Strengthening our position in the market

CaixaBank in 2017

The largest number of active digital customers

- Mobile banking: 4.3 million active customers
- Online banking: 5.7 million active customers

Balance sheet strength

- Customer funds: 349,458 million euros (+15.0% change 2016-2017)
- Total assets: 383,186 million euros (+10.1% change 2016-2017)
- Gross loans: 223,951 million euros (+9.3% change 2016-2017)

Leading position and continuous growth

Market shares

- Deposits (other resident sectors)*
- Loans (other resident sectors)*
- Direct deposit of salaries
- Pension plans
- Savings insurance*
- Mutual funds
- Consumer credit

- 2nd
- 1st
- 1st
- 1st
- 1st
- 1st
- 1st

Notes:
* Latest available figures.
** Includes figures for MicroBank and CaixaBank Consumer Finance.
*** Includes figures for CaixaBank Payments, MicroBank and CaixaBank Consumer Finance.
## Strengthening our position in the market

- **Leading position and continuous growth**
- **Greater capacity to generate revenues and profit**
- **Ample liquidity and solid capital**
- **A recognised share with attractive dividend yield**

### Greater capacity to generate revenues and profit

<table>
<thead>
<tr>
<th>Gross income</th>
<th>8,222 million euros</th>
<th>+5.1% 2016-2017 contribution by BPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core revenues</td>
<td>7,887 million euros</td>
<td>+18.0% 2016-2017</td>
</tr>
</tbody>
</table>

### Ample liquidity and solid capital

<table>
<thead>
<tr>
<th>Total liquid assets</th>
<th>72,775 million euros</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Solvency</th>
<th>11.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Equity Tier 1 (CET 1), fully loaded</td>
<td></td>
</tr>
</tbody>
</table>

### A recognised share with attractive dividend yield

<table>
<thead>
<tr>
<th>Share price performance</th>
<th>3,889 € at the close (29/12/2017)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Shareholder returns</th>
<th>0.13 euros per share</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Dividend yield</th>
<th>3.3% as per the closing share price</th>
</tr>
</thead>
</table>

### Enhanced credit quality

<table>
<thead>
<tr>
<th>High coverage ratios</th>
<th>50% 58%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPLs</td>
<td>of foreclosed real estate assets available for sale**</td>
</tr>
</tbody>
</table>

### Management of non-performing loans

<table>
<thead>
<tr>
<th>Non-performing loans***</th>
<th>-1,668 million euros Change 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreclosed real estate assets available for sale***</td>
<td>-378 million euros Change 2016-2017</td>
</tr>
</tbody>
</table>

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* 2016 does not include expenses associated with the labour agreement, 2017 does not include expenses related to BPI.

** Ratio of gross debt cancelled at foreclosure or dation of the real estate asset less the present net book value of the real estate asset, and the gross debt cancelled at the foreclosure or dation of the real estate asset.

*** Does not include the contribution of BPI after taking control.
CONTENTS

2 LETTER FROM THE CHAIRMAN
3 LETTER FROM THE CEO
4 OUR IDENTITY
7 CORPORATE GOVERNANCE
12 BUSINESS MODEL
20 STRATEGIC LINES
52 ACTIVE RISK MANAGEMENT
59 GIVING BACK TO SOCIETY
Letter from the Chairman

Our bank has once again demonstrated its dedication and commitment to everyone who places their trust in us - shareholders, customers, employees and society in general.

After more than 110 years, CaixaBank remains committed to a customer-service model based on a value proposition that really sets it apart, and proximity, quality of service and a total and unswerving commitment to innovation. We work to develop long-term relationships with our customers, advising them thoroughly and transparently, through our highly skilled and committed team.

This explains why more and more people and companies are choosing us. Almost 27% of the Spanish population has chosen CaixaBank as its main bank, one percentage point higher than in 2016. And this leadership extends to the digital world. We have made strenuous efforts to ensure that we have the best omni-channel offering. As a result, more than half of our customers are digital. Through the acquisition of the Portuguese bank BPI, we are also leading financial entity in Spain and Portugal as a whole.

This commercial strength is enabling the entity to take advantage of the current economic recovery to deliver outstanding results, while maintaining the Group’s financial robustness and prudent risk management at all times. The Group’s profitability has continued to increase, averaging 8.4% over 2017 as a whole, approaching our strategic objective of profitability of 9%-11% in 2018.

These excellent results are also reflected in our share price, which outperformed the main indexes in 2017, rising by almost 25%. Other successes in the year included the acquisition of BPI and completion of the deconsolidation of CaixaBank and CriteriaCaixa, which simplifies the Group’s structure in the eyes of the supervisor and the market.

We are aware of our responsibilities to our customers, employees and shareholders. For this reason, in October the board of directors decided unanimously to relocate our registered office to Valencia, to guarantee legal and regulatory certainty, which is indispensable in banking. We have adapted to changing political, social and economic circumstances throughout our history. But we have always remained faithful to our values and our commitment to all of the communities where we operate, and we always will.

This commitment is also reflected in our ethical and responsible management of our banking business, and our contribution to the development and wellbeing of society. I would like to highlight the close collaboration between CaixaBank and the Welfare Projects of the “la Caixa” Banking Foundation’s. The Foundation’s budget has increased to almost €520 million for 2018 - the highest ever - funded in large part by dividends from its shareholding in CaixaBank.

CaixaBank puts its extensive branch network and knowledge of the local area and needs at the service of the “la Caixa” Foundation, enabling the Foundation’s activities to reach the areas where they are most needed. And 5,500 CaixaBank employees take part in the volunteering programme the bank undertakes with the Foundation. The bank complements this work with other social initiatives, such as promoting financial inclusion and help with housing. In 2017 we celebrated the tenth anniversary of MicroBank. It has granted more than €4,000 million in microcredits to many families and small businesses, making it the largest microfinance bank in Europe. Its activities have created 180,000 jobs, against the backdrop of the economic and financial crisis.

CaixaBank is committed to continuing to create value for everyone who puts their trust in us and our unique approach to banking. We are ready to take on new challenges and continue projecting our values of prudence, excellence and growth into the future.
In 2017, CaixaBank continued on its path of growth and consolidation in its leadership of retail banking, ending the year in a very satisfactory position in terms of our results and business outlook.

Our intensive commercial efforts enabled us to once again increase our market share in the core products for our customers, where we already enjoyed strong leadership. For example, in the Spanish market we have a 26.3% share of the market for direct deposits of salaries, a 26.4% share of savings insurance, and a 23.5% share of pension plans. We ended the year with substantial increases in our customer base and satisfaction indexes, showing that we are improving the service we offer our customers and increasing their loyalty.

One of the most significant projects in the year was the acquisition of 84.5% of the Portuguese bank BPI in February, following the 2016 takeover bid. Through this integration, we are incorporating the best banking franchise in Portugal, with an excellent management team, which can now take advantage of the scale, financial robustness and experience of the CaixaBank Group in segments where we have demonstrated that we are highly competitive. The first year of this new relationship has been very positive. BPI contributed 10% to the CaixaBank Group’s total profits, having also increased its turnover and customer base, laying the foundations for delivering the announced operational synergies of €120 million.

The CaixaBank Group experienced a 15% increase in customer funds and a 9.3% increase in its loan portfolio in the year. The strong performance of recurring revenues and ongoing tight cost control enabled a 60.9% increase in net profit, to €1,684 million, the highest since the creation of the CaixaBank Group. We have also improved the quality of our assets, with a very significant reduction in non-performing loans, whilst, of course, continuing to maintain our traditional financial robustness. As a result, we ended the year with exceptional levels of liquidity - more than €72,000 million - and a fully loaded CET1 capital ratio of 11.7%, one of the highest in the sector.

This performance is based on a robust business model that combines wide-reaching distribution of financial services with a high degree of business specialisation. Our reach facilitates proximity to our customers, and our specialisation ensures we can meet their needs with tailored proposals that add real value. Our commitment to digitalisation of our operating processes and facilities is enabling us to roll out a model of effective, personalised advice through our branches and electronic channels. Digitalisation also enables us to simplify our operational workload and free up time for tasks that add greater value, and increases our capacity to respond to new regulatory and social requirements.

We are also very pleased with the degree of progress with our Strategic Plan: our customer-centric approach has improved our quality and reputation, and our profitability is recovering well, while we are meeting our people-management and digitalisation challenges. And I must repeat yet again that this would not be possible without the CaixaBank Group’s extraordinary team. Developing our human capital remains the key to success. We are therefore continuing to invest heavily in training programmes, implementing responsible marketing policies and programmes that foster transparency, diversity and our meritocratic culture. There will be no let up in this over the coming years.

We are looking forward to the new year with confidence and optimism. We are ready to continue our leadership of the financial sector in Iberia, convinced that the traditional values of our Group – quality, trust and social commitment – remain as relevant as ever, and are the best way of meeting the challenges of the future.

“We are very pleased with the degree of progress with our Strategic Plan: our customer-centric approach has improved our quality and reputation, and our profitability is recovering well, while we are meeting our people management and digitalisation challenges.”

Gonzalo Gortázar
Chief Executive Officer
Our identity

CaixaBank is the leading retail bank in Spain, with the largest customer base, a robust balance sheet and a culture drawing on deeply ingrained values. Following the acquisition of the Portuguese bank BPI, the CaixaBank Group has consolidated its leading position in retail banking in Spain and Portugal as a whole. Its business model is based on specialisation, with a tailor-made value proposition for each segment. CaixaBank seeks to be recognised as setting itself apart through its socially responsible banking model. Its priorities include: achieving exacting quality of service standards; a firm commitment to mobility and digitalisation; its capacity for innovation; and its proximity and robust financial position.

Leader in Spain and Portugal as a whole

Flagship institution

- **15.7 million customers**
- **Main bank** for 26.7% (>1 in 4) individual customers in Spain
- The most extensive branch network in Spain: 4,874 branches and 9,427 ATMs
- **Leader in mobile and on-line** banking in Spain: 55% of customers are digital
- **Market capitalisation** of €23,248 million
- €383,186 million in total assets
- CaixaBank recognised as the best bank in Spain by Euromoney and the best digital bank in Western Europe by Global Finance
- BPI, the bank with the highest customer satisfaction in Portugal according to ECSI

Robust strategy

- **Customer satisfaction** rating of 8.8 out of 10
- **Attributable profit of** €1.684 million (+60.9% vs. 2016), for the Group, the best annual result achieved
- **Balance sheet strength**: CET1 fully loaded of 11.7%
- €349,458 million (+ 15.0% vs. 2016) of customer funds
- **High liquidity**: ~€73,000 million in liquid assets
- **Commitment to mobility and digitalisation**: 100% of advisors with Smart PCs and 98% with digital signatures
- **Trained team**: >10,500 managers with financial advice qualifications

Socially responsible banking

- €7,511 million in direct and indirect contribution to Spanish GDP
- New Socially Responsible Banking Master Plan
- 147,389 microcredits granted by its social bank, MicroBank
- Over 32,000 flats, the largest pool of private social housing in the country
- 10,498 participants in the Corporate Volunteering Programme
- Included in the leading sustainability indexes (DJSI, FTSE4Good, CDP A-list)
- Signatory to international initiatives such as the United Nations Global Compact and Principles for Responsible Investment
Shareholder structure

With a 40% interest in CaixaBank's capital, CriteriaCaixa, a holding company solely owned by the "la Caixa" Banking Foundation, is the bank's core shareholder. CaixaBank's free float capital is held by over 605,000 shareholders, with around 70% of this in the hands of institutional investors.

SHAREHOLDER STRUCTURE
As a percentage

<table>
<thead>
<tr>
<th>CriteriaCaixa, treasury stock and Board</th>
<th>Free float</th>
<th>Retail</th>
<th>Institutional investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.2%</td>
<td>54.8%</td>
<td>30.3%</td>
<td>69.7%</td>
</tr>
</tbody>
</table>

PRUDENTIAL DECONSOLIDATION FROM CRITERIACAIXA

Following the reorganisation of the “la Caixa” Group in 2011, CriteriaCaixa became the controlling shareholder of CaixaBank and the parent of the Group for prudential purposes.

In 2016, a roadmap was agreed with the supervisor that planned for CriteriaCaixa to lose its status as the controlling shareholder and CaixaBank to become the parent of the banking group, before year-end 2017\(^1\).

