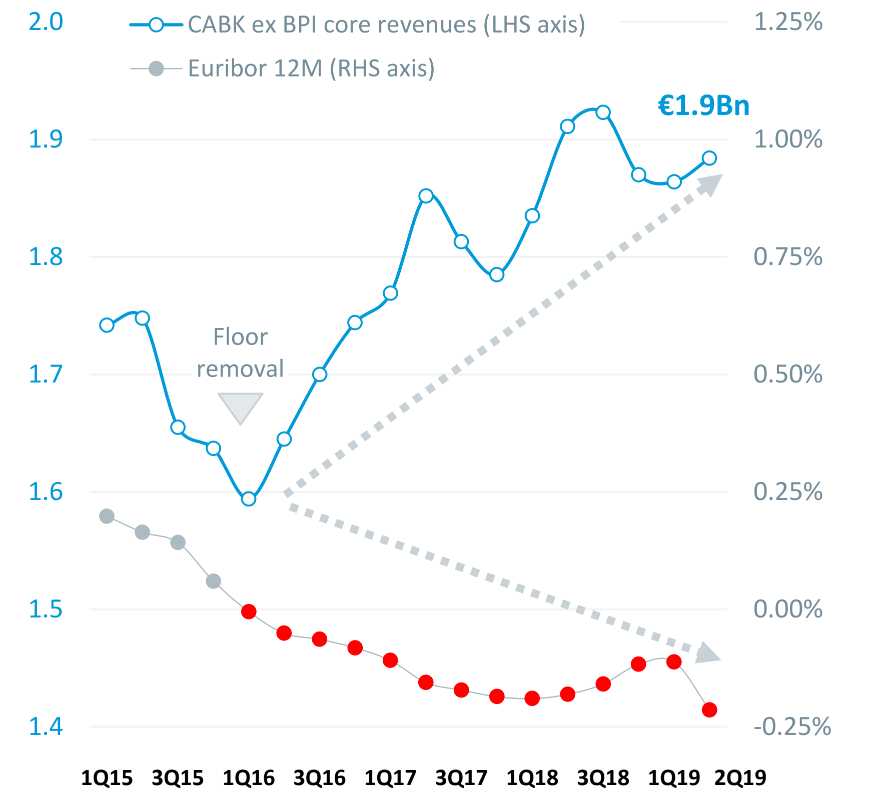
Customer loyalty and satisfaction lead to sustained growth in market-shares

(1) Retail clients in Spain aged 18 or above. Peer group includes: Banco Santander and BBVA. Source: FRS Inmark 2018.
(2) Latest available data. Source: Social Security, Bank of Spain, INVERCO, ICEA and Cards and Payments System.
(3) Mutual funds (including managed portfolios and SICAV), pension plans and life-savings insurance.
(4) YTD evolution.
(5) 12 month average, latest available data as of June 2019. CaixaBank ex BPI; peer group includes: Bankia, BBVA, Banco Sabadell, Banco Santander. Source: Comscore.

…able to grow revenues and profitability despite negative rates

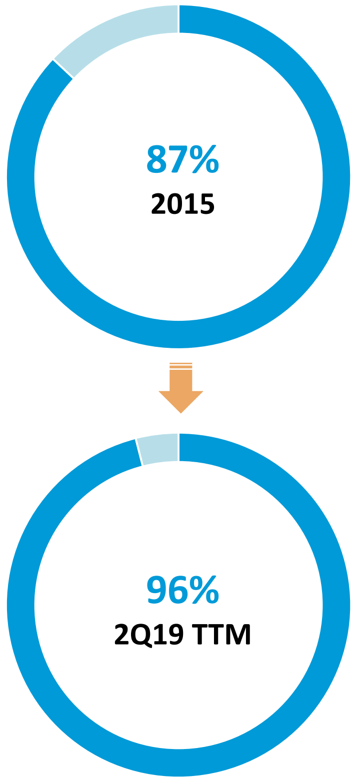
Core revenues grow despite negative Euribor

Quarterly core revenues[1] (CABK ex BPI, €Bn) vs. 12M Euribor (% eop)



