



Group Management Report of  
CaixaBank Group  
**2018**



# CaixaBank in 2018

## Leader in Iberian retail banking

**15.7**  
million  
customers

**€358,482**  
million in  
customer  
funds

**€386,622**  
million  
in total assets

**€224,693**  
million of  
customer loans

## Market presence in Spain\*

**29.3%**  
market  
penetration  
among  
individual  
customers in  
Spain

**26.3%**  
market  
penetration  
as main bank  
among individual  
customers in  
Spain

**15.9%**  
loans (*other  
resident sectors*)

**15.0%**  
deposits (*other  
resident sectors*)

**17.0%**  
investment  
funds

**27.3%**  
savings  
insurances

**24.1%**  
pension plans

**16.5%**  
consumer lending

(\* ) Market penetration: latest available data. Source: FRS Inmark. Other market data compiled by CaixaBank. Source: Bank of Spain, Social Security, INVERCO, ICEA, Card systems and payment methods. Lending and deposits correspond to the resident private sector.

## Financial strength

### Solid capital



**11.5%**  
CET1 *fully loaded*



**15.3%**  
total capital  
*fully loaded*

### Strong liquidity



**€79,530**  
million  
in total liquid assets



**196%** liquidity  
coverage ratio (LCR),  
*average 12 months*

### Strengthened credit quality



**-1.3pp**  
vs. 2017

**4.7%**  
NPL ratio



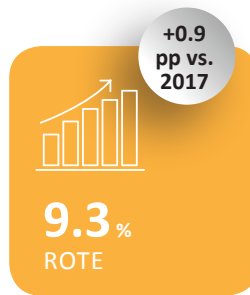
**+4pp vs.**  
2017

**54%**  
NPL coverage ratio

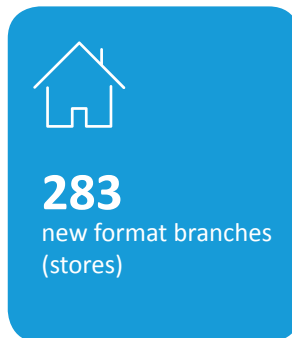


**€-5,138** million  
net foreclosed available-  
for-sale assets

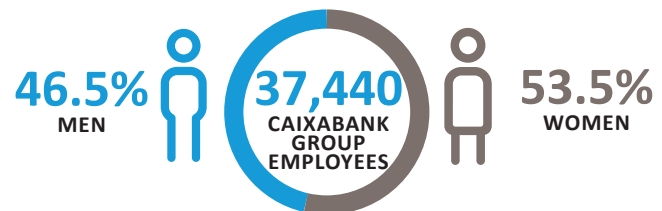
## Income-generating capacity and improving profitability