In September 2017, the European Central Bank recognised the deconsolidation of CaixaBank from CriteriaCaixa for prudential purposes. In its decision, the ECB considered that CriteriaCaixa no longer exercised control or a dominant interest over CaixaBank, because:

- Criteria holds no more than 40% of CaixaBank.
- CaixaBank's Board of Directors has a majority of independent directors.
- A lead director has been appointed from the independent directors.
- There is no significant funding between the CaixaBank and CriteriaCaixa Groups.

Therefore, CaixaBank has become the parent company of the financial conglomerate, and is classified as a significant supervised entity\(^2\).

The gradual reduction in CriteriaCaixa's holding over recent years has resulted in an increased free float and a more diversified shareholder base for CaixaBank, and greater liquidity in the market for its shares.

---

Information, transparency and proximity to shareholders

**Personalised service**

- **562 shareholder enquiries** dealt with
- **748 e-mails** answered

Virtual and physical **Shareholder Office**

**Aula, financial education**

- **18 training courses** in financial markets and economics
- **2,300 hours of training** for more than **1,150 shareholders**

New training **videos** and **content** on the website
New **App** for accessing training resources

**Participation**

- **3 meetings** of the CaixaBank Shareholder Advisory Committee, one of which was virtual
- **17 corporate events**, **17 meetings** with shareholders and
- **2 cultural and leisure events**
- **2,300 shareholders** in attendance

**Information**

- **1.82 million** CaixaBank shareholder **newsletters**
- **286,709 copies** of **Shareholders magazine**
- **5.9 million e-mails and SMS** information alerts sent

**Shareholder area** on the corporate website
Presence on **Twitter @AccionistasCABK**
Corporate governance

CaixaBank strives to be a benchmark in corporate governance, as set out in its 2015-2018 Strategic Plan. It therefore considers transparency and the adoption of best practices to safeguard the interests, and maintain the trust, of all its stakeholders to be essential.

The objective of the governance system is to ensure the healthy and prudent management of the Group. CaixaBank’s management and control is borne by the shareholders at the Annual General Meeting, the Board of Directors and its Committees.

Further progress was made in 2017 on, inter alia, the implementation of best corporate-governance practices, with an increase in the number of independent directors and the appointment of a lead director, with the following duties: to chair the Board of Directors in the absence of the Chairman or Deputy Chairmen, if any; give voice to the concerns of independent directors; maintain contact with investors and shareholders to hear their views, especially with regard to the Company’s corporate governance; and coordinate the succession plan for the Chairman.

Modifications were also made to the by-laws and the Regulations of the Board of Directors, limiting the number of proprietary directors who can represent the same shareholder (without prejudice to the right of representation) and enhancing the role of independent directors. The latter was achieved by increasing the number of independent directors on the Board committees and prohibiting the participation of proprietary directors who represent the same shareholder in proposals for, and appointments of, independent directors.

Board of Directors

The Board of Directors is the highest decision making body, except for matters reserved for the annual general meeting. It ensures that the Group: complies with prevailing legislation; complies with its obligations and agreements in good faith; respects customs and best practices in the sectors and territories where it is active; and observes the additional social responsibility principles it has voluntarily undertaken.

BEST GOVERNANCE PRACTICES

• Highest possible score in the ISS QualityScore: best classification amongst domestic peers
• Appointment of a Lead Director

Shareholders have equal rights

• One share, one vote
• Protection of minority shareholders
• Fostering of informed participation

A balanced Board

• Separation of duties between the Chairman and Chief Executive Officer
• Increase in the representation of independent directors and female directors on the Board
• Total separation of the Board of the “la Caixa” Banking Foundation
BOARD OF DIRECTORS
AT 31 DECEMBER 2017

Jordi Gual Solé
Chairman
Proprietary

Antonio Massanell Lavilla*
Deputy Chairman
Executive

Gonzalo Gortázar Rotaache
Chief Executive Officer
Executive

Xavier Vives Torrents
Lead Director
Independent

Natalia Aznárez Gomez
Representative of the CajaCanarias Foundation
Proprietary

Maria Teresa Bassons Boncompte
Director
Proprietary

María Verónica Fisas Vergés
Director
Independent

* December 31, 2017 was his last day in the role, following submission of his intention to retire.
For more information, refer to CaixaBank’s Annual Corporate Governance Report, which is available on www.caixabank.com

**Best good governance practices**

One of CaixaBank’s strategic priorities is to set a benchmark through its corporate governance practices.

It is compliant with all applicable regulations in this regard, and voluntarily complies with most of the 64 recommendations in the CNMV’s Good Governance Code for listed companies. Specifically, it is fully compliant with 57 of the recommendations and partially compliant with 4, as follows:

- Recommendation 5, as the 2016 Annual General Meeting authorised the Board to issue shares with no pre-emptive rights, excluding the limit of not exceeding 20% of share capital.
- Recommendation 10, given that the rules for voting on a possible draft resolution at the Annual General Meeting submitted by shareholders are not the same as for proposals submitted by the Board.
- Recommendation 27, because proxies for voting at Board meetings, when applicable, are granted without specific instructions as it is considered best practice.
- Recommendation 31, because CaixaBank does not differentiate between members of the Board of Directors in its requirements for including new items on the agenda for its meetings.

It should be noted that one of the recommendations is not complied with as it is not yet applicable, as the bank is the only listed company in the CaixaBank Group in Spain. However, there is another listed company in the CaixaBank Group, the shares of which are listed in Portugal (i.e. Banco BPI, S.A. with which CaixaBank has signed an Internal Protocol Governing Relations). With regard to the final two recommendations, 13 and 62: CaixaBank is not compliant with recommendation 13 because it has more than the suggested number of directors. This is for historical reasons, because of its nature and due to regulatory requirements. And recommendation 62, because shares delivered to executive directors as part of an annual bonus are withheld for 12 months, with no further requirement following this period.

<table>
<thead>
<tr>
<th>PROFILE OF THE BOARD MEMBERS*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diversity</strong></td>
</tr>
<tr>
<td>9 independent</td>
</tr>
<tr>
<td>7 proprietary</td>
</tr>
<tr>
<td>2 executive</td>
</tr>
<tr>
<td>5 women</td>
</tr>
<tr>
<td>13 men</td>
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<td></td>
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<td></td>
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<td></td>
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</tbody>
</table>

* Uninterrupted, and at 2017 year end.
MANAGEMENT COMMITTEE
AT 31 DECEMBER 2017

Chief Executive Officer
1. Gonzalo Gortázar Rotaech

General Managers
2. Tomás Muniesa Arantegui
   Insurance and Asset Management
3. Juan Antonio Alcaraz García
   Banking
4. Francesc Xavier Coll Escursell
   Human Resources and Organisation
5. Jordi Mondéjar López
   Risks

Deputy General Manager
6. Joaquín Vilar Barrabeig
   Internal Audit

Executive Managers
7. Javier Pano Riera
   Finance
8. Jorge Fontanals Curiel
   Resources
9. María Victoria Matía Agell
   International Banking
10. María Luisa Martínez Gistau
    Communication, Institutional Relations, Brand and CSR
11. Matthias Bulach
    Financial Accounting, Control and Capital
12. Óscar Calderón de Oya
    General Secretary and Secretary to the Board of Directors
Business model

CaixaBank applies a universal banking model based on quality, customer proximity, specialisation and innovation. It applies a “financial supermarket” strategy offers a wide range of products and services adapted to the needs of its clients, using a commercial platform combining branches and the digital world. The bank has also formed strategic alliances with large banking groups and has shareholdings in leading companies in the services sector.

A leading group

CaixaBank has around 13.8 million customers in Spain, around 30% of all adult bank customers in the country, with a quarter of these regarding it as their main bank. This trust has once again been reflected in significant market shares for its main banking products and services. Through VidaCaixa and CaixaBank Asset Management, it occupies a leading position in the market for savings insurance, pension plans and mutual funds market. This leadership is buttressed by 1.9 million BPI customers in Portugal.

CUSTOMER PENETRATION

Individuals

30%

> 18 years

Companies

48%

(Turnover of €1 million to €100 million)

MAIN PRODUCTS AND SERVICES: RANKING AND MARKET SHARES

As a percentage. Figures as of year-end 2017

<table>
<thead>
<tr>
<th>PORTUGAL</th>
<th>SPAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penetration among individual customers</td>
<td>13.7</td>
</tr>
<tr>
<td>Direct deposit of salaries</td>
<td>10.8</td>
</tr>
<tr>
<td>Life insurance</td>
<td>12.7</td>
</tr>
<tr>
<td>Company loans</td>
<td>8.3</td>
</tr>
<tr>
<td>Mortgages</td>
<td>11.2</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>11.2</td>
</tr>
<tr>
<td>Penetration among individual customers</td>
<td></td>
</tr>
<tr>
<td>Direct deposit of salaries</td>
<td></td>
</tr>
<tr>
<td>Pensions</td>
<td></td>
</tr>
<tr>
<td>Card turnover*</td>
<td></td>
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<tr>
<td>POS turnover*</td>
<td></td>
</tr>
<tr>
<td>Savings insurance*</td>
<td></td>
</tr>
<tr>
<td>Loans to businesses</td>
<td></td>
</tr>
<tr>
<td>Mortgage loans*</td>
<td></td>
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<tr>
<td>Loans (Other resident sectors)*</td>
<td></td>
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<tr>
<td>Pension plans</td>
<td></td>
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<tr>
<td>Consumer credit</td>
<td></td>
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<tr>
<td>Mutual funds</td>
<td></td>
</tr>
<tr>
<td>Deposits (other resident sectors)</td>
<td></td>
</tr>
</tbody>
</table>

* Latest available data.
Specialised management

UNIVERSAL BANKING MODEL

Much more than just a bank: we offer excellent personal customer service underpinned by a value proposition tailored to the needs of each customer

An accessible bank, due to its size, reach and customer knowledge
Highly trained, specialist teams and excellent quality of service
Focus on digitalisation, with a commitment to mobility and exploiting big data
Comprehensive product catalogue of financial and non-financial solutions

CUSTOMER SEGMENTATION¹

Business activity (turnover range, million euros)
Natural persons (assets under management, million euros)

Segmentation is key to providing better service to our customers and fostering business volumes

1. A more detailed segmentation exists that is not shown in the pyramid, which includes real estate, the public sector and not-for-profit entities.
2. Corporate and Institutional Banking.
3. Includes the self-employed, professionals, farmers and shops.
Individual and Business banking

This value proposition is based on an omni-channel offering, with simple solutions that are innovative and set us apart, and adapted to the profile of each customer (AgroBank, HolaBank, etc.).

In 2017, activity in Individual Banking focused on:

• Encouraging direct deposit of salaries into customer accounts. This is a key tool for fostering the loyalty of individual customers. 778,878 new direct salary deposits were added during the year, due to our active marketing policy and the gradual improvement in the labour market.

• Increasing customer loyalty, through marketing activity and the launch of new products. Highlights included the sale of 1.95 million life and general insurance policies, and the increase in the production of new consumer lending (+10% vs. 2016). This customer lending took the form of general loans, funding card purchases and 0% APR credit on “Compra Estrella” purchases.

• This was achieved with the strictest quality criteria for customers, underpinned by AENOR’s 2016 certification of the excellence of our customer service model.


• This offers specialist management for customers, with an additional 1,600 exclusively-dedicated advisors and the business managers of branches that have no business advisor. These advisors have mobile devices that enable them to take the branch to the customer’s business.

• Marketing activity focused on selling general and life insurance, and funding Business customers, with a well-established service model that received AENOR certification in 2016.

ASSET MANAGEMENT, INSURANCE AND PENSION PLANS

Complementary and growing businesses, making a significant contribution to CaixaBank’s net profits.

€133,900 million in medium and long-term savings managed.

• VidaCaixa (100% CaixaBank).
• SegurCaixa Adeslas (49.9% VidaCaixa).
• CaixaBank Asset Management (100% CaixaBank).

Contributing 42% of the net profit of the bancassurance segment.
Premier Banking

The Premier Banking value propositions is based on three main pillars: an exclusive advice model, qualified professionals and solutions for customers, consolidating our leadership in financial advice.