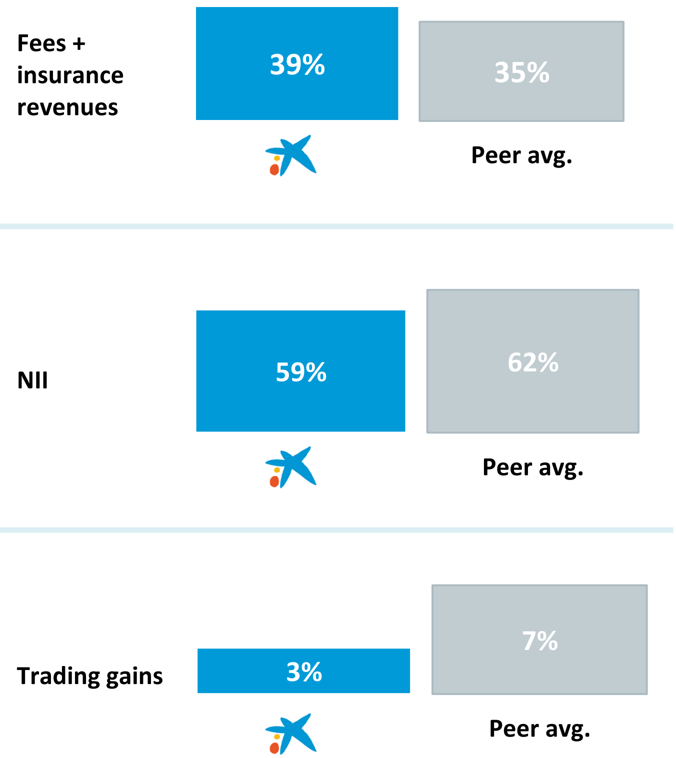
Higher weight of core revenues over total revenues

Group core revenues[2] as % of gross income



Lower dependence on NII and trading than peers

% of gross income Jun-19 trailing 12M, CABK ex BPI vs. peer average[3]



Scale and scope have compensated for a poor operating environment

(1) CABK ex BPI core revenues include: NII + Fees + other revenues from insurance (life-risk premia and equity accounted income from SegurCaixa Adeslas).
(2) Group core revenues include: NII + Fees + other revenues from insurance (life-risk premia and equity accounted income from SegurCaixa Adeslas and other BPI bancassurance stakes).
(3) Based on information reported by companies. Peer average includes: Bankia, BBVA (Spain), Sabadell ex TSB and Santander (Spain).

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Most revenue drivers identified in our 19-21 Strategic Plan will continue to deliver in the new rate environment…

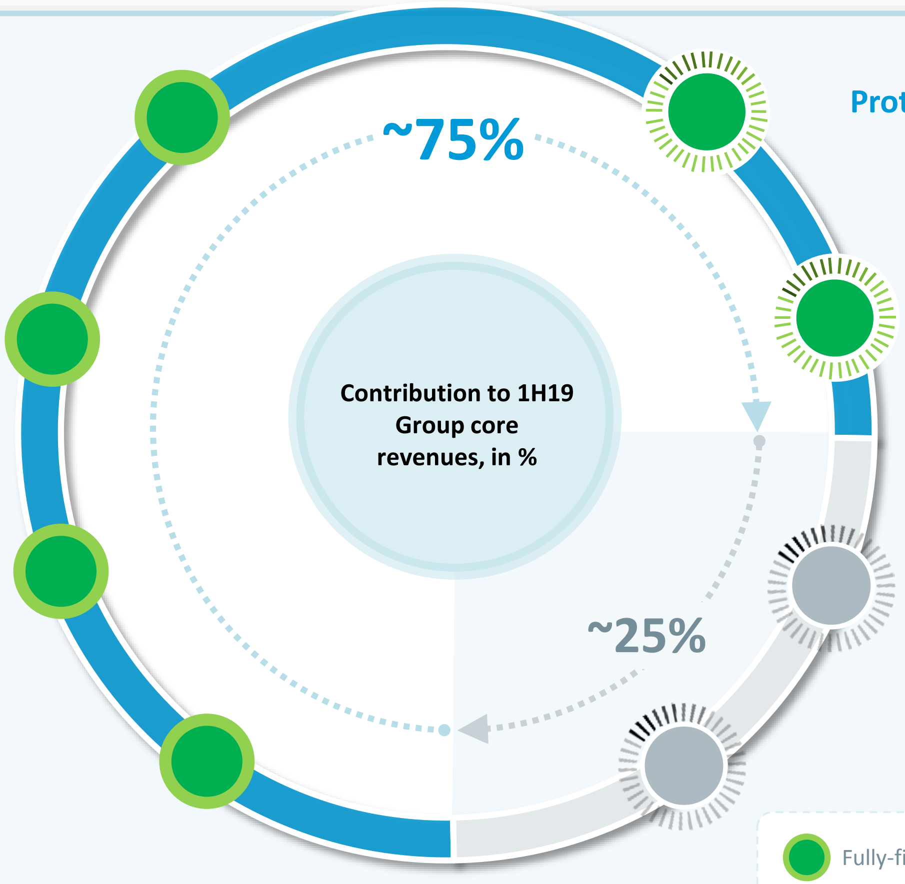
Business lending: competitive pressures on spreads offset by **better-than-expected volumes** and **pricing discipline**

Consumer lending: resilient yields, **segment growth** and **differentiated value proposition**

