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
The purpose of this presentation is purely informative and should not be considered as a service or offer of any financial product, service or advice, nor should it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by CaixaBank, S.A. ("CaixaBank") or any of the companies mentioned herein. The information contained herein is subject to, and must be read in conjunction with, all other publicly available information. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information set out in the relevant documentation filed by the issuer in the context of such specific issue having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this presentation.

CaixaBank cautions that this presentation might contain forward-looking statements concerning the development of our business and economic performance. Particularly, the financial information from CaixaBank Group for the year 2019 related to results from investments has been prepared mainly based on estimates. While these statements are based on our current projections, judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. Such factors include, but are not limited to the market general situation, macroeconomic factors, regulatory, political or government guidelines and trends, movements in domestic and international securities markets, currency exchange rates and interest rates, changes in the financial position, creditworthiness or solvency of our customers, debtors or counterparts.

Statements as to historical performance, historical share price or financial accretion are not intended to mean that future performance, future share price or future earnings for any period will necessarily match or exceed those of any prior year. Nothing in this presentation should be construed as a profit forecast. In addition, it should be noted that although this presentation has been prepared based on accounting registers kept by CaixaBank and by the rest of the Group companies it may contain certain adjustments and reclassifications in order to harmonize the accounting principles and criteria followed by such companies with those followed by CaixaBank. Accordingly, and particularly in the case of Banco Português de Investimento ("BPI"), the relevant data included in this presentation may differ from those included in the relevant financial information as published by BPI.

In particular, regarding the data provided by third parties, neither CaixaBank, nor any of its administrators, directors or employees, either explicitly or implicitly, guarantees that these contents are exact, accurate, comprehensive or complete, nor are they obliged to keep them updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents in any way, CaixaBank may introduce any changes it deems suitable, may omit partially or completely any of the elements of this presentation, and in case of any deviation between such a version and this one, CaixaBank assumes no liability for any discrepancy.

In relation to 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), this presentation 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 the International Financial Reporting Standards (IFRS). 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. Please refer to the Glossary section of the Business Activity and Results Report January-June 2019 of CaixaBank for a list of the APMs used along with the relevant reconciliation between certain indicators.

This presentation has not been submitted to the Comisión Nacional del Mercado de Valores (CNMV – the Spanish Stock Markets regulatory authority) for review or for approval. Its content is regulated by the Spanish law applicable at the date hereto, and it is not addressed to any person or any legal entity located in any other jurisdiction. For this reason it may not necessarily comply with the prevailing norms or legal requisites as required in other jurisdictions.

Notwithstanding any legal requirements, or any limitations imposed by CaixaBank which may be applicable, permission is hereby expressly refused for any type of use or exploitation of the content of this presentation, and for any use of the signs, trademarks and logotypes contained herein. This prohibition extends to any kind of reproduction, distribution, transmission to third parties, public communication or conversion by any other mean, for commercial purposes, without the previous express consent of CaixaBank and/or other respective proprietary title holders. Any failure to observe this restriction may constitute a legal offence which may be sanctioned by the prevailing laws in such cases.

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

1. Macro and industry backdrop

2. A resilient business model in a negative rate environment

3. Final remarks
The Iberian economies show resilience to external headwinds and political uncertainty

**GDP growth**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Avg. 2019e-20e (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>1.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Portugal</td>
<td>1.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Euro Area</td>
<td>1.1</td>
<td>1.9</td>
</tr>
<tr>
<td>France</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Germany</td>
<td>0.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Italy</td>
<td>0.4</td>
<td>0.7</td>
</tr>
</tbody>
</table>

**Unemployment rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Spain</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>26.1%</td>
<td>16.2%</td>
</tr>
<tr>
<td>2014</td>
<td>24.4%</td>
<td>13.9%</td>
</tr>
<tr>
<td>2015</td>
<td>22.1%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2016</td>
<td>19.6%</td>
<td>11.1%</td>
</tr>
<tr>
<td>2017</td>
<td>17.2%</td>
<td>8.9%</td>
</tr>
<tr>
<td>2018</td>
<td>15.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>2019e</td>
<td>13.9%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

**Total bank-credit growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>Spain</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>-9.4%</td>
<td>-5.1%</td>
</tr>
<tr>
<td>2014</td>
<td>-7.1%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>2015</td>
<td>-4.3%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>2016</td>
<td>-2.9%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>2017</td>
<td>-1.9%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>2018</td>
<td>-2.6%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>2019e</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

**Trends provide support for loan volumes and asset quality**

---

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

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
Contents

1. Macro and industry backdrop

2. A resilient business model in a negative rate environment

3. Final remarks
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), %

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>13.7%</td>
<td>13.7%</td>
<td>13.7%</td>
<td>13.7%</td>
<td>13.7%</td>
<td>13.7%</td>
<td>26.3%</td>
</tr>
<tr>
<td>Peer 2</td>
<td>12.8%</td>
<td>12.8%</td>
<td>12.8%</td>
<td>12.8%</td>
<td>12.8%</td>
<td>12.8%</td>
<td>26.3%</td>
</tr>
</tbody>
</table>

Strong and growing market shares across the board
Market share by key products (Spain)(2)

<table>
<thead>
<tr>
<th>Product</th>
<th>Market share (%)</th>
<th>YoY (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll deposits</td>
<td>27.8%</td>
<td>+38</td>
</tr>
<tr>
<td>Long-term savings(3)</td>
<td>22.0%</td>
<td>+46</td>
</tr>
<tr>
<td>Life insurance</td>
<td>27.1%</td>
<td>+46</td>
</tr>
<tr>
<td>Business lending</td>
<td>15.1%</td>
<td>+35(4)</td>
</tr>
<tr>
<td>POS terminal turnover</td>
<td>27.8%</td>
<td>+37</td>
</tr>
</tbody>
</table>