## At the forefront of digitalisation



## With a diverse team



## Socially responsible banking



## Excellence

CaixaBank ranked the **World's Best Consumer Bank** by Global Finance



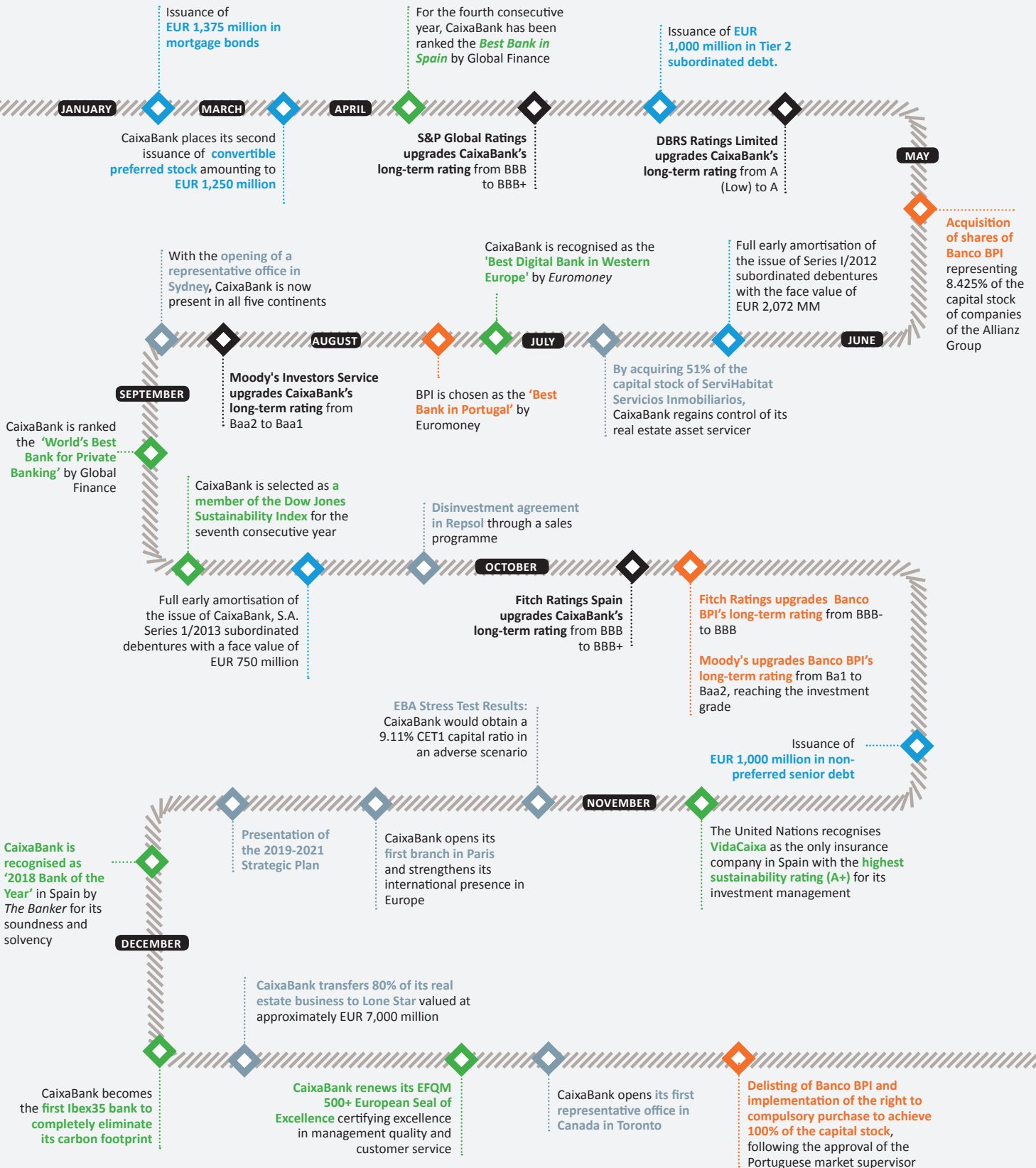
European Seal of Excellence  
EFQM 500+



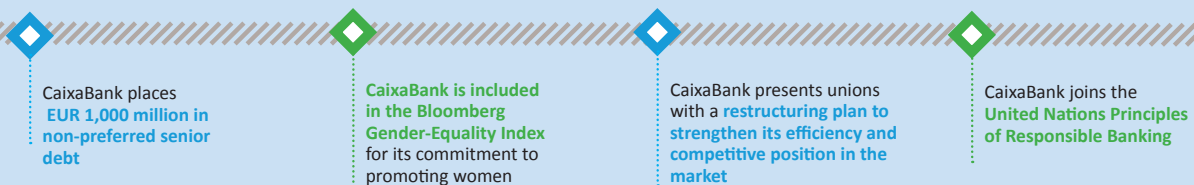
## A recognised value



# Milestones and significant events in 2018



## And in 2019....



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## Letter from the Chairman



*"We aspire to uphold our standing as the leading and innovative financial group, with the best customer service and a benchmark in socially responsible banking"*

Jordi Gual Solé  
Chairman

In 2018 we successfully completed the strategic plan that we launched four years ago and we have begun a new era with the presentation of a new plan for the 2019-2021 horizon. A future of challenges and opportunities lays ahead, which we will face with the satisfaction of work well done and with the assurance inherent in being prepared, as a bank, to continue creating value in a sustainable way, for the customers and the shareholders, the employees and society as a whole.

We have been able to strengthen our commercial leadership year after year throughout the newly completed plan. In Spain, 26.3% of people trust in CaixaBank as their main bank. This leadership, which also broadens to the digital field, with 32% penetration, is made possible thanks to our close retail banking model, which blends a wide range of innovative products and services with the best omnichannel service.

Besides the excellent commercial performance, the bank has closed 2018 meeting all the financial objectives of its strategic plan. Thus, the return has increased, reaching figures over 9%, covering the cost of the capital; the quality of the balance sheet has been improved; the weight of the non-strategic assets has been reduced; and a solid capital position has been upheld, with a capital adequacy ratio over 11%. The acquisition of BPI has also been completed during the past year: a step that wraps up a relationship that began more than two decades ago and which forms the basis of a unique opportunity to strengthen our presence in Portugal under an excellent bank.

We have achieved the foregoing being true to a long-standing banking model of over 110 years of history, based on solid corporate values in terms of quality, trust and social commitment. We are firmly committed to excellence in

customer service, in turn, upholding a major commitment with the improvement of the communities of which we form a part. As reflected in CaixaBank's mission, our aim is none other than to contribute to our customers' financial well-being and to the progress of the whole of society.

Proof of our commitment to society is the collaboration with our main shareholder's social work, the "la Caixa" Banking Foundation, whose budget of over EUR 500 million is partly nourished through our dividends. But at CaixaBank we also undertake our own initiatives intended to foster financial education and inclusion, promoting housing aid programs, environmental sustainability and doing voluntary work, with more than 14,500 CaixaBank employees collaborating in social activities nationwide.

With the new strategic plan, we aspire to uphold our standing as the leading and innovative financial group, with the best customer service and a benchmark in socially responsible banking. To do so, we promote the most demanding standards in ethical and responsible business management, regulatory control and compliance, corporate governance and environmental policy. In this regard, we uphold our firm commitment to the United Nations Global Pact and, recently, we have adhered to this organisation's Principles for Responsible for Banking.

Thanks to CaixaBank's experience and its proven capacity to adapt, we look to the future confident that we will be able to address any new challenges. In this new environment, we will go on committing to a differential banking model, characterised by close ties with the customer, quality of service, social commitment and innovation, with the aim of consolidating long-term relationships with our customers and with society.

I hereby thank all our shareholders, customers and employees for placing their trust yet another year in CaixaBank, driving us to continue adding value and values, contributing to society's well-being and development with our distinctive way of banking.

## Letter from the CEO

In 2018 CaixaBank has maintained its growth track and has consolidated its leading position in retail banking. We have ended the year with successful financial results, having very significantly reduced our non-performing assets, and exceeding the targets of our 2015-2018 strategic plan.

In a highly competitive environment, our excellent commercial performance allowed us to further strengthening our market shares in key products and services. In the Spanish market we have achieved market shares of 21.8% in medium and long-term savings, 27.3% in savings insurance, 21.6% in risk life insurance, 24.1% in pension plans and 15.9% in credit.

Our business model continues to evolve towards providing maximum value to our customers. The high degree of specialization of our business units, the capillarity of our network and the strong advisory ability of our workforce are crucial factors of the success. Furthermore, technology and digitisation play an increasingly important role in facilitating the delivery of a high quality service. We invest intensively in digital and innovative channels and products, leveraging in our own and third party capabilities, with the sole purpose to remain as close as possible to our customers and be able to anticipate their new needs. We continue to hold the leading position in Spain with the largest digital client base.

The excellent commercial activity of 2018 has delivered improvement of the core income of the banking business (+4.2%). This increase in income, together with the higher contribution of BPI and the reduction of the cost of risk, establish the Group's attributable net profit at €1,985m (+17.8%). On the other hand, we continue to give financial strength top priority: we finished the year with exceptional liquidity levels above 79,500 million euros, having made issuances valued at more than 5,600 million euros in all debt formats and upholding high capital adequacy ratios. During 2018 the rating of CaixaBank has been upgraded by the four most relevant agencies.

Two transactions have stood out in 2018: the purchase of 100% of the Portuguese bank BPI was concluded so it has been fully integrated into the group, and the sell of 80% of the foreclosed assets portfolio and the real estate business, which has decisively contributed to reduce our non-performing assets and risk levels.

Thus, we bring to an end a year and a period with success, looking to the future focused on our core business and confident that we can overcome the challenges set out in the recently released 2019-2021 Strategic Plan: promoting digital transformation at the service of our customers and our employees, maintaining sustainable returns for our shareholders and remaining a benchmark in responsible banking.