Payments: volume growth underpinned by **market leadership and technology capabilities**

BPI

BPI: **Positive operating trends** and widening **scope/digital offering**



Protection: late product rollout to be gradually offset by **realisation of untapped potential**

Long-term savings: cyclical 1H19 market impacts to be outdone by **structural shift to alternative savings**

Mortgages: **negative rates**; continued **deleveraging** partly offset by **new lending**

Other: **negative rates** on excess liquidity**; lower ALCO;** resilient recurrent banking fees

Fully-firing | Recovering after slow 1H19 | Impacted by adverse backdrop

…and are expected to return year-on-year core revenue growth

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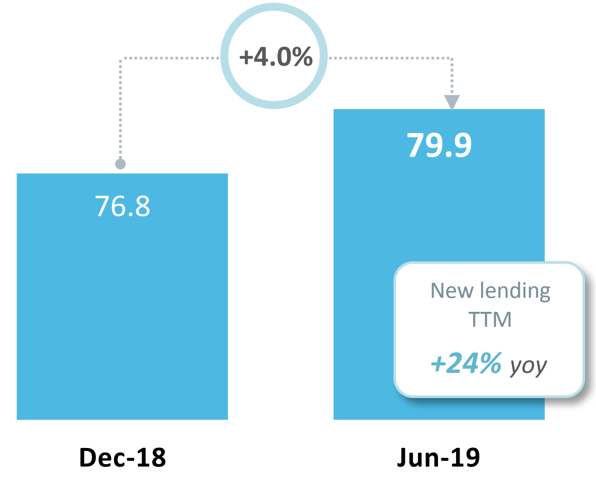
Opportunities in business and consumer lending reinforced by high growth rate in e-payments

Business lending: strong volume growth and pricing discipline

Stock business lending (CABK ex BPI)[1], €Bn



Segmentation, specialisation and supporting clients abroad

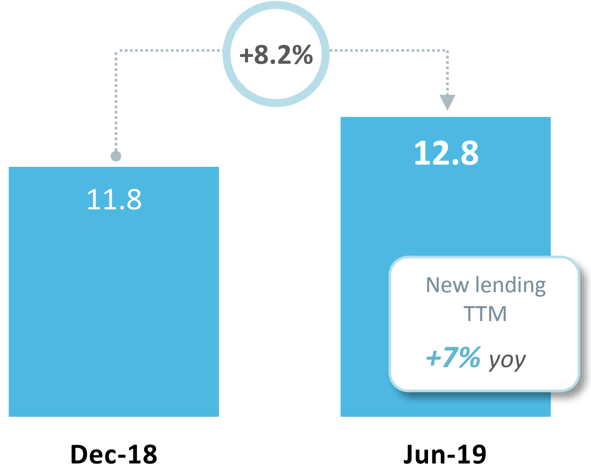
CaixaBank Corporate & Institutional Banking
CaixaBank Business
dayone
CaixaBank Hotels & Tourism

5 International branches[2]

- Frankfurt
- London
- Morocco
- Paris
- Warsaw

Consumer lending: capturing a greater share of the value chain

Stock consumer lending (CABK ex BPI), €Bn



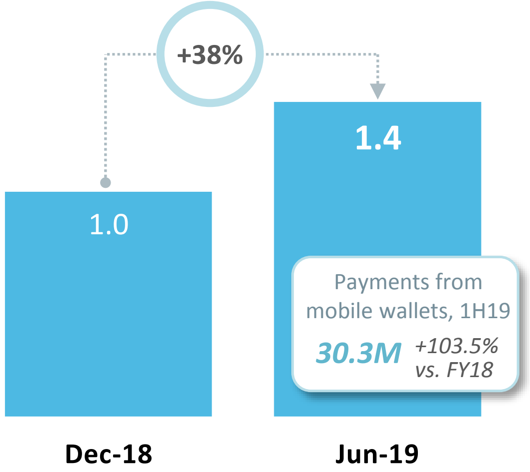
Going beyond banking in consumer lending Units sold Jan-Aug 19

Compra Estrella		
>231k	**>12k**	**>47k**
TV, cell phones...	Cars sold at the branch	Security alarms

Payments: leveraging technology to seize market opportunities

CaixaBank PAYMENTS & CONSUMER

Credit cards stored in mobiles (Spain), in M



PoS terminal turnover
Jun-19 TTM

€53.5 Bn
+10% yoy

Comercia Global Payments

High market penetration in a fast-growth market

Market shares in Spain

32% e-commerce [3]

28% PoS terminal turnover [4]

Group NII and electronic banking fees up 2% and 5% [5] in 1H19 (yoy)

(1) Including loans granted to resident and non-resident customers (including loans granted from international branches). (2) Additionally: 18 representative offices and 2 Spanish desks. (3) August 2019. Source: Redsys. (4) June 2019. Source: Cards and Payments System. (5) Electronic fee growth like for like: 2018 excludes contribution from BPI merchant acquiring business sold to Comercia Global Payments in 2Q18.