The highest digital penetration
Market penetration among digital clients (Spain)(5), %

<table>
<thead>
<tr>
<th>Peer</th>
<th>Market share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>31.2%</td>
</tr>
<tr>
<td>Peer 2</td>
<td>24%</td>
</tr>
<tr>
<td>Peer 3</td>
<td>20%</td>
</tr>
<tr>
<td>Peer 4</td>
<td>14%</td>
</tr>
</tbody>
</table>

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.
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\(^{(3)}\)

---

(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).
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: 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

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

- Dec-18: 76.8
- Jun-19: 79.9
  - +4.0% TTM

New lending TTM +24% yoy

**Consumer lending: capturing a greater share of the value chain**

Stock consumer lending (CABK ex BPI), €Bn

- Dec-18: 11.8
- Jun-19: 12.8
  - +8.2% TTM

New lending TTM +7% yoy

**Payments: leveraging technology to seize market opportunities**

Credit cards stored in mobiles (Spain), in M

- Dec-18: 1.0
- Jun-19: 1.4
  - +38% TTM

**Segmentation, specialisation and supporting clients abroad**

- 5 International branches\(^{(2)}\)
  - Frankfurt
  - London
  - Morocco
  - Paris
  - Warsaw

**Going beyond banking in consumer lending**

Units sold Jan-Aug 19

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

**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)**

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

Breakdown, by type of product

- **40%** Life-risk
- **5%** Health
- **14%** Auto
- **41%** Home

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

**Long-term savings**: Reinforced leadership after adverse market impacts in 1H19

- **22.0%** Market share (3)
- **+46 bps yoy**

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**: 184%
  - **Eurozone**: 211%
  - **US**: 421%

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.
Consolidating our project in Portugal

Positive operating trends in both lending and customer funds

- **BPI - Activity (stock, BPI reporting criteria), % ytd**
  - Consumer lending: +7.5%
  - Credit to businesses: +1.5%
  - Customer funds: +2.7%
  - Savings insurance funds: +5.7%

Market share gains supported by improved customer experience and quality offering

- **BPI - Market shares (Portugal)\(^2\) in %**
  - Mortgages: 11.2% → 11.4% (+0.2 pp)
  - Credit to businesses: 8.4% → 10.0% (+1.6 pp)

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
  - Net income, % yoy: +28.9%

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

- **Most Trusted Bank Brand in Portugal 2019**
- **Life-risk From Jan-2020**
- **BPIFamily**
- **BPICommerce**
  - Active digital clients: 43% (3pp yoy)

---

(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

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

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

Euribor 12M

Historical data
Market-implicit

Implicit as of Jul-18
Implicit as of Sep-19
Implicit as of Aug-19

Residential Mortgages: €90Bn 30 June 2019
ECB Cash balances: €14Bn 30 June 2019

New ECB measures (tiering) provide some relief

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

Transforming branches into advisory hubs ahead of schedule
# of Store branches

- Core revenue new business 1H19/employee +9% vs. comparable^^ (1)
- % of rural branches (3) (Spain) with ≤ 3 employees ~80%
- # of Store branches

Consolidating our efficient and specialised rural network
# employees/rural branch (3) (Spain)

- 2.8 Dec-18
- 2.4 Aug-19
- % of rural branches (3) (Spain) with ≤ 3 employees ~80%
- Consolidating our efficient and specialised rural network

Restructuring frontloads right-sizing of the retail branch network
# retail branches in Spain

- 5,183 J-15
- 4,749 J-16
- 4,219 J-17
- 4,219 J-18
- 4,219 J-19
- 4,219 2020e
- 4,219 2021e
- Restructuring frontloads right-sizing of the retail branch network
- Δ # Retail branches 2008 PF acquisitions (4) – June 2019 -45%

Increased network productivity

- Core revenue per employee (CABK ex BPI), 2014 PF = 100
- +24%
- ~114 2014 PF
- Jun-18 TTM
- ~124 Jun-19 TTM PF

Adapting the network to customer expectations

Best Bank for Transformation
Western Europe
2019

(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

**Personnel expenses**: 2019 restructuring frontloads cost-savings

- FY2019 Recurrent cost guidance, % yoy
  - ~ +5%
  - ~ +3%
  - Previous guidance
  - New guidance

  - ~ 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 depreciation(yo/y gross income, 1H19 in %) |
|-----------------------------|----------------|
| Peer 1                      | 24.3           |
| Peer 2                      | 23.8           |
| Peer 3                      | 23.7           |
| Peer 4                      | 22.0           |
| CABK ex BPI                 | 19.8           |

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

- Non-operational deposits in % of wholesale deposits
- ~67% non-operational

- ~27% of total deposit base

- €59Bn Wholesale deposits

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

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

Steady balance sheet de-risking
NPL ratio, in %

-568 bps

CoR down to very low levels
CoR(3), in %

-98 bps

Low risk profile: the lowest SREP requirement among peers
2019 CET1 SREP(5), in % RWAs

8.77% 11.6% CET1 Jun-19

NPL stock
% Jun-19 vs. Dec-14 PF(2)

-56%

CoR PF
Ex one-off in 3Q18(4)

0.14%
-10 bps yoy

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.
Contents

1. Macro and industry backdrop
2. A resilient business model in a negative rate environment
3. Final remarks
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