*"CaixaBank begins its 2019-21 Strategic Plan in a strong position and loyal to its differential model of responsible banking"*

Gonzalo Gortázar Rotaeché  
CEO

A handwritten signature in blue ink, which appears to be 'G. Rotaeché', written over a light blue background.



# Non-Financial Information Statement





Our  
identity

## Our identity

CaixaBank (hereinafter, CaixaBank, the CaixaBank Group, or the Bank) is a financial group with a socially responsible, long-term universal banking model, based on quality, trust, and specialisation, which offers a value proposition of products and services adapted for each sector, adopting innovation as a strategic challenge and a distinguishing feature of its corporate culture, and whose leading position in retail banking in Spain and Portugal makes it a key player in supporting sustainable economic growth.

CaixaBank, S.A. is the parent company of a group of financial services whose shares are traded on the stock exchanges of Barcelona, Madrid, Valencia and Bilbao, as well as on the continuous market, forming part of the IBEX 35 since 2008. It is also listed on the Euro Stoxx Banks Price EUR, the MSCI Europe, and the MSCI Pan-Euro.

### Our mission

*"Helping to ensure the financial well-being of our customers while pursuing social progress"*

CaixaBank offers its customers the best tools and expert advice to make decisions and develop habits that form the basis of **financial well-being** and enable them, for example, to appropriately plan to address recurring expenses, cover unforeseen events, maintain purchasing power during retirement or to make their dreams and projects come true. We do this with:

- specialised advice,
- personal finance simulation and monitoring tools,
- comfortable and secure payment methods,
- a broad range of saving, pension and insurance products,
- responsibly-granted loans,
- and, overseeing the security of our customers' personal information.

Besides contributing to our customers' financial well-being, our aim is to **support the progress of the whole of society**. We are a deeply-rooted retail bank in all areas in which we work and, for this reason, we feel a part of the progress of the communities where we engage our business. We contribute to the progress of society:


- effectively and prudently channelling savings and financing, and guaranteeing an efficient and secure payment system,
- through financial inclusion and education; environmental sustainability; support for diversity; with housing aid programs; and promoting corporate voluntary work,
- and, of course, through our collaboration with the Obra Social (social work) of the "la Caixa" Banking Foundation, whose budget is partly nourished through the dividends that CriteriaCaixa earns from its stake in CaixaBank. A major part of this budget is funnelled into identified local needs through the CaixaBank branch network in Spain and BPI in Portugal.




OUR  
MISSION

To contribute to the financial well-being of our customers and the advancement of society


**OUR VALUES**



Quality




Social commitment




Confidence


**OUR CULTURE**



People, first



Agility, our attitude



Collaboration, our strength

OUR  
STRATEGIC VISION

Leading and innovative financial group with the best customer service and setting the benchmark for socially responsible banking



**CUSTOMERS**

- Setting the benchmark
- Relationship based on proximity and trust
- Excellence in service
- Value proposition for each segment
- Commitment to innovation



**SHAREHOLDERS**

- Long-term creation of value
- Offering attractive returns
- Close and transparent relationship



**SOCIETY**

- Maximising our contribution to the national economy
- Establishing stable relationships and trust with the environment
- Helping to solve the most urgent social challenges
- Transition to a low carbon economy



**EMPLOYEES**

- Ensuring their well-being
- Fostering their professional development
- Promoting diversity, equal opportunities, and reconciliation
- Fostering a meritocratic model

**UNIVERSAL BANKING MODEL**

A socially responsible banking model covering all financial and insurance needs

## Responsible and ethical behaviour: policies, codes and internal standards

CaixaBank's **Corporate Social Responsibility Policy** has been approved by the Board of Directors and is monitored by top-level CaixaBank committees with the direct involvement of Senior Management, which establishes the foundations for responsible activity and economic efficiency with a commitment to the socio-economic development of people and the country. This commitment provides added value to the Company and its stakeholders, and encompasses the entire value chain of the organisation: economic and financial factors of the business, environmental responsibility, customer satisfaction, creation of value through shareholders, the needs and aspirations of employees, the relationship with suppliers and contributors, and the impact on the communities and environments in which it operates.

CaixaBank's Corporate Social Responsibility Policy, based on ESG (Environment, Society and Governance), has established five key strategic areas under the 2019-2021 Strategic Plan with the primary aim of being leaders in responsible management and social commitment.



The Corporate Social Responsibility Policy is aligned with the principles and practices of the various **national and international partnerships and initiatives** to which CaixaBank adheres:

Principal alliances and affiliations



Partnership with the "la Caixa" Banking Foundation, the first Social Action Project in Spain and one of the largest in the world



CaixaBank has held the Spanish presidency of the UN Global Compact since 2012



Public commitment to aligning policies to advance gender equality (2013)



VidaCaixa (2009) and CaixaBank Asset Management (2016) are signatories of the UN Principles for Responsible Investment



Promoting sustainable finance and the integration of environmental and social aspects in business (2018)



Organisation working to reduce emissions and to promote the sustainable use of water (2012)



Work group that creates guides to reinforce transparency on climate risks and opportunities (2017)



Commitment to ESG risk assessment in project financing over EUR 7 million (2007)



Founding partner promoting growth linked to a low-carbon economy (2016)



Defining the role of the financial sector to guarantee a sustainable future (2018)



Commitment to promoting and disseminating new knowledge about CSR (2005)



Principles that promote integrity in green and social bond markets (2015)

CaixaBank is included in the main sustainability indices (index and date of first inclusion)



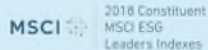
DJSI World  
DJSI Europe  
(2012)



FTSE4 Good Global  
FTSE4 Good Europe  
FTSE4 Good IBEX  
(2011)



Ethibel Excellence Investment Registers (2013)  
Ethibel Sustainability Index Excellence Europe (2013)



MSCI Global Sustainability Indexes (2015)



STOXX Global ESG Leaders indices (2013)



Eurozone 120 Index  
Europe 120 Index (2013)










"Prime" company (2013)

CaixaBank collaborates consistently towards the **achievement of the UN Sustainable Development Goals (SDGs)**<sup>1</sup> set out in the 2030 Sustainable Development Agenda, aiming to end poverty, protect the planet, and ensure prosperity. The SDGs are interconnected and cannot be separated. As a result of its scale and social commitment, CaixaBank contributes to all the SDGs through its activity, social action and strategic alliances.