“A medida” (Made-to-measure) was launched in March 2017, offering a unique approach to financial advice that responds to the needs and objectives of our customers. This consideration results in Plan A, a process that integrates regulatory requirements into sales processes and fosters our customer relationships.

By year end, more than half of all Premier Banking customers had prepared their Plan A with their advisor. Customers can track their objectives using Línea Abierta or carry out the process autonomously through Plan A.

Private Banking

CaixaBank Private Banking has set up specialist teams and has more than 500 qualified professionals - averaging 15 years' experience each - who work with our branch network to offer the best possible service. 6 new Private Banking centres were opened in 2017, making this service more accessible for our customers, bringing the total number of these centres to 45.

“Time” is our new way of offering financial advice in Private banking. This organises the customer’s wealth based on a comprehensive assessment of their needs, designing an investment strategy to meet their objectives at every stage of their lives. Since March, the Time Map advice process has been carried out by more than 40,308 Private Banking customers with their advisors.

The global advice service for Philanthropy provides socially responsible investment (SRI) and philanthropy solutions through the Social Value project. The balance of SRI funds increased by 57% in 2017, due to this initiative. Private Banking customers also contributed €5.8 million to the 8 leading NGOs (by number of contributors in Spain) and €441,000 euros (+538% vs. 2016) to Gavi Alliance, with this amount being complemented by the same amount from the “la Caixa” Foundation.
Business Banking

CaixaBank’s Business Banking service has been operating for 10 years, and has established itself as the favourite bank for Spanish companies. 48% of Spanish companies with turnover between 1 and 100 million euros are CaixaBank customers, according to market share surveys by FRS Inmark.

Business Banking now has a mature model, and is seeking to enhance its customer relationships and expand the bank’s company banking base. It has a team of 1,245 experts in all aspects of company management, offering innovative solutions and specialist services. Advanced advice is provided through videoconferences and new communication channels connecting customers and their managers, such as the Companies wall and Go&Business.

Continuing the strategy of getting even closer to the customer’s business, more new business banking centres opened in 2017, bringing the total to 116. CaixaBank is the only financial entity in Europe to have achieved AENOR certification for its financial service and attention in Business Banking and its foreign trade activity. This is the second consecutive renewal of this certification.

Corporate & Institutional banking

Corporate & Institutional Banking integrates two business areas, of Corporate and Institutional banking, together with other product areas that provide services to customers, such as Treasury, Capital Markets, Project Finance, Asset Finance and M&A.

Corporate Banking’s value proposition offers a tailor-made service to corporate clients, seeking to become their main bank. This involves crafting personalised value propositions and working with clients in export markets.

It achieved its objectives in 2017, despite a marked increase in competition. In 2018 the bank will continue to work towards obtaining a greater share of, and weight in, the market, through risk-adjusted growth that is gradual, sustainable and profitable.

Institutional Banking serves public and private-sector institutions, through specialist management of financial services and solutions.

In 2017, the business achieved the objectives set for it, identifying alternative revenue sources to long-term lending. This is expected to continue in 2018, which will require the business to boost its sales efforts in its most efficient products.
INTERNATIONAL BANKING

A PRESENCE IN 26 POINTS

- **International branches**
  Offer financing and financial services to Spanish companies with interests and activities in these countries, as well as to local businesses.

- **Representative offices**
  These provide advisory services for European multinationals with subsidiaries in Spain, and for Spanish companies doing business abroad.

- **Spanish Desk**
  With the partners Inbursa in Mexico, BPI in Portugal and ERSTE Bank in Central and Eastern Europe.

CaixaBank rounds out its own service with a network of over 1,200 correspondent banks.
CaixaBank took control of BPI in February 2017, when it acquired 84.51% of its capital following completion of a takeover bid.

BPI is a financial group focusing on retail and commercial banking in Portugal, where it is the fifth largest financial institution, in terms of assets (€29,640 million). BPI has a customer base of around two million people, which it manages through a specialist, fully-integrated, multichannel, distribution network.

BPI’s business centres on two main segments - Individual, Professional and SME banking, and Business banking, with their own physical and virtual structures and specialist teams. The BPI Group complements its offering of non-life and life-risk insurance through an insurance distribution agreement with Allianz Portugal, in which the BPI Group has a 35% holding.

REVENUE DIVERSIFICATION

CaixaBank has holdings in internationally recognized banks and industrial companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI</td>
<td>84.51%</td>
</tr>
<tr>
<td>ERSTE</td>
<td>9.92%</td>
</tr>
<tr>
<td>Repsol</td>
<td>9.64%</td>
</tr>
<tr>
<td>Telefonica</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

BPI, solid performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-1985</td>
<td>Creation of Sociedade Portuguesa de Investimento (SPI)</td>
</tr>
<tr>
<td>1985</td>
<td>SPI is transformed into Banco Português de Investimento (BPI)</td>
</tr>
<tr>
<td>1986</td>
<td>BPI flotation</td>
</tr>
<tr>
<td>1991</td>
<td>BPI enters the commercial banking market following acquisition of Banco Fonsecas &amp; Burnay</td>
</tr>
</tbody>
</table>

1. Companies recognised through equity equivalence.
2. Caixa Geral de Depósitos holds 61.51% of the capital.

CaixaBank took control of BPI in February 2017, when it acquired 84.51% of its capital following completion of a takeover bid.
A BUSINESS PERFORMING STRONGLY

BPI has a 13.7% share of individual customers, and leading market shares for the products and services it offers: these markets shares* improved during the year. Highlights include the 10.8% market share for direct deposit of salaries (+10 bp vs. 2016); 12.7% (+30 bp vs. 2016) in life insurance; 11.2% (+60 bp vs.2016) in consumer loans; and 11.2% (+ 20 bps vs. 2016) for mortgages.

Customer funds increased by 5.6% in 2017, with loans and advances to companies (corporate and Portugal SMEs) up 6.4% on the previous year.

Overall, BPI contributed €176 million to CaixaBank's total earnings in 2017.

A BANK COMMITTED TO ITS LOCATION

The bank invested more than €5 million in social solidarity, culture, education and research, and innovation and enterprise in 2017. These contributions have averaged €4.41 million over the last ten years, demonstrating BPI’s determined social commitment.

- In terms of **social solidarity**, BPI invested €2.4 million in a number of initiatives, including three prizes for improving quality of life for people with permanent incapacity or disabilities, the elderly, and people in poverty or social exclusion.
- BPI supports some of the most prestigious **cultural institutions** in Portugal (such as the Fundaçao Serralves, the Casa da Música and the Fundaçao Gulbenkian), through €2.1 million in sponsorship.
- BPI also has a budget of €600,000 to foster **education, science and research** through agreements with higher education institutions and a student scholarship programme.

*Latest available data. Shares at 31 October.
Strategic lines

CaixaBank continues to base its actions on its 2015-2018 Strategic Plan, “Committed to trustworthy and profitable banking”, as it seeks to consolidate its commercial leadership in Spain and be recognised for its quality of service, social responsibility, financial robustness and capacity to innovate.

Final year of the 2015-2018 Strategic Plan

CaixaBank remains well on track when it comes to its strategic objectives:

• The bank’s profitability continues to grow thanks to strong income, cost savings and improvements in credit quality. The Bank has also enhanced its capital adequacy and liquidity, which are comfortably clear of the minimum regulatory requirements.

• In the commercial realm, CaixaBank continues to cement its leadership within the Spanish banking and insurance market.

• In Portugal, business and profits at BPI have been increasingly sharply following its acquisition by CaixaBank in early 2017.

• Meanwhile, CaixaBank remains firmly committed to new innovations and functionalities so as to continue leading the way in digitalisation and anticipating new technological challenges.

For 2018, the last year of the plan, the bank will continue fostering diversification of its sources of income, contain its cost base and reduce exposure to non-performing assets in a bid to achieve a ROTE (return on tangible equity) of between 9% and 11%. Against the current backdrop, another key priority is to continue raising awareness within the organisation of conduct risk while strengthening the culture of internal control and compliance. The bank will also continue to provide added-value advice to all of its customers so as to ensure unrivalled levels of service and trust.

PREPARATIONS FOR THE NEW STRATEGIC PLAN

CaixaBank will start the planning process for its new Strategic Plan in 2018. This Plan will define its priorities for action in response to the challenges and opportunities of the coming three years.
Main challenges and opportunities in current economic and banking conditions

**Changing customer demands**
- New customer profiles and expectations
- Greater need for advisory services
- Low confidence in the banking system
- Exposure to conduct risks

**Focus on profitability**
- Recovery in the economy and the real estate market
- Low interest rates
- Weak business volumes
- Competitive pressure

**Regulatory pressure**
- Development of the Banking Union
- New regulatory requirements
- Penalisation of complexity
- The need to reduce unproductive assets

**Digital transformation**
- New technology and innovations
- The increasing value of information
- Confidentiality and security
- Digital competitors

**Need for training and to attract talent**
- Training in advice
- Attracting and developing talent
- Meritocratic culture
- Diversity

**Customer focus: being the best bank for quality and reputation**

**Achieving recurring profitability in excess of the cost of capital**

**Active capital management**

**Leading the digitalisation of banking**

**Having the best prepared and most dynamic team possible**
1. Customer focus: being the best bank for quality and reputation

Strategic objectives

• To foster the customer experience and improve satisfaction and recommendation levels.
• To consolidate CaixaBank’s reputation as the standard-bearer for responsible and socially-committed banking.
• To be a benchmark for corporate governance.

2017 milestones

Service quality indicators fared extremely well in the year across all business segments. This will enable the bank to reach the strategic objectives initially envisioned for 2018. The bank is working on new surveys measurements and areas for improvement in the key moments in the experience of customers and employees alike, so as to continue strengthening levels of quality and recommendations.

It was named best bank in Spain by Euromoney and Global Finance and has successfully renewed its presence on the indices featuring the world’s most demanding banks when it comes to the responsible management of their financial business, including the Dow Jones Sustainability Index World and Europe, the FTSE4Good and the CDP index. The bank is also developing a socially responsible banking master plan, which will include social welfare and environmental initiatives and foster financial inclusion and education.

When it comes to controlling conduct risk, the bank is strengthening its control and compliance culture through communication and awareness plans targeting the entire organisation, together with training course that focus on the code of ethics, the anti-corruption policy, the internal code of conduct and anti-money laundering. It has also enhanced its key know-your-customer (KYC) and cash management processes.

Meanwhile, the bank continued to improve its corporate governance in the last year, by increasing the number of independent directors, who now account for 50% of total members, appointing a Lead Director from amongst the independent directors and commissioning an external assessment of the Board.
Priorities for 2018

- Completing the roll-out of the customer and employee experience methodology, identifying key moments in their experience and launching new surveys and measurements to flag areas for improvement and ensure their swift implementation.

- Ensuring compliance with the most demanding corporate social responsibility and corporate governance standards.

- Raising awareness in the organisation of conduct risks and enhancing the control and compliance culture.
A trustworthy bank

CaixaBank is committed to offering a high quality service, based on proximity and responsible action, contributing to sustainable economic and social development in the areas where it is active. With this objective in mind, it is working to be the leading bank for service, customer trust and socially responsible banking.

Convenient banking

CaixaBank has the largest commercial network in the country, with the most branches (4,874) and the most extensive ATM network (9,427). This scale and reach enables it to offer convenient and high-quality service, with branches that act as advice centres and digital channels that facilitate flexibility and adaptation to emerging customer needs.

PROXIMITY

CaixaBank believes proximity is one of the foundations of better and more effective service:

- It has a presence in every Spanish town with more than 10,000 inhabitants, and 94% of those with more than 5,000, demonstrating its unparalleled commitment to its customers.
- It has 161 Store branches, with a new and more technological branch model that is, at the same time, also more personal, accessible and convenient, extending opening hours to 18:30 from Monday to Thursday.
- The extensive reach of the network facilitates commercial effectiveness, in a country where 43.2% of customers rate proximity as the main factor in choosing a bank.¹

DIGITALISATION

CaixaBank has the most digital customers in the country, complementing its model of personalised advice with a firm commitment to digitalisation:

- It is the leader in adopting mobile solutions, with a large number of mobile terminals for its commercial team, enabling them to serve customers outside the branch.
- The adoption of technological solutions – such as data pool – enables the bank to offer tailored service through better knowledge of the customer.