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Structural growth in protection and long-term savings set to resume after slow start in 1H19

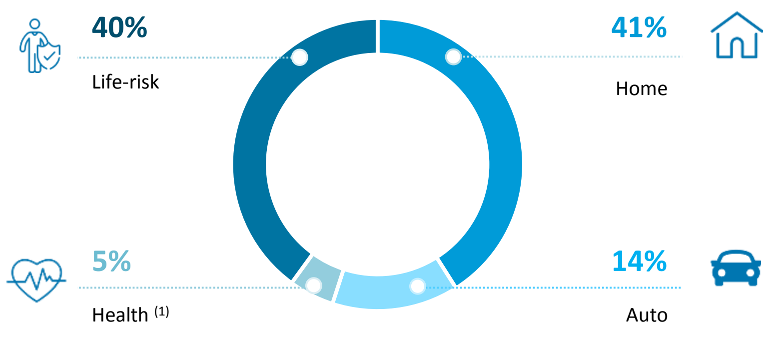
Protection insurance: Reinvigorating our offering to create long-term relational value

MyBox

~216,115

New contracts since launch in Mar-19 (until end Aug-19)

Breakdown, by type of product



Long-term savings[(2)]: Reinforced leadership after adverse market impacts in 1H19

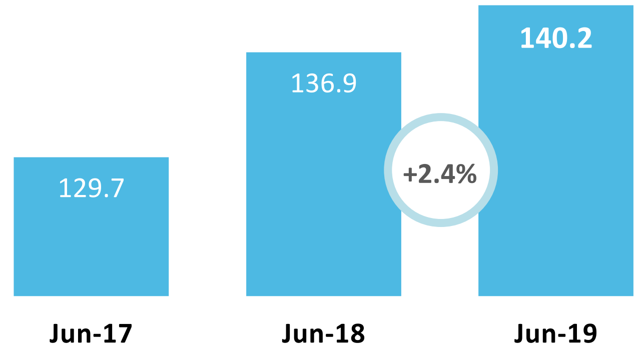
Long-term savings

Market share[(3)]

22.0%

+46 bps yoy

AuM + life-savings insurance (CABK ex-BPI), €Bn



Seizing opportunities within our client base

% of CABK ex BPI individual clients that own a protection insurance product and Δytd in bps, June 2019

Life-risk	15%	+82 bps
Home	10%	+33 bps
Health	7%	+27 bps
Auto	3%	+12 bps

Unique advisory model key to capture untapped sector potential

Gross financial assets in % of GDP[(4)] (1Q19)

~17,200 *employees certified in advisory*

Insurance and pensions, % of household financial assets[(4)] (1Q19)

Spain	Eurozone	US
16%	34%	32%

AM and insurance revenues up 3.3% qoq in 2Q19 show positive dynamics

(1) Launched in June. (2) Including mutual funds (with managed portfolios and SICAV), pension plans and life-savings insurance. (3) CABK ex BPI, June 2019. Source: INVERCO, ICEA, latest available data. (4) Sources: Eurostat and Federal Reserve.

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Consolidating our project in Portugal

BPI

Positive operating trends in both lending and customer funds

BPI - Activity (stock, BPI reporting criteria), % ytd

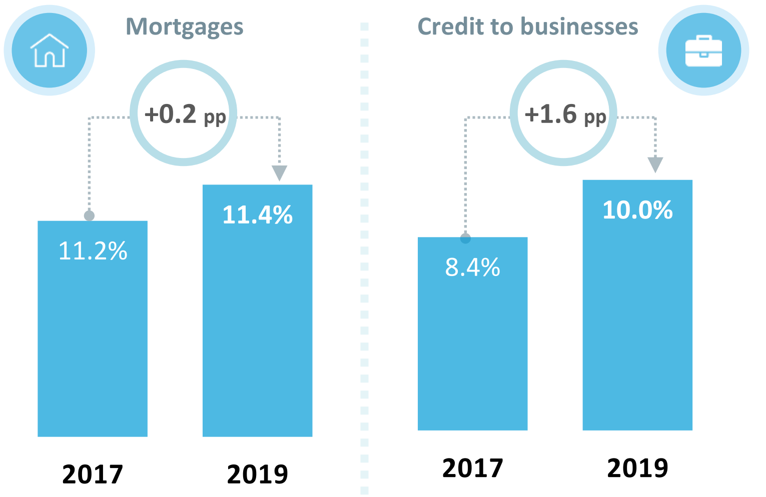
Consumer lending[1]	+7.5%
Credit to businesses	+1.5%
Customer funds	+2.7%
Savings insurance funds	+5.7%