CaixaBank has established the following SDGs as priorities based on its especially active role: Goal 1 - No poverty; Goal 8 - Decent work and economic growth; and Goal 17 - Partnerships for the goals. In addition, there are four other goals that CaixaBank actively works towards: Goal 13 - Climate action; Goal 5 - Gender equality; Goal 12 - Responsible consumption and production; and Goal 9 - Industry, innovation and infrastructure. These actions have the following aims:

- 
  - Guarantee that all persons, particularly those that are most vulnerable, have the same rights to economic resources, basic services and financial services, including micro-financing.
  - Foster people's resilience and reduce exposure and vulnerability to economic, social or environmental crises.
- 
  - Promote economic productivity (diversification, technological modernisation, innovation and added value).
  - Promote entrepreneurship and innovation, and growth of micro-companies and SMEs by Access to financial services.
- 
  - Promote the constitution of effective alliances in public and public-private setting and civil society.
  - Strengthen the world Alliance for Sustainable Development, through alliances that promote the Exchange of knowledge, skills, technology and financial resources to achieve the SDGs.
- 
  - Include climate-change-related models in policies, strategies and national plans.
  - Improve institutional awareness-raising and skills to mitigate climate change.
- 
  - Oversee the full and effective participation of women and equal leadership opportunities at all levels, including improving and strengthening policies to promote equality and empowerment of women.
- 
  - Adopt sustainable practices and include information on sustainability in reports.
  - Achieve sustainable and efficient management of natural resources.
  - Reduce waste generation.
- 
  - Increase access of industrial SMEs and other companies to financial services, including Access to affordable loans.
  - Foment technological innovation and skills, increasing research investment.

[1] Further information on how the CaixaBank Group contributes to the SDGs is detailed in Appendix: Materiality analysis and GRI content.

Respecting human rights is a key part of CaixaBank's corporate values and the minimum standard of action to conduct business legitimately. Therefore, CaixaBank implements a **Human Rights Policy** and **Code of Ethics and Action Principles**, which constitute the highest level of regulations in CaixaBank's internal hierarchy. These policies have been approved by the Board of Directors and are inspired by the principles of the UN International Bill of Human Rights and the Declaration of the International Labour Organization, as well as other ethical standards and codes of conduct. These documents can be accessed on the CaixaBank website ([www.caixabank.com](http://www.caixabank.com)).

CaixaBank strives to understand the impact of its activity on human rights and is committed to preventing and mitigating any adverse impacts. Therefore, it implements periodic due diligence processes related to human rights (most recently in 2016) and reviews and updates its Human Rights Policy on a regular basis (last updated in 2018).

Human rights are protected through the following actions based on the stakeholder:

#### Our responsibility to the employees

CaixaBank considers its relationship with its employees as one of its main human rights responsibilities.

CaixaBank links its recruitment, management, promotion and development policies of people to respecting diversity, equal opportunities, meritocracy and non-discrimination based on gender, race, age, or other circumstances.

There are confidential channels for employees to process their queries about the interpretation or practical application and report breaches.

#### Our responsibility as a financial service provider

CaixaBank demands from its employees respect for people, their dignity and fundamental values. Similarly, it aims to work with customers that share its values respecting human rights.

Key aspects in this area: developing new financial products and services consistent to CaixaBank human rights goals, the integration of social and environmental risks in decision-making and the avoidance of financing or investment in companies and/or projects related to serious human rights breaches.

#### Our accountability with suppliers

CaixaBank requires its suppliers to respect human and labour rights, and encourages them to implement these rights in their value chain.

Therefore, service provision and product procurement contracts have been adapted to reinforce respect for human rights in the value chain, taking into account the nature and geographical origin, where applicable, of procured goods, and other aspects related to technical issues, solvency, security, health, and the environment.

If any risks are identified, an auditing process is initiated and, where necessary, corrective action plans are prepared. In 2018, a total of 7 audits were conducted.

Activities involving suppliers with a higher social risk potential include those associated with PromoCaixa suppliers located outside the European Union.

Suppliers located in Spain are required to comply with Spanish social and labour regulations.

#### Our responsibility to the community

CaixaBank is committed to supporting human rights in the communities where it operates, by complying with current legislation, collaborating with the government institutions and the courts of law, and respecting internationally recognised human rights wherever it conducts business.

In addition, CaixaBank promotes the dissemination of international human rights principles, human rights initiatives and programmes, and the UN Sustainable Development Goals.

## CaixaBank Code of Business Conduct and Ethics

### Compliance with laws, rules and regulations

- Everyone at CaixaBank must comply with prevailing laws, rules and regulations at all times.

### Respect

- We respect people, their dignity and fundamental values. We respect the cultures of the territories and countries where CaixaBank operates, as well as the environment.

### Integrity and Transparency

- By having integrity and being transparent, we generate trust, a fundamental value for CaixaBank.

### Excellence and Professionalism

- We work rigorously and effectively. Excellence constitutes one of CaixaBank's fundamental values. For this reason, we place our customers' and shareholders' satisfaction at the centre of our professional activity.

### Confidentiality

- We uphold the confidentiality of the information that our shareholders and customers entrust in us.

### Social responsibility

- We are engaged with society and the environment and we take these objectives into account in our operations.

Drawing upon the **ethical values and principles** set forth in its Code of Ethics, CaixaBank has developed a **Code of Conduct** for specific matters. This Code of Conduct has been approved by the Board of Directors and includes the following policies:

- **Legal Compliance Policy:** This policy aims to prevent and deter the commission of criminal offences within the organisation, in accordance with the provisions of the Penal Code on the criminal liability of legal persons. It also helps to reinforce the organisation, prevention, management, and control model, which has been designed in line with the culture of compliance that underlies decision-making at all levels of CaixaBank.
- **Anti-Corruption Policy:** This policy aims to prevent the Company and its employees from engaging in activities that violate CaixaBank's regulations and basic working principles. It covers the following areas: accepting and giving gifts, interactions with political parties, sponsoring, travelling and entertainment expenses, donations and contributions to foundations and NGOs, and principles for dealing with at-risk suppliers, among others. Furthermore, it details the types of conduct, practices and activities that are prohibited, in order to avoid situations that could constitute extortion, bribery, facilitation payments or influence peddling.