ACCESSIBILITY

CaixaBank facilitates access to its products and services for as many people as possible:

- It has a broad range of products and services, differentiated for each type of market segment.
- Through MicroBank, the social bank specialising in micro-finance.
- Through the elimination of physical and sensory barriers.

¹. Source: FRS Inmark 2017. The second most important factor is quality of service, for 21.1% of customers.
The customer experience

As part of the continuous improvement that characterises CaixaBank, the traditional service model is evolving towards generating unique and memorable customer experiences: this is what we call having a customer-centric approach. This customer-centric approach enables CaixaBank to offer the highest quality, and to deliver the best customer experience.

Customer centric, a comprehensive challenge

1. Active listening to customers and employees

Focus groups, interviews and surveys

<table>
<thead>
<tr>
<th>Customer experience</th>
<th>Employee experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer focus:</strong> listening to customer needs and adapting to these.</td>
<td><strong>Focusing on the employee and their relationship with the customer:</strong> listening to what employees need to deliver the best customer experience.</td>
</tr>
<tr>
<td><strong>Knowing the customer better:</strong> This is the starting point for transformation of the “Moments of truth” that are important to the customer, when they want CaixaBank by their side, transforming negative experiences and reinforcing positive ones.</td>
<td><strong>Identifying internal areas for improvement:</strong> optimising internal services through analysis of objective indicators (times, resolution percentages, etc.).</td>
</tr>
</tbody>
</table>

2. Diagnostics, measurement and follow-up

Customer Satisfaction Index (CSI)
- In-house indicator of perceived service quality.

NPS (Net Promoter Score) recommendation index
- Measures the percentage recommendation of CaixaBank by its customers.

CaixaBank Service Quality Index (ICS)
- In-house indicator of quality perceived by branch employees.

3. Improving the experience

Identifying mechanisms to improve and transform our services to offer the best customer experience and achieve service excellence
Customer journey

CaixaBank prepares a graphic representation of the customer journey to facilitate monitoring and improve the moments when it is in contact with its customers. The chart shows some of the critical moments in the customer experience for all of our businesses:

- **Moment of Truth (MoT):** a very important contact from the customer’s perspective.
- **Moment of Pain (MoP):** an interaction that could result in us losing the customer if it is not resolved satisfactorily.

In 2017, CaixaBank worked on transforming the Moments of Truth and Pain in the customer relationship based on the information collected about these moments, to improve the customer experience.

The Customer journey in retail branches

<table>
<thead>
<tr>
<th>Step</th>
<th>Event</th>
<th>Customer satisfaction</th>
<th>Employee satisfaction</th>
<th>Net Promoter Score (NPS)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. REGISTRATION</td>
<td>Direct deposit of salaries</td>
<td>8.25</td>
<td>7.94</td>
<td>41.3%</td>
<td>Moment of Truth when the client is more engaged with CaixaBank</td>
</tr>
<tr>
<td></td>
<td>Upgrade to Premier Banking</td>
<td>7.28</td>
<td>N/A</td>
<td>N/A</td>
<td>Moment of Truth when the client is more engaged with CaixaBank</td>
</tr>
<tr>
<td>2. CONTRACTING OF PRODUCT AND SERVICES</td>
<td>Contracting a mortgage</td>
<td>8.60</td>
<td>7.20</td>
<td>54.2%</td>
<td>Moment of Pain, when they cannot have a bad experience</td>
</tr>
<tr>
<td></td>
<td>Financing consumption effectively</td>
<td>9.16</td>
<td>8.07</td>
<td>74.8%</td>
<td>Moment of Pain, when they cannot have a bad experience</td>
</tr>
<tr>
<td></td>
<td>Premier Banking Advice Contract</td>
<td>8.78</td>
<td>N/A</td>
<td>31.8%</td>
<td>Moment of Truth for Premier Banking clients</td>
</tr>
<tr>
<td>3. FOLLOW UP CONTACTS</td>
<td>Interview in retail branch</td>
<td>8.80</td>
<td>N/A</td>
<td>41.4%</td>
<td>Moment of Truth, depending on reason for interview</td>
</tr>
</tbody>
</table>

Note: surveys of customers and employees in 2017. Sampling error < 5%.
Customer service

Our relationship with our customers and management and thorough analysis of their complaints, enables us to identify opportunities to improve our products and services. In 2017, CaixaBank further consolidated the new model for managing customer requests and complaints that it implemented in 2016. The objectives of this model are to enhance customer trust, anticipate dissatisfaction and meet the requirements of supervisors.

This model and the active management of the standard channels for contact made available to customers enable us to focus on improving customer satisfaction.

- CaixaBank’s Customer Service Office (SAC) is responsible for handling and resolving customer complaints and claims. This office has no connection with our commercial services. It performs its duties based on its independent judgement, applying customer protection regulations, regulatory requirements and best banking practises.

- The work of the SAC is complemented by the Customer Service team (AC), which administers customer queries and requests, and complaints involving service quality and reputational aspects affecting the corporation.

Continuing our customer-centric model, we worked to foster a culture of prevention in 2017. One major development in the year was an initiative offering comprehensive support for the management of customers showing early signs of discontent with the Bank. This has been rolled out in more than half of the branch network. It involves working with the branch network to identify situations that might affect customer satisfaction, so that we can rectify perceptions, eradicating potentially damaging issues. The preventive service will be rolled out definitively across all of our territory in 2018, and we will continue developing other strategic initiatives to prevent and anticipate needs.
Socially responsible banking

CaixaBank works to promote its model of socially responsible banking, based on a firm commitment to all of its stakeholders and the adoption of best practices in this regard. It also contributes to resolving the most urgent economic, social and environmental challenges.

NEW SOCIALLY RESPONSIBLE BANKING MASTER PLAN

A plan with 5 priority lines of action
- Inspired by our corporate values: quality, trust and social commitment
- Prepared with social, environmental and governance criteria
- Responds to the global challenges facing society
- Incorporates best practices recommended by the regulator
- Continuously reflects the concerns of our stakeholders

**Commitment to sustainability initiatives**

CaixaBank is involved in numerous domestic and international sustainability initiatives, such as the Equator Principles and the Spanish Group for Green Growth. It has also held the presidency of the Spanish Network of the United Nations Global Compact since 2012.

In addition, VidaCaixa, the bank’s pension plan and insurance manager, and CaixaBank Asset Management, the bank’s mutual fund manager, are signatories to the United Nations Principles for Responsible Investment.
CaixaBank collaboration with the Welfare Projects of the “la Caixa” Banking Foundation

The “la Caixa” Banking Foundation is the largest foundation in Spain and one of the biggest foundations in Europe, with a budget for its Welfare Projects of €520 million in 2018. CaixaBank collaborates actively in fostering and implementing its programmes through a strategic alliance.

- **€44.4 million** channelled through CaixaBank branches for **local social projects**.
- **More than 30,000 jobs facilitated for vulnerable people** through the Incorpora programme, working with more than 10,800 companies throughout Spain.
- **More than 10,000 participants** (including over 5,500 active CaixaBank Group employees) in the “la Caixa” Volunteers Association, with more than 1.2 million beneficiaries since launch.
- **More than 2.9 million children vaccinated** through the “la Caixa” Banking Foundation’s contribution to the GAVI Alliance.

CaixaBank is contributing to achieving the United Nations Sustainable Development Goals through this Alliance, its own activities and other collaborations.

- **CaixaBank manages 26.4%** of Spaniards’ **savings insurance** and **23.5%** of their **pension plans**.
- 220 CaixaBankFuturo events on retirement planning, attracting some 8,600 people.
- 227 **financial education workshops** for vulnerable groups, attracting more than 3,250 people.
- 18 **training courses in economics and markets** for 1,150 retail shareholders.

- **MicroBank**, the leading social bank specialising in micro-finance in Europe.
- CaixaBank has provided assistance to more than **600,000 families** with mortgages and financial difficulties since 2009. It runs a Mortgage Customer Advisory Service, with a free telephone helpline.
- The largest volume of social housing in Spain, in collaboration with the “la Caixa” Banking Foundation, **with more than 32,000 flats with rents below market levels**.
- **Some 14,000 employees have taken part in the bank’s Social Weeks** (44% of the branch network workforce and 78.6% of the international network), with local volunteering activities.

- **€6.70 million in ecoFinancación funding**, with 648 operations.
- **3,189 MW** in installed capacity in the 19 **renewable energy** projects financed during the year.
- Plan to be **carbon neutral in 2018**.
- **Signatory to RE100**, a global initiative involving companies committed to consuming 100% of their energy from renewable sources.
- **Included on the CDP’s “Climate A list” index** of global leaders in the fight against climate change, for the fourth consecutive year.
2. Achieving recurring profitability in excess of the cost of the cost of capital

Strategic objectives

- Achieving a RoTE (return on tangible equity) of between 9% and 11% in 2018.
- Strengthening the Bank’s commercial leadership within the Spanish market.

2017 milestones

CaixaBank achieved a significant increase in profit, with a ROTE of 8.4%. At a time of heavy pressure on profitability, banking income continued to grow, thanks to increased customer engagement, the contribution of the insurance business and diversification of the loan portfolio towards the consumer and business segments.

The bank maintained a stable cost base and managed to bring its cost-to-income ratio into line with its strategic objectives. Meanwhile, it continued to reduce loan-loss provisions as credit quality steadily improved, which has also helped improve the Bank’s profitability.

In terms of commercial positioning, CaixaBank strengthened its leadership in individual banking in 2017. Its model of providing added-value advice specially segmented for each type of customer has allowed it to increase its customer penetration rate for yet another year, along with its market shares for direct deposit of salaries and customer funds (particularly pension plans and savings insurance). At present, one out of every three Spaniards is a CaixaBank customer and the bank’s market share for the direct deposit of salaries is now 26.3%, 0.3 percentage points higher than the previous year.

Meanwhile, BPI made a sizeable contribution to the CaixaBank Group’s figures. Both the profitability and business volume of the Portuguese bank improved in 2017.
Priorities for 2018

- Increasing customer engagement by offering value-added advisory services.
- Continuing to diversify the loan portfolio towards the consumer and business segments.
- To contain the cost base.
- Reducing the NPL ratio while improving credit quality.
- Creating value at BPI.

KEY MONITORING METRICS

<table>
<thead>
<tr>
<th>ROTE - GROUP</th>
<th>As a percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3.4</td>
</tr>
<tr>
<td>2017</td>
<td>8.4</td>
</tr>
<tr>
<td>Target 2018</td>
<td>9-11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RECURRENT COST TO INCOME Ratio - GROUP</th>
<th>As a percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>~55</td>
</tr>
<tr>
<td>2017</td>
<td>56.8*</td>
</tr>
<tr>
<td>Target 2018</td>
<td>54.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST OF RISK - GROUP</th>
<th>As a percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.95*</td>
</tr>
<tr>
<td>2017</td>
<td>0.34</td>
</tr>
<tr>
<td>Target 2018</td>
<td>&lt;40bps</td>
</tr>
</tbody>
</table>

*Includes the pro-forma impact of Barclays Bank, SAU.
Financial reporting and results

2017, a year marked by taking control of BPI, commercial strength and lower cost of risk.

RESULTS

In 2017, the CaixaBank Group made profits of €1,684 million (+60.9% vs. 2016), the best annual results in its history. The integration of the Portuguese bank had an impact on most of the lines in the income statement.

SUSTAINED REVENUE GENERATION CAPACITY

- Net interest income stands at €4,746 million (+14.2% vs. 2016). This was impacted in particular the integration of BPI (+9.1%) by lower finance costs for retail savings and institutional finance. It was also due to the contraction of revenues following the reduction in returns on the loan portfolio, as a result of lower market rates and smaller volumes in the fixed income portfolio.
- Income from the investee portfolio stood at €653 million (-21.0% vs. 2016), impacted mainly by changes in the scope and lower dividend income.
- Fee and commission income made a strong contribution of €2,499 million (+19.5% vs. 2016, +6.3% excluding BPI), driven by higher revenues from commercial efforts.
- The gains/losses on financial assets and liabilities and others amounted to €282 million, in a year of lower non-recurring income.
- There was sustained growth in revenues from insurance contracts, to €472 million (+51.9% vs. 2016).
- Gross income totalled €8.222 million (+5.1% in 2017),
EFFICIENCY MANAGEMENT AS A KEY STRATEGIC APPROACH

- Recurring expenses following the integration of BPI stood at €4,467 million (+1.0% at constant scope).
- 2017 also saw €110 million in non-recurring costs associated with BPI, whilst there were €121 million in non-recurring costs in 2016 due to the collective labour agreement to optimise the workforce.
- Operating income stood at €3,645 million, with a cost to income ratio stripping out extraordinary expenses of 54.3%.