Most Trusted Bank Brand in Portugal 2019

BPI Vida e Pensões — Life-risk From Jan-2020

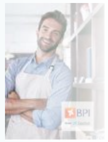
Market share gains supported by improved customer experience and quality offering

BPI - Market shares (Portugal)[2], in %



BPIFamily

BPICommerce



Active digital clients [3]

43%

+3pp yoy

Core revenue growth and low CoR drive increased contribution of BPI segment to Group

BPI segment – 1H19 results

NII, % yoy	+1.5%
Fees (like-for-like)[4], % yoy	+8.5%
LLPs (€M)	€39M Write backs
Net income, % yoy	+28.9%

BPI segment **€98M** Contribution to CaixaBank Group net income 1H19

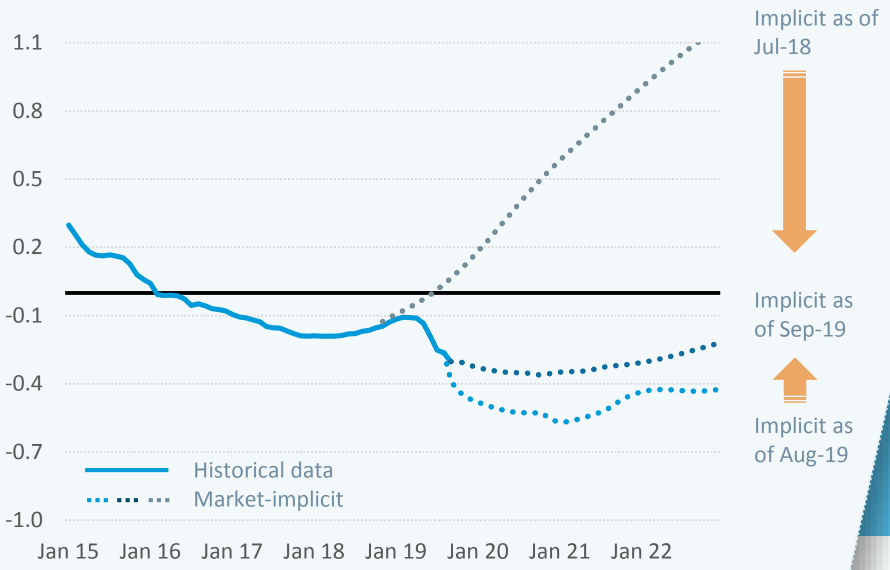
Consolidating product factories and sharing best practices to improve revenues and efficiency

(1) Consumer lending and other credit to individuals. (2) Latest available data. Source: Bank of Portugal. (3) Active clients, main holder of the account (individuals and companies). (4) Reported Fees yoy impacted by changes in scope and reclassifications: -€27M yoy including -€23M from the sale of businesses and -€4M from a reclass related to application of Group accounting standards.

Taking swift action to relieve impact from protracted negative rates

Low rates for longer mostly impact mortgage repricing and high cash balances

Euribor 12M



Residential Mortgages

€90Bn *30 June 2019*

ECB Cash balances

€14Bn *30 June 2019*

New ECB measures (tiering) provide some relief

1. Accelerating transformation of distribution network
2.
   - Frontloading cost-savings from restructuring
   - Other cost initiatives underway
3. Maintaining prudent risk management

Risk

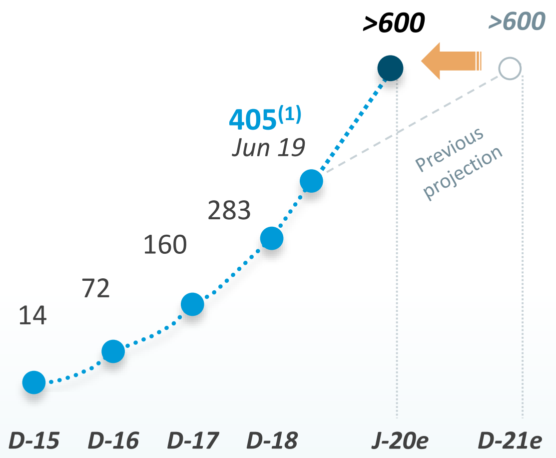
We have rolled out our new distribution strategy at an accelerated pace