Section 6 of the CaixaBank Anti-Corruption Policy strictly prohibits donations to political parties and associated foundations.

- **Defence Policy:** This policy regulates the conditions for maintaining business relations in the sector, as well as establishing restrictions and exclusion criteria.
- **Internal Code of Conduct in the Securities Market (ICC):** This code of conduct aims to ensure that the actions of CaixaBank and companies of the CaixaBank Group, as well as its administrative and management bodies, employees and agents, comply with the applicable standards of conduct set forth in Regulation 596/2014 of the European Parliament, on the Securities Market Law and its implementing provisions. The primary objective is to promote transparency in the markets and to protect the legitimate interests of investors at all times. All relevant persons must understand, comply with, and enforce this Regulation and the current legislation of the securities market related to their specific area of activity.
- **Telematic Code of Conduct:** The purpose of the telematic code is to ensure the proper use of CaixaBank's technical and IT resources. It also aims to raise awareness among employees of the proper way of using the communications network and the IT and communication security systems, both inside and outside CaixaBank facilities.

Furthermore, compliance with or adoption of these Codes of Conduct apply to the companies of the CaixaBank Group, according to the specific conduct types and risks of each company.

In addition to the aforementioned regulations, CaixaBank has a set of internal policies and standards covering a broad range of areas: (i) customer protection, (ii) markets and integrity (including the Internal Code of Conduct for the Euribor/Eonia contribution process), (iii) employee activities, (iv) data protection and information governance, (v) internal governance, (vi) anti-money laundering and counter-terrorist financing, and (vii) sanctions.



CaixaBank is **committed to transparency** and provides its customers with accurate, truthful, and comprehensible information about its operations, fees, and procedures to submit complaints and resolve issues. Furthermore, CaixaBank makes all the relevant financial and corporate information available to its shareholders.

CaixaBank follows the Markets in Financial Instruments Directive (MiFID), an EU directive governing the provision of investment services. This directive directly affects how the bank provides information, advises, sells financial products to customers and potential customers. Order ECC/2316/2015, on disclosure obligations and the classification of financial products is also applicable.

In order to maintain the trust of shareholders, customers, and the operating environment of CaixaBank, specific high-level committees have been created around the Board of Directors. The actions of these committees are key to ensuring that the internal processes help reinforce the honest, responsible and transparent activity of the Company. Under the management of these committees, authorisations are granted for the marketing of new products and services after analysing their characteristics, associated risks, suitability for the target public, and compliance with regulations on transparency and customer protection. In 2018, a total of 261 products/services were analysed, of which 11 were rejected for failing to meet the established principles.

CaixaBank implements procedures to ensure that all its internal codes and policies are applied properly; primarily, the Code of Ethics and the Anti-Corruption Policy. The application of the principles and codes of conduct is endorsed by different training programmes linked to the variable remuneration system and communication initiatives

▪ All CaixaBank employees' **variable remuneration is linked to the compulsory training on Codes of Conduct** and particularly sensitive areas related to reputational risk. The following regulatory courses have been launched in 2019, which are compulsory for all company employees: (i) Basic principles of selling products, (ii) Criminal liability risk prevention, (iii) Investment products and services (MiFID), (iv) Banking products and services, and (v) Data protection, all of which have been completed by over 95% of employees.

- In 2018, 58,286 hours of training on criminal matters (regulatory and linked to the 2018 bonus) were taken by a total of 29,172 employees, with a 99.9% pass rate.
- A total of 6,177 hours of training were taken by 26,258 employees on regulations for the business network related to the prevention of suspected operations of money laundering, with a 94.1% pass rate.
- In addition, 64 specific training sessions on AML/CTF and international financial sanctions were taken by specific groups of employees (including new employees and managers, Private Banking, Business Centres, and Foreign Trade).
- At BPI, 3,257 employees received training on AML/CTF. In the rest of Group, 2,802 employees received training on criminal matters and 174 employees received AML/CTF training.
- As regards communication, CaixaBank has reinforced the publication of News and Newsletters related to AML/CTF and anti-corruption on the company intranet. Specifically, in 2018, there were 50 publications on AML/CTF, 1 publication on anti-corruption, and 2 publications regarding criminal matters.

▪ CaixaBank has created a series of confidential **enquiry and complaint channels** which can be used by all company employees to report any potential violations of the Code of Conduct or any financial or accounting irregularities. All interactions are confidential and guarantee the anonymity of the person who reports the incident. The person's identity will only be provided, with their prior consent, if it is strictly necessary for the investigation. A joint body will then reach a final decision on the matter based on the results of the completed investigation.

The Compliance department responds to any enquiries that are submitted (excluding enquiries related to the Telematic Code of Conduct which come under Security and Governance) and coordinates the investigation of complaints, which may require the involvement of other areas of the Company, and reports periodically to the Audit and Control Committee. In 2018, the Group responded to 129 enquiries and 23 complaints.

▪ If any employees of the CaixaBank Group engage in potentially fraudulent activities or corruption, during the provision of services, said conduct will be considered an extremely serious violation of compliance with the current collective agreement, and these employees shall incur the **applicable sanctions** as provided for in the aforementioned agreement.

## Somos CaixaBank corporate culture programme

- Founded from a process of participatory reflection including professionals from the Bank and customers
- The corporate principles are strengthened
- Foundations are laid which define what we will be in the future

**“people and their talent are what forms our essence”**

This programme places people at the heart of development and well-being of professionals at the Bank, the service provided to the customer and commitment to society

### 3 PILLARS

**People**, utmost importance  
**Collaboration**, our strength  
**Agility**, our attitude



### BEHAVIOUR

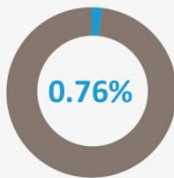
COMMITTED, **CLOSE**, RESPONSIBLE,  
**DEMANDING**, HONEST, **TRANSPARENT**  
COLLABORATIVE, **AGILE**, INNOVATIVE

## Contributing to society

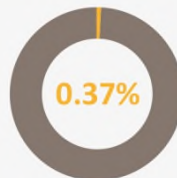
CaixaBank works to promote economic activity and business productivity, and contributes to the creation of employment and financial inclusion. Therefore, its financial strength is a key component as it enables the company to maintain jobs, purchase products and services from providers, and pay its shareholders.