IMPROVED CREDIT QUALITY

- Loan-loss provisions amounted to €799 million. The annual change (+154.2%) came partly in response to the release of €676 million in provisions from the loan portfolio in the fourth quarter of 2016, following the development of internal models compliant with the terms of Circular 4/2016. Stripping out this impact in 2016, the annual performance would have been -19.3%.
- The Group’s cost of risk fell by 12 basis points in the year, to 0.34%.
- Gains/(losses) on disposal of assets and others essentially shows the results of one-off transactions completed during the year, along with proceeds from sales of assets and write-downs mainly in relation to the real estate portfolio. In 2017, this also included €256 million resulting from the business combination with BPI.

OTHER IMPACTS

- Other charges to provisions in 2017 included, inter alia, €455 million in connection with early retirements and €154 million in write-downs on SAREB exposure. In 2016, provisions of €160 million and €110 million were recognised for early retirements and floor clauses, respectively.
### Income statement

In million €

<table>
<thead>
<tr>
<th></th>
<th>CAIXABANK GROUP</th>
<th></th>
<th>CAIXABANK</th>
<th>Change (%)</th>
<th>BPI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td>4,746</td>
<td>4,157</td>
<td>14.2</td>
<td>4,369</td>
<td>5.1</td>
</tr>
<tr>
<td>Dividend income</td>
<td>127</td>
<td>199</td>
<td>(35.9)</td>
<td>120</td>
<td>(39.2)</td>
</tr>
<tr>
<td>Share of profit/(loss) of entities accounted for using the equity method</td>
<td>526</td>
<td>629</td>
<td>(16.3)</td>
<td>421</td>
<td>(33.0)</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>2,499</td>
<td>2,090</td>
<td>19.5</td>
<td>2,223</td>
<td>6.3</td>
</tr>
<tr>
<td>Net gain/(loss) on financial assets and liabilities and others</td>
<td>282</td>
<td>848</td>
<td>(66.7)</td>
<td>259</td>
<td>(69.5)</td>
</tr>
<tr>
<td>Income and expenses arising from insurance and reinsurance contracts</td>
<td>472</td>
<td>311</td>
<td>51.9</td>
<td>472</td>
<td>51.9</td>
</tr>
<tr>
<td>Other operating income and expense</td>
<td>(430)</td>
<td>(407)</td>
<td>5.6</td>
<td>(412)</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Gross income</strong></td>
<td><strong>8,222</strong></td>
<td><strong>7,827</strong></td>
<td><strong>5.1</strong></td>
<td><strong>7,452</strong></td>
<td>(4.8)</td>
</tr>
<tr>
<td>Recurring administration and amortisation expenses</td>
<td>(4,467)</td>
<td>(3,995)</td>
<td>11.8</td>
<td>(4,035)</td>
<td>1.0</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>(110)</td>
<td>(121)</td>
<td>(8.7)</td>
<td>(4)</td>
<td>(96.7)</td>
</tr>
<tr>
<td><strong>Operating income/(loss)</strong></td>
<td><strong>3,645</strong></td>
<td><strong>3,711</strong></td>
<td>(1.8)</td>
<td><strong>3,413</strong></td>
<td>(8.0)</td>
</tr>
<tr>
<td>Pre-impairment income excluding extraordinary expenses</td>
<td>3,755</td>
<td>3,832</td>
<td>(2.0)</td>
<td>3,417</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Impairment losses on financial assets</td>
<td>(799)</td>
<td>(314)</td>
<td>(2.0)</td>
<td>(831)</td>
<td>32</td>
</tr>
<tr>
<td>Other charges to provisions</td>
<td>(912)</td>
<td>(755)</td>
<td>20.8</td>
<td>(909)</td>
<td>20.4</td>
</tr>
<tr>
<td>Gains/(losses) on disposal of assets and others</td>
<td>164</td>
<td>(1,104)</td>
<td>165</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax</strong></td>
<td><strong>2,098</strong></td>
<td><strong>1,538</strong></td>
<td><strong>36.4</strong></td>
<td><strong>1,838</strong></td>
<td><strong>19.5</strong></td>
</tr>
<tr>
<td>Corporation tax</td>
<td>(378)</td>
<td>(482)</td>
<td>(21.7)</td>
<td>(324)</td>
<td>(32.8)</td>
</tr>
<tr>
<td><strong>Profit/(loss) after tax</strong></td>
<td><strong>1,720</strong></td>
<td><strong>1,056</strong></td>
<td><strong>62.9</strong></td>
<td><strong>1,514</strong></td>
<td><strong>43.4</strong></td>
</tr>
<tr>
<td>Profit/(loss) attributable to minority interests and others</td>
<td>36</td>
<td>9</td>
<td>6</td>
<td>(32.7)</td>
<td>30</td>
</tr>
<tr>
<td><strong>Profit/(loss) attributable to the Group</strong></td>
<td><strong>1,684</strong></td>
<td><strong>1,047</strong></td>
<td><strong>60.9</strong></td>
<td><strong>1,508</strong></td>
<td><strong>44.1</strong></td>
</tr>
</tbody>
</table>

Following termination of the acceptance period for the takeover bid, 7 February 2017 was established as the effective date of takes control of BPI.

CaixaBank’s stake in BPI has been recognised under the full consolidation method since 1 February 2017 (having previously been reported under the equity method), thus affecting the comparability of the information.
**ACTIVITY**

Commercial strength with impressive market share for the main retail products and services.

- Total assets amounted to €383,186 million (+10.1% vs. 2016) following the incorporation of BPI.

**CUSTOMER FUNDS**

- Customer funds amounted to €349,458 million, an increase or 15.0% on 2016, following the incorporation of BPI.

- Funds in CaixaBank amounted to €314,495 million, +3.5% vs. 2016. Highlights included:
  - The development of balance sheet funds (+2.8%) was marked by an increase in demand deposits (+10.9%) and a decrease in term deposits* (–31.1%), against a backdrop of rock bottom interest rates.
  - Growth in liabilities under insurance contracts (+13.7% vs. 2016), resulting from the commercial success of the CaixaBankFuturo programme.
  - Assets under management (mutual funds and pension plans) amounted to €88,018 million (+7.5% vs. 2016), based on the success of the campaigns carried out, the wide range of products offered and the performance of the markets.
  - CaixaBank’s large shares of assets under management, the number of mutual fund participants and pension plan assets under management are also noteworthy.

---

**GROUP CUSTOMER FUNDS**

<table>
<thead>
<tr>
<th>In million €</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-balance sheet funds</td>
<td>217,123</td>
<td>247,544</td>
</tr>
<tr>
<td>Assets under management</td>
<td>81,890</td>
<td>96,551</td>
</tr>
<tr>
<td>Other accounts</td>
<td>4,882</td>
<td>5,363</td>
</tr>
</tbody>
</table>

*Savings insurance, mutual funds and pension plans managed*

146,516 million euros (+20% vs. 2016)

*Includes retail loans.*
STRATEGIC LINE 2
Profitability

The performing loans portfolio, excluding Criteria and the public sector, grew by 0.4% in 2017.

LOANS AND ADVANCES TO CUSTOMERS

- Gross loans and advances to customers stood as €223,951 million (+9.3% vs. 2016) following the incorporation of BPI.
- CaixaBank’s loan portfolio amounted to €200,956 million (-1.9% vs. 2016). The performance of the various segments was impacted by household deleveraging, the reduction of exposure to the real estate developer sector and increased funding of companies.
- There was a 22.4% increase in new consumer loans following the marketing activities in the year.
- Proximity to the customer is one of the key strengths of the CaixaBank’s Group’s value proposition, which dedicates 72% of its lending to retail financing (individuals and SMEs).

<table>
<thead>
<tr>
<th>Segment</th>
<th>Percentage</th>
<th>Value in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>15%</td>
<td>33,262</td>
</tr>
<tr>
<td>Real estate developers</td>
<td>3%</td>
<td>7,101</td>
</tr>
<tr>
<td>Public sector</td>
<td>6%</td>
<td>11,998</td>
</tr>
<tr>
<td>Individuals</td>
<td>57%</td>
<td>128,490</td>
</tr>
<tr>
<td>Large companies</td>
<td>19%</td>
<td>43,100</td>
</tr>
</tbody>
</table>

2017

DIVERSIFICATION OF THE GROUP’S LOAN PORTFOLIO
Percentage of gross loans and absolute value of financing
In € million
EXCELLENT LIQUIDITY LEVEL

- Total liquid assets stood at €72,775 million at 31 December 2017.
- The loan-to-deposits ratio stood at 107.7%, reflecting the solid structure of retail financing.

**Ratings**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Long term</th>
<th>Short term</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>BBB</td>
<td>A-2</td>
<td>Positive</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB</td>
<td>F2</td>
<td>Positive</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Baa2</td>
<td>P-2</td>
<td>Stable</td>
</tr>
<tr>
<td>DBRS</td>
<td>A (low)</td>
<td>R-1(low)</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Note: information to 29 January 2018.
3. Active capital management

Strategic objectives

- To manage capital actively, anticipating new regulatory requirements.
- To maintain a policy of high and stable dividends (minimum cash pay-out of around 50% of profits).
- To reduce unproductive assets (non-performing loans and foreclosed assets).

2017 milestones

CaixaBank continued to anticipate and adapt to the capital requirements set down by regulatory bodies. In 2017, the bank completed various issuances of subordinated instruments, including its first placements of contingent convertibles and non-preferred senior debt, all of which enabled it to strengthen its capital ratios. The Common Equity Tier 1 (CET1) and total capital ratios, both fully-loaded, came in at 11.7% and 15.7%, respectively, in December 2017, comfortably higher than the minimum prudential requirements.

In the second half of the year, the European Central Bank, as the bank’s supervisory authority, approved the prudential deconsolidation of CaixaBank and CriteriaCaixa, and began to apply its capital adequacy and liquidity requirements to CaixaBank alone.

The bank has continued to pursue its strategic objective of reducing the volume of non-performing assets. Excluding BPI, the balance of non-performing loans has fallen by more than €1,600 million in the year, to €13,086 million, due, above all, to the fall in new defaults and sales of real estate portfolios. Further, intensive commercial efforts (sales and rentals of real estate assets) enabled the Bank to continue reducing its available-for-sale foreclosed assets. Proceeds on sales of these assets have improved in response to higher levels of coverage and the gradual recovery of the real estate sector.

Reducing these assets as quickly as possible is a key strategic priority. As a result various significant actions were taken in 2017, including enhancing the management of non-performing loans by the network and sales of foreclosed real estate assets.
Priorities for 2018

- Reducing instances of default and the volume of foreclosed real estate assets.
- Anticipating new regulatory requirements relating to solvency.
- To foster the highest quality in regulatory, risk and management information.

*Includes the pro-forma impact of Barclays Bank, SAU.
SOLVENCY

ONE OF THE GROUP’S TOP PRIORITIES IS TO ENSURE THAT ITS CAPITAL IS FULLY OPTIMISED

- At 31 December 2017, CaixaBank’s fully loaded CET1 ratio stood at 11.7%; its Tier 1 ratio at 12.3%; its total capital ratio at 15.7%; and its leverage ratio at 5.3%. According to the criteria in force in 2017 for the phased-in implementation, regulatory capital and leverage were: CET1 of 12.7%, Tier 1 of 12.8%, total capital of 16.1%, and leverage ratio of 5.6%.
- Fully loaded risk weighted assets totalled €148,695 million.
- The European Central Bank (ECB) and the national supervisor require the CaixaBank Group to maintain regulatory CET1, Tier 1 and total capital ratios of 7.375%, 8.875% and 10.875%, respectively, at 31 December 2017 (including the phased-in implementation of the capital conservation and systemic risk buffers), which climb to 8.75%, 10.25% and 12.25% in a fully-loaded approach. Due to the transitional application of buffers, the regulatory requirements for 2018 are 8.063% for CET1, 9.563% for Tier 1 and 11.563% for Total Capital. These requirements remain unchanged in 2018 on a fully loaded basis. The CaixaBank Group’s current ratios show that the requirements imposed on the Group will not trigger any of the automatic restrictions envisaged in applicable capital adequacy regulations relating to payouts of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments.