1

Store

Transforming branches into advisory hubs ahead of schedule

# of Store branches

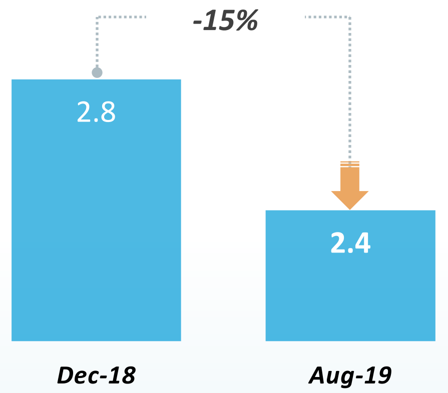


Core revenue new business 1H19/employee **+9%** *vs. comparable[(2)]*

AgroBank

Consolidating our efficient and specialised rural network

employees/rural branch[(3)] (Spain)

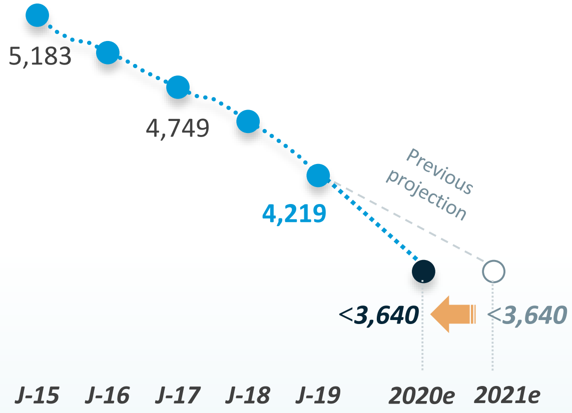


% of rural branches[(3)] (Spain) with ≤ 3 employees **~80%**

Retail branches

Restructuring frontloads right-sizing of the retail branch network

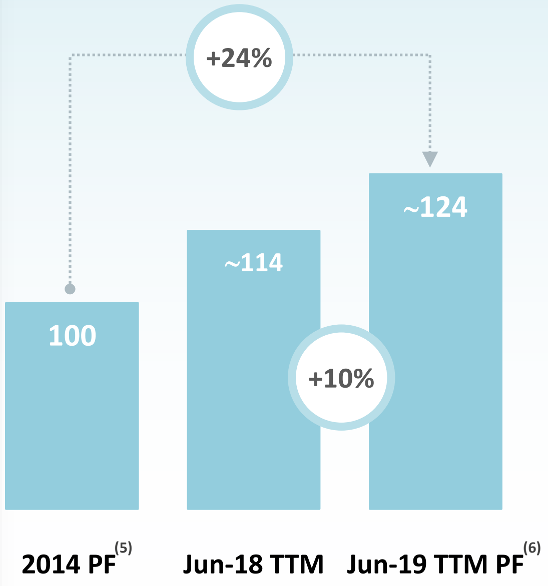
retail branches in Spain



Δ # Retail branches 2008 PF acquisitions[(4)] – June 2019 **-45%**

Increased network productivity

Core revenue per employee (CABK ex BPI), 2014 PF = 100



EUROMONEY AWARDS FOR EXCELLENCE 2019

Best Bank for Transformation Western Europe 2019

Adapting the network to customer expectations

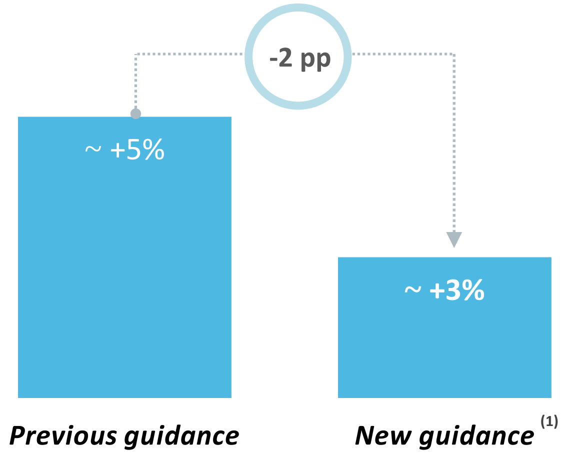
(1) Including 49 store branches work-in-process. (2) Comparable group: branches with >6 employees in urban areas covered by the Store network. (3) Branches in towns with <10,000 inhabitants and with < 6 employees. (4) BCIV, Barclays Spain, Banco de Valencia, Caixa Girona. (5) PF Barclays Spain. (6) PF employee departures in August 2019.