### Economic contribution

**€9,122 million**  
in direct and indirect contribution  
to Spanish GDP



**€743 million**  
in direct and indirect contribution  
to Portuguese GDP



### Taxes paid, collection of taxes from third parties and other contributions



The fiscal contribution is calculated using a cash basis approach instead of an accrual approach

**€325 MILLION**  
contribution to the Deposit Guarantee  
Fund and Single Resolution Fund

In 2018, the Group has received €6.9 million in grants and/or public aid, mainly associated with the financial structures to promote shipbuilding and in-service training.

### Contribution to Job Creation

**37,440** people  
work in the CaixaBank  
Group

**45,890** jobs  
created through the  
multiplier effect of  
purchases from suppliers\*  
and **6,009** generated  
by Banco BPI

**€2,476 MILLION**  
in wages and salaries  
and other staff  
benefits\*

\* Excluding Social Security contributions, included in the tax contribution

\*Source: CaixaBank Research, from the added value of the activity of CaixaBank, the Spanish GDP, the occupation in accordance with Domestic Accounting Standards, productivity figures per worker, and the input-output tables of the National Statistics Institute with fourth quarter data.



The social bank fully owned by CaixaBank is one of the main microfinance institutions in Europe.

**9,561** new businesses created  
with the support of microcredits

### Financing granted<sup>1</sup>

Self-employed  
workers  
**78,975**  
New operations  
granted

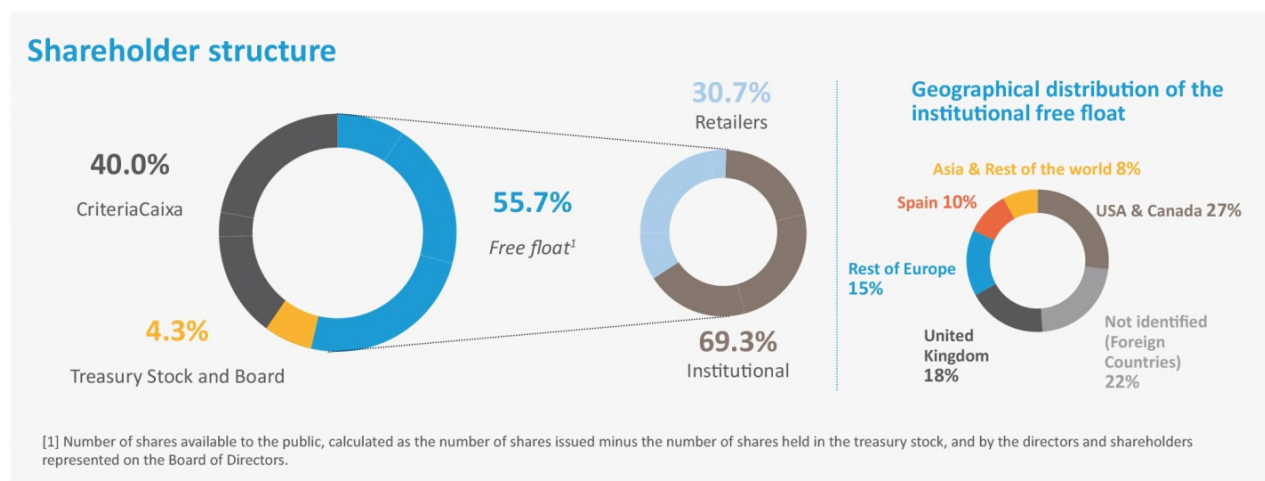
Companies  
**258,934**  
New operations  
granted

Microcredits  
**18,040**  
granted  
in 2018  
**€772.8**  
million in  
investment

1. Does not include data from Banco BPI.

## Shareholder structure

At year-end 2018, CaixaBank had a capital stock of 5,981,438,031 shares, each with a face value of 1 euro, belonging to a single class and series, with identical ownership and financial rights, and entered in the corresponding register. The aforementioned capital stock is distributed as follows:



According to share tranches, the shareholder and capital stock distribution is as follows:

Share tranches	Shareholders <sup>1</sup>	Shares <sup>1</sup>	Share capital
From 1 to 499	261,913	54,315,478	0.9%
From 500 to 999	116,089	82,215,617	1.4%
From 1,000 to 4,999	169,475	359,973,253	6.0%
From 5,000 a 49,999	39,371	427,535,140	7.2%
From 50,000 to 100,000	653	43,800,159	0.7%
Over de 100,000 <sup>2</sup>	576	5,013,598,384	83.8%
<b>Total</b>	<b>588,077</b>	<b>5,981,438,031</b>	<b>100%</b>

[1] For those investors' shares which operate through a custody entity located outside of Spain, only the custody entity is considered to be the shareholder, and shall be that which is registered in the corresponding book-entry ledger.

[2] Includes Treasury Shares.

### Dividend policy

In accordance with the current dividend policy, the remuneration for 2018 is paid through two half-yearly cash dividends, in order to distribute a cash amount equal to or higher than 50% of the consolidated net profit.

From 2015 to 2017, the pay-out has been >50% (average 55%), supported by a sustainable return and a solid equity position:

Shareholder remuneration last 12 months <sup>1</sup>	Market capitalisation	Number Of shareholders	Shares outstanding
<b>0.15</b> €/share	<b>[18,916]</b> €m, net of own securities	<b>[~588 thou.]</b> shareholders	<b>[5,978,625]</b> Thous. shares, net of own shares

[1] €0.08/share 2017 complementary cash dividend (paid 13.04.18); €0.07/share 2018 interim cash dividend (paid 05.11.18).

In accordance with the updated dividend policy approved by the Board of Directors on 31 January 2019, the remuneration of shareholders, as of 2019, will be a single cash dividend paid after the close of the financial year (around April). In line with the 2019-2021 Strategic Plan, CaixaBank has reiterated its intention of remunerating shareholders by distributing an amount in cash equal to or greater than 50% of consolidated net profit, setting the maximum amount to be distributed charged to 2019 at 60% of the consolidated net profit.