ASSET QUALITY

SIGNIFICANT IMPROVEMENT IN ASSET QUALITY

- This brought the NPL ratio at 31 December 2017 to 6.0% (-0.9 percentage points vs. 2016).
- CaixaBank’s non-performing loans (NPL) fell by €1,668 million in the year.
- The main risk segment - lending to individuals for house purchases - features a very diversified portfolio, with good collateral and a low NPL ratio (4.2%).
ON-GOING REDUCTION IN LENDING EXPOSURE TO DEVELOPERS

- 2017 saw a continuation of the downwards trend in exposure to the real estate development sector, which fell by 11.5%.
- Finished homes account for 63.5% of the portfolio.
- Coverage for non-performing assets in this segment stands at 44%.

REDUCTION IN THE PORTFOLIO OF FORECLOSED REAL ESTATE ASSETS, WITH INTENSIVE COMMERCIAL EFFORTS YIELDING POSITIVE RESULTS

- The underlying principle guiding CaixaBank’s management of non-performing assets is to help borrowers meet their obligations. When the borrower no longer appears to be reasonably able to fulfil these obligations, foreclosure proceedings are initiated.
- Decrease in the carrying amount of available-for-sale foreclosed assets to €5,878 million (€378 million vs. 2016). The coverage ratio remains unchanged at 58%.
- In addition, real estate assets held for lease amounted to €3,030 million, net of provisions. The occupation rate for this portfolio is 88%.
- Total properties rented or sold amounted to €1,694 million in 2017, with positive returns from sales in the year (20% of net carrying amount). The composition of the portfolio of available-for-sale foreclosed real estate assets, 57% of which is finished buildings, is a unique factor aiding in the sale of these properties on the market.
4. Leading the digitisation of banking

**Strategic objectives**

- To consolidate leadership in multi-channel and mobile banking.
- To develop the digital relationship, experience and contracting of customers.
- To roll out strategies in response to new technologies, new entrants and regulatory changes.

**2017 milestones**

In 2017, 55% of CaixaBank’s customers were digital. The bank consolidated its leading position amongst digital customers with 33% market penetration, 11 percentage points clear of second place.

CaixaBank is continuing to enhance the customer experience and is championing a relationship based not only on availability “anywhere and anytime” but also on offering a truly bespoke service. Since the roll-out of the Strategic Plan, the bank has launched various groundbreaking initiatives such as imaginBank mobile banking, which currently boasts over 500 thousand customers; the “My Finances” smart manager, with more than three million users; the CaixaBankPay mobile payments tool and new online advice channels and services.

CaixaBank is one of the leaders in applying new technologies, such as big data, artificial intelligence and blockchain. Big data and artificial intelligence enable companies to improve their efficiency and the service they provide to customers. CaixaBank is the first financial institution in Spain to launch an artificial intelligence solution, with the imaginBank chatbot. CaixaBank is also involved in various initiatives involving blockchain, including a consortium aiming to facilitate and speed up foreign trade transactions.

Another priority is promoting the multi-channel approach and strengthening commercial effectiveness. The percentage of transactions carried out through Línea Abierta climbed 86% in the year, up 6 percentage points on 2014, freeing up the commercial network to spend more of its time advising and offering added-value services to customers. CaixaBank has also deployed over 29,900 Smart PCs to its commercial and sales employees, thus making them fully functional outside the office and improving commercial activity by allowing products and services to be arranged and signed for digitally.

CaixaBank is also continuing to give the maximum priority to defence against cyber attacks. The bank has a number of control and prevention initiatives under way to guard against cyber attacks and to protect data, processes and systems.

Numerous international awards and accolades have made CaixaBank an international benchmark when it comes to innovation. Highlights here include the “Model Bank of the Year” award from Celent, “Best Artificial Intelligence Project” from The Banker and “Best Digital Bank in Spain and Europe” from Global Finance, amongst others.
Priorities for 2018

- Optimising the experience and mobility of digital customers when arranging products and services.
- Completing big data infrastructure and helping to develop new big data applications.
- Digitalising processes that impact on efficiency and improve the customer experience.
- Identifying opportunities for new business models (e.g. Open Banking) and technologies (e.g. artificial intelligence).
- Fostering information security strategies.
OUR INNOVATION MODEL

Objectives

To identify, anticipate and test new technologies and emerging trends with potential impact on the financial system and the organisation.

Trend analysis, focusing on:
- **Digitalising the** customer and employee experience through portfolio products and services.
- **Incorporating new products and services** derived from technological developments and new needs.
- **Developing new channels for interaction**, particularly mobile.

New players

Exploration and collaboration with new players in the financial market to identify opportunities for improvements.

Analysis of technological trends, focusing on:
- **Cognitive Computing** to create new ways of checking information and automate business processes.
- **Blockchain** to streamline interaction with third parties.
- **Identification and biometry** to facilitate and foster digital-channel processes.
- **Internet of things** to introduce technology into branches.

New technologies

Working with experts to identify and test technological developments and assess their capacity for integration into CaixaBank to transform the business.

Fostering collective intelligence and co-creation through the involvement of **customers and employees**, and collaboration with financial and other entities.

Our model

Based on three pillars to identify drivers of business transformation.

Collective intelligence and co-creation

Open and participative model for customers and employees, who are involved in designing new solutions.
• Analysis of trends and the business models of new entrants and competitors in the sector.
• Regular contact with companies, particularly in the tech sector, to assess collaboration opportunities.
• Collaboration with universities and tech companies, to keep up-to-date with the latest trends and companies.

Collaboration with leading partners to test new technologies:
• IBM-CaixaBank Innovation Centre: for advanced management of technological infrastructure, using, for example, cognitive computing and blockchain.
• Innovation Centre with Everis, for integration of new technologies in branches, etc.
• Partners in the big data sphere, for regular use of advanced modelling techniques for commercial, risk-assessment and fraud-prevention purposes.
• Agreements with universities and other entities to develop solutions for processing purposes, biometric solutions, etc.

Blockchain consortia
Active involvement in consortia with other entities for the construction of blockchain infrastructure with various user cases.

imaginChallenge
A 24-hour hackathon for mobile app developers, makers, designers and creators.

Design Thinking
Development of new financial services, based on joint design with end users.

Business transformation
Transformation and evolution projects for the entity to anticipate and meet the needs of customers, maintaining our competitive advantage and levels of service.

Recognition
Best Digital Bank in Spain 2017
Best Digital Bank in Western Europe 2017
Global Finance

imagin
Pioneering chatbot for checking customer offers and promotions

Videoconferencing
Specialist advice service

Best global tech project 2017: Artificial intelligence
The Banker:
Focus on innovative, multi-channel banking

**OUR COMMITMENT TO INNOVATION IS REFLECTED IN OUR HEAVY INVESTMENT IN DEVELOPMENT AND TECHNOLOGY**

In million €

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>308</td>
<td>in total in 2017</td>
</tr>
<tr>
<td>94</td>
<td>in R&amp;D and innovation activities</td>
</tr>
</tbody>
</table>

**DIGITAL CHANNELS COMPLEMENT PHYSICAL CHANNELS**

+ **QUALITY**
+ **CONVENIENCE**
+ **EFFICIENCY**

- Freeing up network resources to improve the customer experience through advice and other value added services
- Enabling us to offer tailored services, anywhere and at any time

**Transactions by channel**

- **POS and automatic**: 31%
- **ATMs**: 7%
- **Branches**: 6%
- **Internet and mobile**: 56%

(+41% vs. 2016) in the number of transactions using mobile devices

**INCREASED LEADERSHIP IN THE ADOPTION OF MOBILE SOLUTIONS**

- Around 30,000 Smart PCs deployed
- 98% digital signatures
## Leader in digital channels

<table>
<thead>
<tr>
<th>Internet</th>
<th>Mobile</th>
<th>ImaginBank</th>
<th>ATMs</th>
<th>Payment methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders in service quality for the 8th year running (AQmetrix)</td>
<td>Leaders in service quality (AQmetrix) and functionality (Forrester)</td>
<td>The most highly rated mobile bank for finance in Spain (Apple Store/Google Play)</td>
<td>Over 250 options available from our terminals</td>
<td>Market leader, with 16.3 million cards in circulation</td>
</tr>
</tbody>
</table>

### World leader
- **Active customers**: 55% of customers are digital
- **Market penetration**: 31.1% (No. 1 domestic and international)
- **Transactions made**: 2,446 million

### New solutions
- Launch of TimeMap and PlanA, a 100% digital experience that offers an investment plan tailored to the needs of Private and Premier Banking customers
- New pension plan recommender based on the customer’s profile

### Advanced services
- AppAgroBank, new application for the AgroBank segment
- CaixaBankPay, a mobile payment solution using NFC technology, with more than 200,000 regular users

### Advanced solutions
- ImaginBoard, enables P2P payments from WhatsApp and through Apple’s Siri assistant
- Incorporation of Apple Pay
- New biometric identification using Face ID
- First banking chatbot in Spain

### New services
- Renovation of the network to improve the overall functionality of our assets
- Withdrawals using PIN, with no need for a card
- More personalisation of menus

### Contactless technology
- 64% of cards (+11.4% vs. 2016) and 90% of POS
- 32% of total card turnover
- Record turnover on Black Friday (+9.3% on cards and +8.8% on POS vs. 2016)

* Latest available figures (Bank of Spain)
5. To have the best prepared and most dynamic team possible

**Strategic objectives**

- To continue training in key professional skills.
- To foster a management model based on empowerment.
- To adapt the compensation and promotion structure.
- To strengthen the culture of performance-based advancement and diversity.

**2017 milestones**

CaixaBank continues to prioritise training and developing the skills of its employees. Since the launch of its Training Academies in 2016, CaixaBank has tailored its training content to the needs of the various areas of the business while making a sustained effort in relation to certification. More than 10,500 of the bank’s employees have been certified by the Pompeu Fabra University (UPF), keeping ahead of the new MiFID II regulatory requirements.

A number of specific actions have been taken to foster a decentralised management model in all of the regional divisions based on empowerment, to foster the role of the branch manager and encourage increased involvement. The Bank is also continuing to push its management development programmes in a bid to improve its “transformational leadership” model. To this end, it has launched the “Rethink” programme to certify leadership competences, and foster a strategic vision and a transverse approach across the organisation.

All bonus and incentive schemes were reviewed in 2017, incorporating the latest regulatory developments, in order to improve and simplify the incentives model for the branch network and associated processes – such as calculation, communication and monitoring – and achieve greater transparency, visibility and participation.

Progress has also been made on the strategic priority of reinforcing its meritocratic culture, updating profile competencies and reviewing the assessment model to foster professional development and internal talent.

Turning to initiatives aimed at promoting diversity, highlights include the “Wengage” programme, which pursues four main objectives: reinforcing the role of women with initiatives for their professional development; championing a corporate culture that values diversity; improving human resource processes to strengthen the merit-based system; and greater visibility of diversity within the organisation.

This programme also includes actions that contribute to fostering equal opportunities and the value of diversity in the company. The percentage of women in management positions at the bank is currently 39.1%, 4.5 percentage points more than in 2014.
Priorities for 2018

- To continue the specific training roadmaps for key segments.
- To continue enhancing the status of the branch manager.
- To further develop the talent assessment culture (assessment by competencies, 180º feedback and performance assessment).
- Continuing to foster all forms of diversity (gender, functional, generational, cultural, etc.) by continuing to roll out specific gender and functional diversity programmes.
- To foster the identification and development of talent in non-management employees.
- Review and updating of succession plans.
- Continuing to adapt remuneration and promotion models to the needs of each business segment.
A GREAT TEAM

CaixaBank predicates its people management policy on respect for diversity, equal opportunities and non-discrimination on any grounds, including gender, age or disability. As a result, it is firmly committed to ensuring transparency in its hiring and internal promotion decisions, across the board.