Bringing cost synergies forward to 2019 while addressing other expenses

2

Personnel expenses: 2019 restructuring frontloads cost-savings

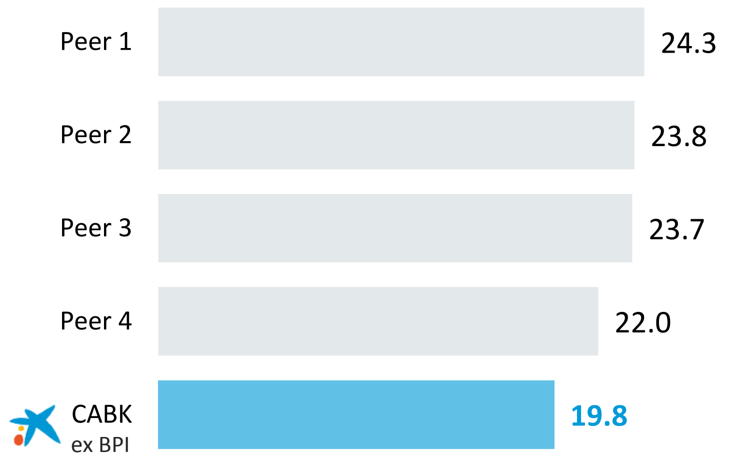
FY2019 Recurrent cost guidance, % yoy



- ~ **2,000** voluntary departures in early Aug-2019 → ~**€200M** annual gross cost savings from 2020e
- Negotiation of new collective bargaining agreement with unions underway (Spain)

General expenses & depreciation: already efficient but still seeking improvement

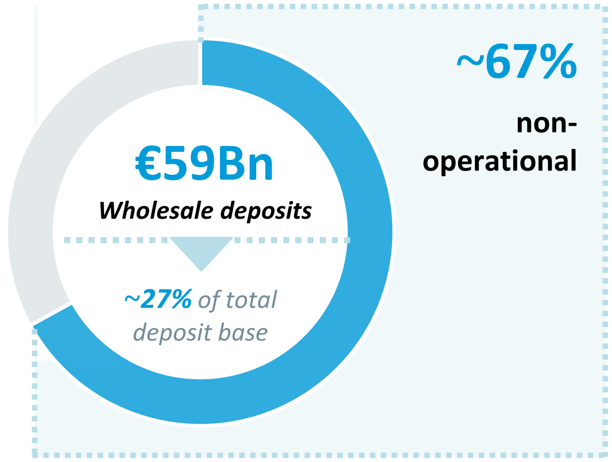
General expenses and depretiation(2)/gross income, 1H19 in %



- Ongoing general review of discretionary expenses (marketing, events,...) and structural items (IT & Ops)
- Renegotiation of large supplier contracts
- Protecting "change-the-bank" initiatives

Cost of deposits: gradual re-pricing of non-operational wholesale deposits

Non-operational deposits in % of wholesale deposits



- Already implemented for financial institutions and a few large corporates
- New ECB measures to provide additional stimulus to reduce cost from excess cash balances

19E recurrent cost guidance reduced to +c.3% yoy (vs. +c.5% yoy) → seeking initiatives to maintain operating leverage

(1) Guidance revised in 2Q19 webcast. (2) Recurrent expenses. Peers include: Bankia, Bankinter, BBVA Spain, Sabadell (ex TSB).

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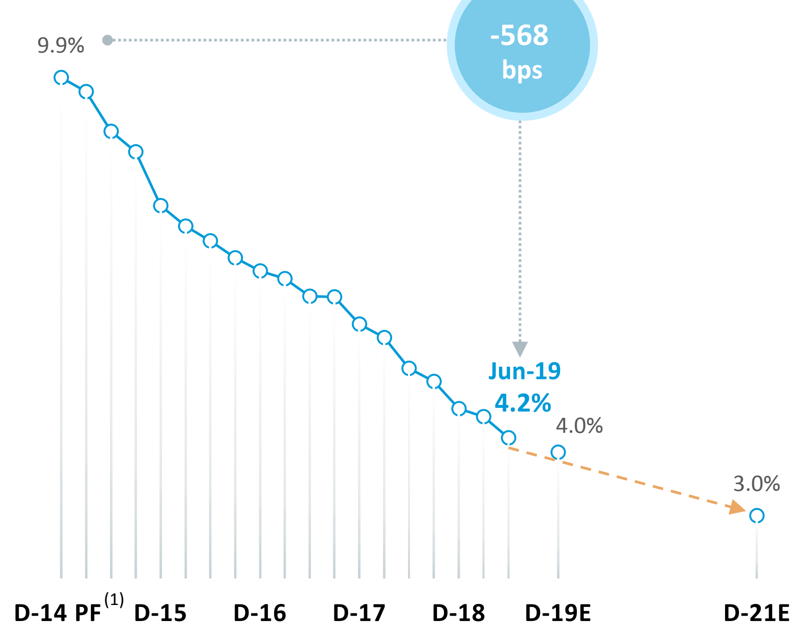
While reinforcing balance-sheet strength and maintaining CoR at low levels