CaixaBank's dividend policy fulfils the conditions set down by the European Central Bank (ECB) regarding the dividend distribution policies of credit institutions, without any restrictions.

### Transparency and openness in the shareholder relationship

CaixaBank's Investor Relations department provides a continuous, transparent and diligent service to institutional investors, minority shareholders, and analysts. The following key events took place in 2018:



**Annual General Meeting**

Held **6 April in Valencia**, approving the management and results of 2017, and the proposals put forward by the Board of Directors



**Investor Day**

Held 27 November in London, to present the new **2019-2021 Strategic Plan**



**Investors and analysts**

Road-shows, conferences and meetings with equity and fixed income investors in the main financial circles: **+ 400 meetings**

Customised care to **30 analysts** who follow the CaixaBank share



**Minority shareholders**

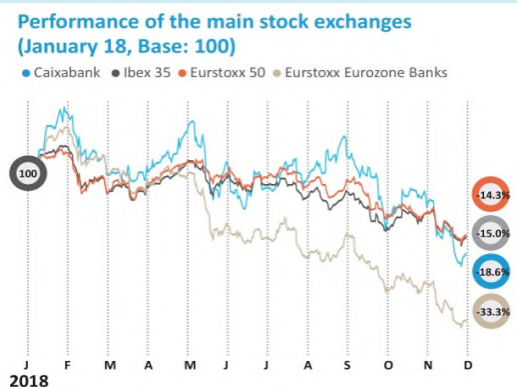
**Over 1,200 queries** attended in a close and personalised way

**2 meetings** of the Consultation Committee

**Over 2,500 shareholders** took part in the Aula programme and various regular events to spread information, culture and leisure. Upholding active communication with shareholders through online and offline channels

### Stock performance in 2018

- The CaixaBank share closed 31 December 2018 at a Price of EUR 3.164 per share, dropping 18.6% in the year, due to the drop in the markets during the last quarter, in which it fell by 19.7%. Nonetheless, the annual change has been slightly better than the European banking selective SX7E, which fell by -33.3% and the Ibex Bancos, which was down -28.7% in the year.
- In 2018, the trading volume of the CaixaBank share in euros was 17.1% lower than last year. In turn, the number of securities traded also fell by 15.2% compared to 2017.



## Corporate governance

Robust Corporate Governance enables companies to maintain an efficient and methodical decision-making process, which transmits clarity in the allocation of responsibilities, thereby avoiding potential conflicts of interest, ensuring the efficiency of risk management and internal control, and promoting transparency.

As part of our mission and vision, we implement good Corporate Governance practices in our activity. This enables us to be a well-governed and coordinated company that is recognised for its good practices.

### Best Corporate Governance practices

CaixaBank's Corporate Government policy is based on the Company's corporate values, as well as national and international best governance practices, in particular, the recommendations of the Code of Good Governance for Listed Companies approved by the National Securities Market Commission ("Code of Good Governance").

CaixaBank complies with current regulations on good governance. It also complies voluntarily with 58 of the 64 recommendations of the Code of Good Governance (one of which does not apply). The following lists contains the recommendations partially or not complied with by CaixaBank:

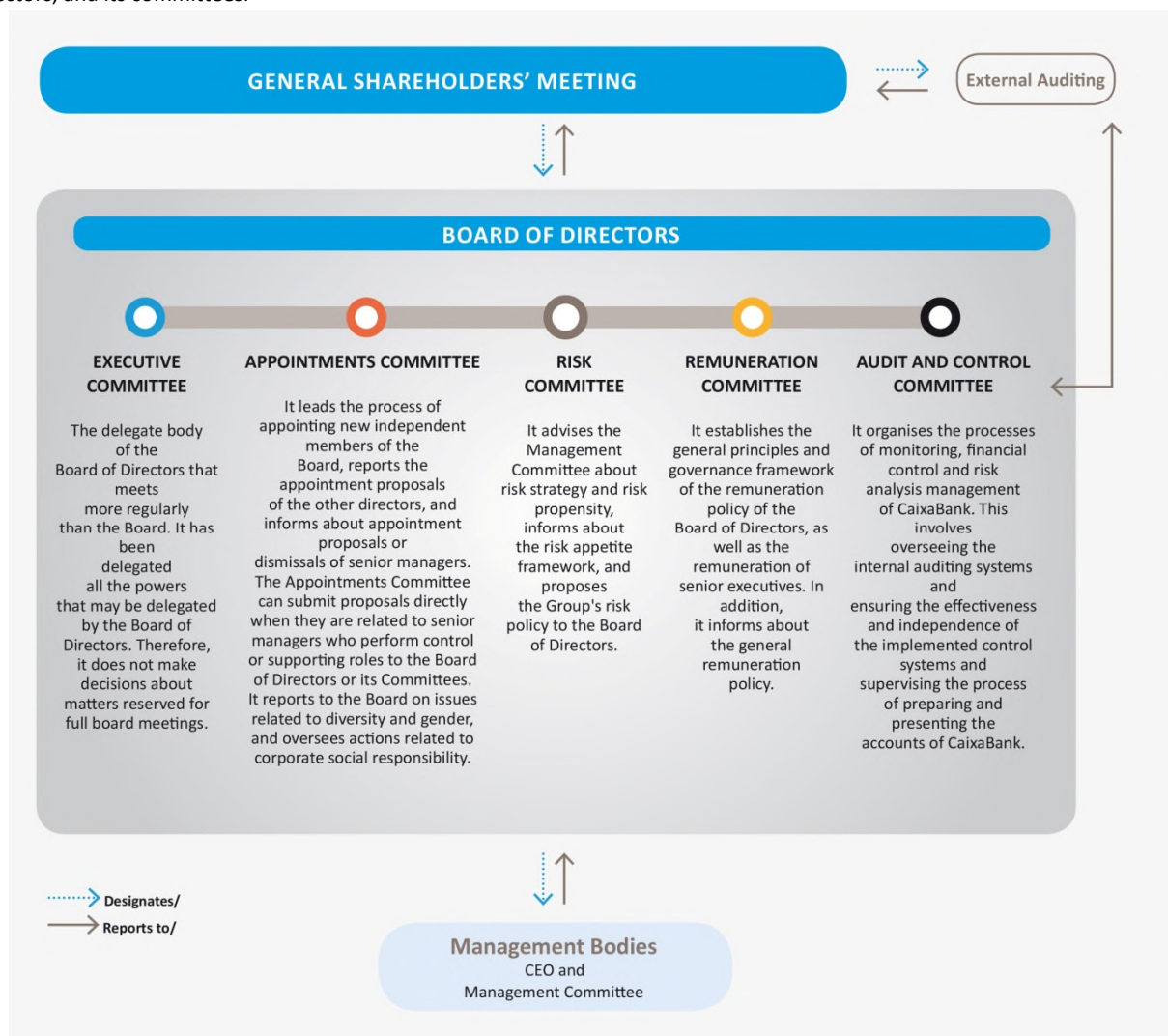
#### Best practices

- Independent Coordinating Director
- Non-executive Chairman
- Clear separation of functions