The bank has defined the following management policies and principles:

- Diversity, equal opportunities and work-life balance
- Promoting career development.
- Inclusion of performance-based criteria in internal selection and promotion processes.
- Performance-based variable pay directly linked to individual and team targets.
- Occupational health and safety
- Optimisation of internal communications.

The bank considers it essential to ensure the satisfaction of its employees and a positive working environment, with motivated and committed teams. Every two years, it carries out a Satisfaction Survey to capture the opinions of all CaixaBank employees, enabling improvement actions to be identified and prioritised.

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2016-2017 IMPROVEMENT PLAN

The bank launched an improvement plan in 2016 based on analysis of the conclusions of the 2015 Satisfaction Survey, to which more than 19,000 people responded. The plan is built around the opinions of employees, reflecting CaixaBank’s trust in, and commitment to, its team. Roll out of the action plans implemented in 2016 continued in 2017.

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36,972
The CaixaBank Group in 2017

29,119
People working in CaixaBank

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>53.5%</td>
<td>53.8%</td>
</tr>
<tr>
<td>Nationalities</td>
<td>69</td>
<td>74</td>
</tr>
<tr>
<td>University graduates</td>
<td>95.9%</td>
<td>95.9%</td>
</tr>
<tr>
<td>Talent retention rate</td>
<td>92.0%</td>
<td>89.0%</td>
</tr>
<tr>
<td>Employees on fixed, permanent contracts</td>
<td>95.9%</td>
<td>95.9%</td>
</tr>
<tr>
<td>Employees trained</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Training hours per employee per annum</td>
<td>59.2</td>
<td>66.8</td>
</tr>
<tr>
<td>On-line training compared to total training</td>
<td>90.9%</td>
<td>90.9%</td>
</tr>
</tbody>
</table>
AN IDEAL TEAM

CaixaBank always works to achieve the optimum structure and workforce to offer the best possible service, whilst seeking to rejuvenate its workforce. With this objective in mind, in 2017 it offered a voluntary employee restructuring plan to employees aged 56 and over.

At the same time CaixaBank remains committed to creating employment, offering opportunities to young professionals to join the bank as their first job, and to seasoned professionals who are leaders in the market, hiring more than 1,031 people in the year.

Finally, an agreement was reached with employee representatives of Store branches that enabled a change to the business model, extending customer service hours in some branches to adapt to customer needs and offer a better service. The 28 April 2017 employment agreement provides for the application of new working hours in 290 Store branches by the end of 2018.

DIVERSITY, EQUAL OPPORTUNITIES AND WORK-LIFE BALANCE

CaixaBank’s commitment to equality and work-life balance is demonstrated by its adherence to various initiatives and certification schemes, and by the sustained growth in female representation in the Group’s management ranks and governance bodies, which is above the average for IBEX 35 companies.

• Family-responsible company certification, maintaining a rating of B+ as a Proactive company.
• The UN’s Women’s Empowerment Principles, through which CaixaBank publicly assumes a commitment to ensure that its policies promote gender equality.
• Signature of the Ministry of Health, Social Services and Equality’s More women, better companies voluntary agreement, to secure a greater percentage of women in executive positions.
• The Diversity Charter, supporting equality of opportunities and anti-discrimination measures.
• The Generation and Talent Observatory, to foster the management of inter-generational diversity in organisations.

TRAINING AND DEVELOPMENT

One of the bank’s priorities is to bolster its meritocratic culture and ensure that it has the best qualified professionals, fostering their critical professional competencies.

To this end, it invests heavily in training – totalling around 1.72 million hours in 2017 – and professional and management development programmes. 99.6% of management posts were covered internally in 2017.
Active risk management

CaixaBank optimises the relationship between the risks and returns on its business activity to enhance its leadership of retail banking and bolster its position as one of the most robust European banks. It achieves this through its corporate governance system and effective risk management and control, in line with its business model, the expectations of its stakeholders and international best practices.

Core elements of risk management and control

- Governance and organisation: A structure based on the Three Lines of Defence model that provides a reasonable degree of assurance that the Group will achieve its objectives.
- Internal control framework: Institutional processes that assess changes to the Group’s risk profile (recent, future and hypothetical in stress scenarios).
- Risk planning: Ensures appropriate risk control is exercised by the governance bodies and management committees, and the specialisation of employees.
- Risk Culture: CaixaBank’s Risk Culture is based, among other things, on general risk management principles, employee training and evaluation of variable remuneration for employee performance.
- Risk Catalogue: An annually-reviewed list and description of the material risks identified in the Risk Assessment, facilitating monitoring and reporting of the Group’s risks, both internally and externally.
- Risk Appetite Framework (RAF): A six-monthly risk self-assessment, covering all the risks in the risks Catalogue. This includes a process for identifying emerging risks that may be incorporated within the catalogue.
- Risk governance, management and control system: A comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the Group’s strategic objectives for all risks included in the Catalogue.
Risk appetite framework (RAF)

The Board of Directors has established four key dimensions expressing the Group’s aspirations for the main risks in the Corporate Risk Catalogue:

- **Loss buffer**: to maintain a medium-low risk profile and a comfortable level of capital adequacy to strengthen the position as one of the soundest entities in the European banking market.

- **Liquidity and funding**: to always be able to meet obligations and funding needs in a timely manner, even under adverse market conditions, with a stable and diversified funding base to protect and safeguard depositors’ interests.

- **Composition of the business**: to maintain leadership in the retail banking market and generate income and capital in a balanced and diversified manner.

- **Franchise**: committed to the highest ethical and governance standards in business conduct, encouraging sustainability and social responsibility, and ensuring operating excellence.

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### INTERNAL CONTROL FRAMEWORK

#### 3 lines of defence

**The first line of defence**: comprising the bank’s business lines (risk takers) and support functions. These are responsible for developing and maintaining effective controls over their business. They are also responsible for identifying, managing and mitigating the risks they originate, and for operating an adequate control environment.

**The second line of defence**: comprising the Global Risk Management Function (RMF) and Compliance.

These functions identify, measure and monitor risks, establishing management policies and control procedures. They are also responsible for independent review of their application by the first line of defence.

**The third line of defence**: Internal Audit oversees the activities of the first and second lines of defence. It does this by reviewing the risk control environment, compliance and the effectiveness of corporate policies, providing independent information on the control model.
CaixaBank has defined a Corporate Risk Catalogue that facilitates monitoring and reporting of the Group’s risks. These risks have been approved by the Board of Directors and are reviewed annually.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk management</th>
<th>Situation and main activities in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profitability risk</strong></td>
<td>• Management of this risk is based on defining a Strategic Plan, underpinned by financial planning that reflects this strategy. Compliance with the strategy and the budget is monitored continuously. Having quantified any potential deviations and identified their cause, the conclusions are submitted to the management and governance bodies to assess whether any changes are needed to ensure compliance with internal objectives.</td>
<td>• In 2017, average profitability measured in terms of RoTE (return on tangible equity) approximated the Group’s cost of capital, while actions were also undertaken to contain future costs. Taken together with prudential risk management, these measures are laying the foundations for greater future profitability.</td>
</tr>
</tbody>
</table>
| **Own Funds/Solvency**                    | • Management activity focuses on maintaining a low-medium risk profile and comfortable capital adequacy to cover any unexpected losses.  
• Objectives:  
  – 11% minimum common equity tier one (CET 1), comfortably exceeding Basel III requirements.  
  – Weight of investees < 10%. | • Regulatory CET1 capital of 11.7%. The minimum requirements are comfortably exceeded. The MDA\textsuperscript{1} buffer at 31 December stood at €5,856 million.  
• The acquisition of 84.5% of the Portuguese bank BPI had a -115 basis points impact on regulatory CET1.  
• A number of issuances of capital were carried out in the year: one of €1,000 million of AT1 debt, and three of subordinated debt (Tier 2) amounting to €2,150 million (which comfortably offset the amortisation of the issuance of €1,302 million of subordinated debt million in August). |
| **Funding and liquidity**                 | • This is managed based on: a liquidity management system decentralised for the entities of the CaixaBank Group (CaixaBank S. A. and BPI) with segregation of functions; holding an efficient level of liquid funds; active liquidity management; and stable and sustainable funding sources under both normal and stressed conditions. | • A robust liquid asset position for the existing financing structure:  
  – Immediately available bank liquidity of €72,775 million.  
  – Group CaixaBank LCR ratio of 202%. |

\textsuperscript{1} The capital threshold below which there are limits on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments.
### Credit risk

Risk of a decrease in the value of the CaixaBank Group's assets due to uncertainty about a counterparty's ability to meet its obligations.

- This is the most significant risk for the Group's balance sheet and arises from its banking and insurance business, treasury operations and investee portfolio.
- Its management is characterised by a prudent approvals policy and appropriate coverage.
- The management lifecycle takes an end-to-end approach to transactions.

- Stable improvement trend in balance sheet credit-quality metrics. This is exemplified by non-performing assets, which remain on a downwards trend (from an NPL ratio of 6.9% in 2016 to 6.0% at year-end 2017).
- A general improvement in concentration metrics, particularly in businesses considered non-core for CaixaBank.

### Market risk

Risk of a decrease in the value of the Group's assets held for trading or an increase in the value of its liabilities held-for-trading and in the held-to-maturity portfolio, due to fluctuations in interest rates, credit spreads, external factors or prices in the market where the assets and liabilities are traded.

- This is managed based on: daily risk estimates, testing of the quality of these measurements (back testing), calculation of hypothetical results in the event of sharp changes in market prices (stress testing) and monitoring and control of limits.
- The Group has put in place a daily VaR limit for its trading activities.

- Low and stable risk, well below the limits set.

### Interest rate risk in the banking book

Negative effect on the economic value of the balance sheet or results, caused by the renewal of assets and liabilities at rates that are different to those previously established, due to changes in the structure of the interest rate curve.

- This risk is managed by optimising the net interest margin and keeping the economic value of the balance sheet within the limits established in the risk appetite framework.
- CaixaBank actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet by its deposits and lending transactions with customers.

- The sensitivity of net interest income over one year to a 100 bp increase or decrease in interest rates compared to the baseline scenario is +7.88% and -1.55% respectively.
- The sensitivity of market value of equity to a 100 bp increase or decrease in interest rates is approximately +3.48% and +1.36%, respectively, compared to the baseline scenario.

### Actuarial

Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans, due to differences between the estimates of claims and actual performance.

- Policies are based on guidelines from the Directorate-General of Insurance and Pension Funds (DGIPF) and monitoring of product performance.
- The Group establishes limits for the net risk retained by each business line, risk and/or event, based on the risk profile and reinsurance costs.
- Compliance with the new requirements introduced by the European Solvency II Regulations, which have been in force since 1 January 2016.