Steady balance sheet de-risking

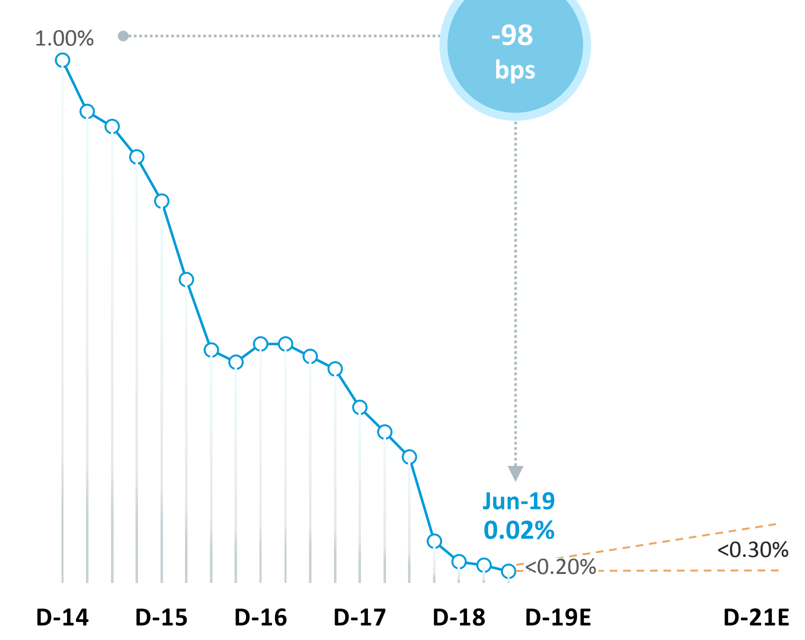
NPL ratio, in %



NPL stock
% Δ Jun-19 vs. Dec-14 PF[2]
-56%

CoR down to very low levels

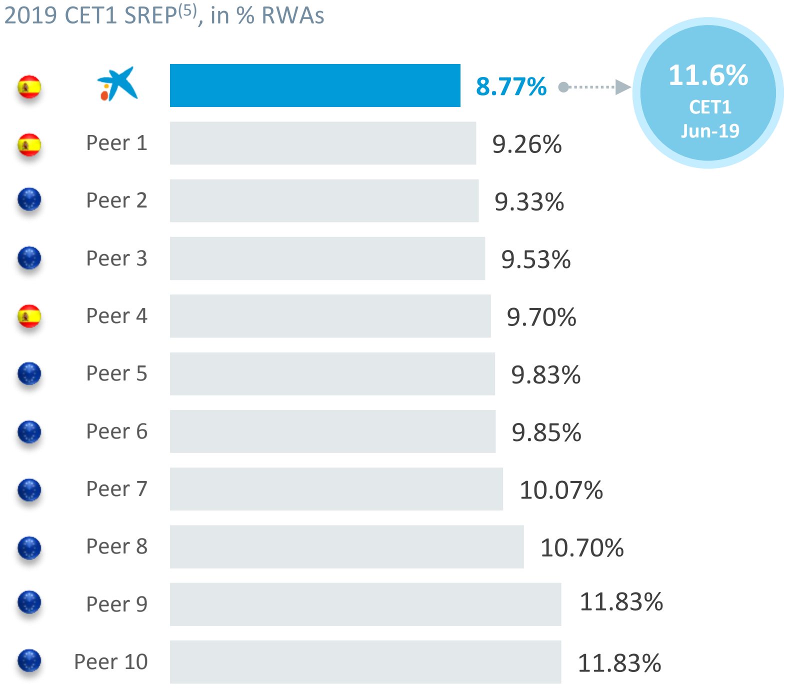
CoR[3], in %



CoR PF
Ex one-off in 3Q18[4]
0.14%
-10 bps yoy

Low risk profile: the lowest SREP requirement among peers

2019 CET1 SREP[5], in % RWAs



LCR (12M average, in %)
Also well above requirements
195%

Through consistently prudent risk management reflected in our credit ratings

(1) Pro-forma Barclays Spain. (2) Pro-forma Barclays Spain and BPI. (3) Trailing 12M. Excluding one-off in 4Q16. (4) PF excluding an extraordinary write back in 3Q18 (c.€275M) from updating the recoverable value of a large credit exposure.
(5) Sources: based on information reported by companies. Peer group includes the top 10 in the Eurostoxx Banks by market capitalization as of 30 June 2019: ABN Amro, B. Santander, BBVA, BNP Paribas, Credit Agricole, ING Groep, Intesa Sanpaolo, KBC, Société Générale, Unicredit.

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A successful business model that will continue to perform in the new rate environment

1. **Steady market-share gains provide evidence of commercial success with AM and insurance revenues recovering in Q2**
2. **Expect core revenue growth to continue despite NII headwinds**
3. **Speedy execution of distribution strategy, roll-forward of savings from redundancy programme and other cost initiatives to alleviate operating environment**
4. **Growing economy and sound balance-sheet metrics to maintain CoR at low levels**

Aiming for a faster return to positive jaws

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