- Performance of the first Annual Solvency II QRT (Quantitative Reporting Templates) reporting.
- Publication of the first Own Risk and Solvency Assessment Report for VidaCaixa.
- Development and improvement of monitoring of the risk appetite established by the Board of Directors of VidaCaixa through its risk management policies.
- Involvement in sector working groups.
### Impairment of other assets

| Reduction in the carrying amount of the equity portfolio and non-financial assets (tangible, intangible, deferred tax assets (DTAs) and other assets) of the Group. |
| Establishment of policies and frameworks to optimise the management of investees within the strategic objectives, with ongoing monitoring of risk metrics and limits, monitoring changes in business and financial information, regulatory changes and the economic and competitive dynamics of the countries and sectors where they operate. |
| Performance of impairment and recoverability analysis, based on generally accepted methodologies. |
| Optimisation of the profitability of the real estate portfolio by distributing it for sale or rent, based on market research. Monitoring the management of the administrative, technical, legal and possessory cleanup of real estate assets. Ongoing monitoring of assets valuations, applying the criteria established by regulatory bodies, with individualised valuation focusing sharply on the most significant assets. |
| Approval of new Risk Management Policy for Investees. |
| Enhancement and formalisation of internal control functions to ensure they operate with integrity and in accordance with prevailing legislation, regulations and internal policies, including, in particular, the identification, measurement, monitoring and disclosure of the risks and controls identified. |
| The trend for real estate risk in the Group is stable, against a currently stable backdrop of regulations on real estate valuation and prices, and given the outlook based on studies by appraisers and the distribution and composition of the portfolio. |

### Legal/Regulatory

| Loss or decline in profitability due to legislative or regulatory changes, errors in interpreting or applying prevailing laws, court rulings or administrative action that goes against the Entity’s interests or tax-related decisions taken by the Entity or the tax authorities. |
| Management aims to anticipate regulatory changes through regulatory monitoring and analysis, and identification of the main risks and impacts. Processes are also developed to adapt to and implement new regulatory requirements, and defend the entity against legal and administrative actions. |
| Involvement in consultations with domestic, European and international regulators. |
| Manage and ensure due knowledge in CaixaBank of the regulations and laws approved, and the criteria of regulators, that comprise the regulatory framework for the financial and non-financial services marketed by CaixaBank and its Group, and its asset management, and legal rulings from CaixaBank and its subsidiaries that share Legal Advisory services with CaixaBank. |
| Coordination of analysis of regulatory impact and implementation of new regulations by establishing criteria and procedures. |
| Assess the legal risk deriving from the products sold, the transactions carried out, the decisions adopted and, in general, the actions of the CaixaBank Group in any area of its activity, and communicate these to the other parts of the organisation through procedures designed for this purpose. |
### Conduct and Compliance

Application of criteria for action contrary to the interests of customers and stakeholders. Also includes weaknesses in procedures that generate actions or omissions that are not in line with the legal or regulatory framework, or with the internal codes and rules, which could result in administrative sanctions or reputational damage.

<table>
<thead>
<tr>
<th>Risk management</th>
<th>Situation and main activities in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Management model based on the three lines of defence.</td>
<td>• Formalisation and implementation of the annual Compliance Plan, which makes it possible to identify, measure, supervise and report to the governing bodies.</td>
</tr>
<tr>
<td>• The General Control &amp; Compliance Subdivision, which encompasses the Corporate Regulatory Compliance Division, reviews conduct and compliance risk as part of its independent function as the second line of defence for this risk, reporting directly to the CEO.</td>
<td>• Significant advances in the development and execution of the action plan for the integration of BPI into the Compliance supervision model at the Group level.</td>
</tr>
</tbody>
</table>
| • Ongoing implementation of the strategic transformation project for the control and compliance culture:  
  - A number of regulatory courses have been launched that are mandatory for all of the entity’s employees, and the Control & Compliance website has been designed and rolled out.  
  - Consolidation of the general management framework governing potential conflicts of interests into a general conflicts of interest policy, providing benchmarks for all Group companies.  
  - Updating of policies and regulations on the prevention of money laundering and international financial sanctions.  
  - Reassessment of the Criminal Compliance model, with the creation of a new committee, the updating of the Policy and its extension to Group subsidiaries. | |
### Operating processes and external events

<table>
<thead>
<tr>
<th>Risks</th>
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<th>Situation and main activities in 2017</th>
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</thead>
<tbody>
<tr>
<td>Loss or damage caused by operational errors in processes related to</td>
<td>• This risk is managed by the Operational Risk Committee, with representatives of</td>
<td>• Performance of the annual operational risk self-assessments.</td>
</tr>
<tr>
<td>the bank’s activity due to external events beyond its control or</td>
<td>the three lines of defence.</td>
<td>• Consolidation of the level 2 RAF metrics for technology and conduct risk, and implementation of a legal risk metric.</td>
</tr>
<tr>
<td>third parties, whether accidental or fraudulent. Includes errors in</td>
<td>• It is managed using a number of tools, including: loss databases (DBs), risk</td>
<td>• Initial analysis of the impact of the future implementation of the new method for calculating capital requirements (SMA).</td>
</tr>
<tr>
<td>the management of suppliers, model risk and the custody of securities.</td>
<td>indicators (KRI), extreme scenarios, risk self-assessments and generation of</td>
<td>• Integration of BPI into the corporate management framework for operational risk, to converge towards consistent management at the Group level.</td>
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<tr>
<td></td>
<td>weak points, as applicable.</td>
<td>• Updating of the operational risk taxonomy, to bring it into line with the new corporate risks catalogue.</td>
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<td></td>
<td>• The objective of monitoring these tools and weak points is to foster</td>
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<td></td>
<td>improvement actions by the three lines of defence through changes or</td>
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<td></td>
<td>improvements to processes and controls, so as to reduce future operational</td>
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<td>losses and bring them into line with the operational risk tolerance</td>
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<td></td>
<td>established in the Risk Appetite Framework.</td>
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</table>

### Reliability of financial reporting

<table>
<thead>
<tr>
<th>Risks</th>
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<th>Situation and main activities in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficiencies in the accuracy, integrity and criteria of the process</td>
<td>This is managed in a number of ways:</td>
<td></td>
</tr>
<tr>
<td>used when preparing the data necessary to evaluate the financial and</td>
<td>• Accounting control of each monthly close.</td>
<td></td>
</tr>
<tr>
<td>equity position of the CaixaBank Group.</td>
<td>• Internal control over financial reporting (ICFR), designed as set down by</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the CNMV as part of the second line of defence in the three lines of</td>
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<tr>
<td></td>
<td>defence model.</td>
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<tr>
<td></td>
<td>• Validation of the financial planning and capital process by the second line</td>
<td></td>
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<tr>
<td></td>
<td>of defence.</td>
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</tr>
<tr>
<td></td>
<td>• Quarterly monitoring of second level RAF metrics with alert thresholds.</td>
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<tr>
<td></td>
<td>• Monitoring and analysis of compliance with the various aspects of the</td>
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<td>financial information verification and disclosure policy.</td>
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</table>

### Reputational

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk management</th>
<th>Situation and main activities in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>The possibility that CaixaBank’s competitive edge could be blunted</td>
<td>• CaixaBank’s reputation scorecard (CMR) enables it to continuously monitor</td>
<td>• Review and enhancement of the Global Reputation Index (GRI), adding new indicators and including BPI in the analysis and measurement scope.</td>
</tr>
<tr>
<td>by loss of trust by some of its stakeholders, based on their</td>
<td>its key reputation indicators. This is also used to prepare the annual</td>
<td>• Updating of the Reputational Risk Map in response to the Entity’s current position and external circumstances. New risks that need to be prevented have been added</td>
</tr>
<tr>
<td>assessment of actions or omissions, real or purported, by the bank,</td>
<td>Global Reputation Index, a comparable metric with a multi-stakeholder approach</td>
<td>and some existing risks have been reformulated.</td>
</tr>
<tr>
<td>its senior management or governing bodies, or because of related</td>
<td>that enables CaixaBank to set objectives for more efficient reputation</td>
<td>• Approval of the Socially Responsible Banking Plan (see page 28).</td>
</tr>
<tr>
<td>unconsolidated entities becoming bankrupt (step-in risk).</td>
<td>management.</td>
<td>• Roll out of the Reputational Risk Support Service (RRSS) to handle branch enquires concerning matters that could result in a breach of the corporate responsibility policies.</td>
</tr>
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</tbody>
</table>
Giving back to society

CaixaBank is one of the key players in the Spanish economy. The bank works to champion economic activity and business productivity, contributing to the generation of employment and financial inclusion. To this end, its financial strength is key to enabling it to safeguard jobs, acquire products and services from suppliers, compensate shareholders and thus help fund the community work pursued by the “la Caixa“ Banking Foundation and its Welfare Projects.

Impact of our activity in Spain

CaixaBank contributes directly to the country’s economy through its financial activities and indirectly through the effects of its spending with suppliers, the salaries of its employees, dividends paid to its shareholders and the production activity of the businesses and self-employed professionals it finances.

The bank also believes it is duty-bound to contribute to public finances, based on a fiscal policy underpinned by principles of responsibility, prudence and transparency.

JOBS CREATION

The bank is an important source of job creation:

- Directly, with its more than 36,972 employees.
- Indirectly, generating 32,438 jobs through the multiplying effect of its purchases from suppliers.
- Induced, as a result of its employees and suppliers purchasing products and services and from financing its customers.

The bank is also involved in promoting the “la Caixa” Foundation’s Incorpora programme through its branch network, promoting employment for individuals at risk of exclusion. More than 10,800 companies are involved in this programme, which generated more than 30,000 job opportunities during the year.

CAIXABANK’S CONTRIBUTION TO THE SPANISH ECONOMY

Direct and indirect contribution to Spain’s GDP

7,511 million euros
(0.65% of GDP)

Payments to suppliers

1,715 million euros
(98.5% domestic)

Tax contribution

1,941 million euros
Boosting economic and business activity

CaixaBank continues its commitment to serve the productive sector and families, and works to foster innovation and entrepreneurship.

SELF-EMPLOYED PROFESSIONALS AND BUSINESSES

In 2017 there was a 16% increase in lending to companies (not including loans to large corporations), with a market share of 15% (+81 basis points vs. 2016).

CaixaBank has also continued to enhance its specialist value propositions.

By key segments, through:

- Launch of the Hotels & Tourism value proposition, with a specialist team and offering focusing on the tourism market. Production of loans amounted to €1,500 million in 2017.
- The BusinessBank service, specialising in small companies and entrepreneurs with whom we share an innovative attitude, in which we offer an office space kitted out with the most advanced technology to facilitate co-working.
- DayOne, a new business line designed to boost technology and innovative companies through exclusive products and tailored financial services.

With a well established customer service model

- A visit model through the Go Business application.
- An on-line service model with specialists in funding, foreign trade and treasury products and services.

Through new transactional and funding products

- Factura Express, a solution for financing invoices.
- Stock credit to finance dealerships, with investment of €96.8 million.
- EIB SME and Midcap facility 2017, to finance investment products and working capital.
- EIB AgroBank 2017 facility, to facilitate the funding of investment projects and the working capital requirements of SMEs and Midcaps in the farming sector.

Through innovative services with high added value

- The CaixaBank Index of Business Internationalisation (ICIE), which makes it easy for customers to find out how simple it is to do business in other countries.
- The on-line Opportunity Network platform, which facilitates commercial contact for companies.
- The AgroBank app, which offers news related to the farming sector (developments in market prices, events and congresses, etc.).
- Signature of a collaboration agreement between Barcelona Tech City and MicroBank to foster business activity related to digital innovation and technology.
MICROBANK

MicroBank, the largest social bank specialising in microfinance in Europe, serving segments of the population whose financial needs are not catered for sufficiently.

- It has been in operation through CaixaBank’s branch network since 2007, boosting economic activity, job creation, self-employment, personal and family development, and financial inclusion.

- It offers a wide range of microcredits tailored to the needs of entrepreneurs, micro-companies, people and families. It also offers basic banking services and manages the activity of the Monte de Piedad, which provides secured loans through four specialist branches.

In 2017, MicroBank continued fostering activity aimed at the most vulnerable groups in society, offering resources to help generate opportunities and enhance their quality of life. This activity included:

- **Microcredits through agreements with collaborating entities**: offering funding to entrepreneurs and facilitating access to technical support and advice through more than 592 collaborating entities.

- **“Confianza” microcredits**: funding coverage for the basic and family needs of people in situations of extreme social exclusion, who also receive support through mutual-aid groups.

- **The Erasmus+ Master’s loan**: enabling university students with no income or collateral to fund master’s degree programmes in other European countries, with repayments starting a year after the course finishes.

- **Financial Education programme**: for people seeking training to help them improve their management of the family budget, enhance their understanding of banking products and services and avoid over-indebtedness.

EMPRENDEDOR XXI PRIZES

The Emprendedor XXI Prizes identify, recognise and assist newly-created and innovative businesses with high potential for growth in Spain. The prizes are awarded through Caixa Capital Risc, in conjunction with ENISA, Spain’s national innovation body.

It has invested €4.28 million as part of Spain’s Entrepreneur’s Day since its creation in 2007, building a community of 289 winners through Spain’s nationwide Entrepreneur’s Day.

The competition was held for the 11th time in September 2017, with 701 participants. The winners will be announced in March 2018.
This version of the report is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.

The non-financial information included in this report was verified by Deloitte, in accordance with the terms expressed in its independent assurance report. The economic and financial information was obtained from the CaixaBank Group's audited 2017 financial statements. Both documents are available on the company's website.