Recommendation number	Description	Compliance	Justification
5	The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation. When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.	Partially	The general meeting 2016 approved a delegation of powers allowing the board of directors to issue shares without pre-emptive subscription rights without the limitation of not exceeding 20% of capital.
10	When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should: a) Immediately circulate the supplementary items and new proposals. b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors. c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes. d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.	Partially	The voting rules for an alternative proposal submitted by an accredited shareholder are not the same as a proposal submitted by the board of directors.
13	The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.	No	The board of directors has a number of members over the recommended one due to its history, distinctive features and regulatory requirements.
27	Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.	Partially	Delegations of powers for the board of directors' votes, when they occur, do not include specific instructions due to it being considered best practice.
62	Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.	No	Shares awarded to the directors derived from their annual variable remuneration must be withheld for a period of 12 months with no further requirements thereafter.

## Corporate Governance Structure

At CaixaBank, the management and control functions are distributed among the General Shareholders' Meeting, the Board of Directors, and its committees.



### General Shareholders' Meeting

The General Shareholders' Meeting of CaixaBank is the ultimate representative and participatory body of the Company shareholders.

Accordingly, the Board of Directors is responsible for promoting the shareholders' participation in General Shareholders' Meetings and exercising their rights. The Board of Directors adopts all appropriate measures to enable the General Shareholders' Meeting to perform its duties effectively in accordance with the law and the Articles of Association.

The main agreements reached at the Meeting held on 6 April 2018 were: (i) the approval of the individual and consolidated annual financial statements, and the respective management reports for 2017, and the application of the 2017 financial results; (ii) the approval and appointment of Eduardo Javier Sanchiz Irazu and Mr Tomás Muniesa Arantegui as members of the Board of Directors; (iii) the modification of the Articles of Association ("Registered offices and corporate website"); (iv) the modification of the Director Remuneration Policy; and finally, (v) the approval of the maximum level of variable remuneration for employees whose professional activities have a significant impact on the Company's risk profile, and the issuance of shares to executive directors and senior managers as part of the Company's variable remuneration programme.

#### Best practices

- Shareholders with equal rights: one share, one vote
- Protection of minority shareholders
- Fostering informed participation

Board of Directors as of 1 January 2019



The Board is the most senior decision-making body, with the exclusion of matters reserved for the General Shareholders' Meeting. It ensures that the Group complies with current legislation, fulfils its obligations and contracts in good faith, respects the uses and good practices of the sectors and territories where it operates, and observes the additional social responsibility principles to which the Group voluntarily adheres.

The CEO also reports to the Board of Directors and is responsible for the daily management of the Group and ordinary decision-making under the authority of the Board and the Executive Committee.

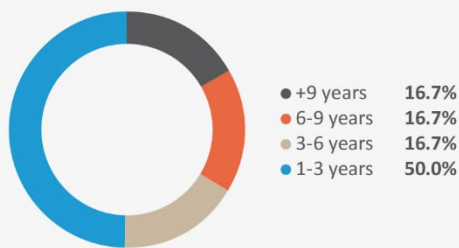
The directors meet the requirements of integrity, experience and good governance in accordance with the applicable law at all times, as well as the recommendations for the composition of administrative bodies and director profiles issued by Spanish and European authorities and experts.



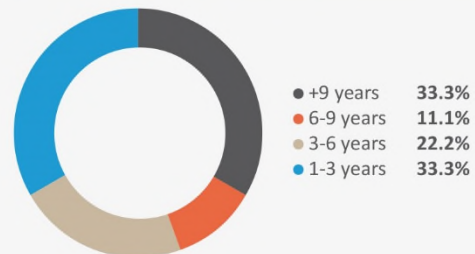
## Profile of the members of the Board of Directors<sup>1</sup>



### DURATION IN THE POSITION



### DURATION IN THE POSITION OF INDEPENDENT DIRECTORS



1. At year-end 2018.

In 2018, the Board of Directors met on 13 occasions to discuss, review and reach agreements on the following matters:

- CaixaBank's financial situation and results.
- The Company's Policies, modifying certain existing policies and approving new ones such as the Policy for the selection, diversity and suitability of directors, members of senior management, and other key function holders.
- Monitoring the regulatory amendments introduced by the IFRS 9 standard and the implementation of the adaptation process.
- The Company's Strategic Plan.
- Matters related to corporate governance such as appointing directors and senior managers, and their remuneration.
- Budgetary, risk and solvency control.

In 2018, progress has been made in the application of good corporate governance practices together with the approval of the new Policy for the selection, diversity and suitability of directors, members of senior management, and other key function holders of CaixaBank and the CaixaBank Group, and, in particular, the obligation of the Appointments Committee to assess the collective suitability of the Board of Directors on an annual basis, related to gender diversity, training and professional experience, age, and geographical origin.

The Appointments Committee, with the support of the General Secretary and the Board of Directors, has created a competence matrix, which has been approved by the Board of Directors, to evaluate training and expertise, with a clear distinction between the Chairman, directors with executive roles, and the other non-executive directors.

Based on this analysis, it has been concluded that the CaixaBank Board of Directors currently has a satisfactory composition with an adequate balance of knowledge and expertise among its members, both in the financial sector and other relevant areas, to guarantee the proper governance of the credit institution, and the joint expertise to contribute sufficient complementary points of view (see section C.1.3 of the Annual Corporate Governance Report for the member profiles of the CaixaBank Board of Directors).

In addition, notably, the number of executive directors has decreased over the financial year. At present, the CEO is the only representative of this category. All the other board members are non-executive and, primarily, independent directors.

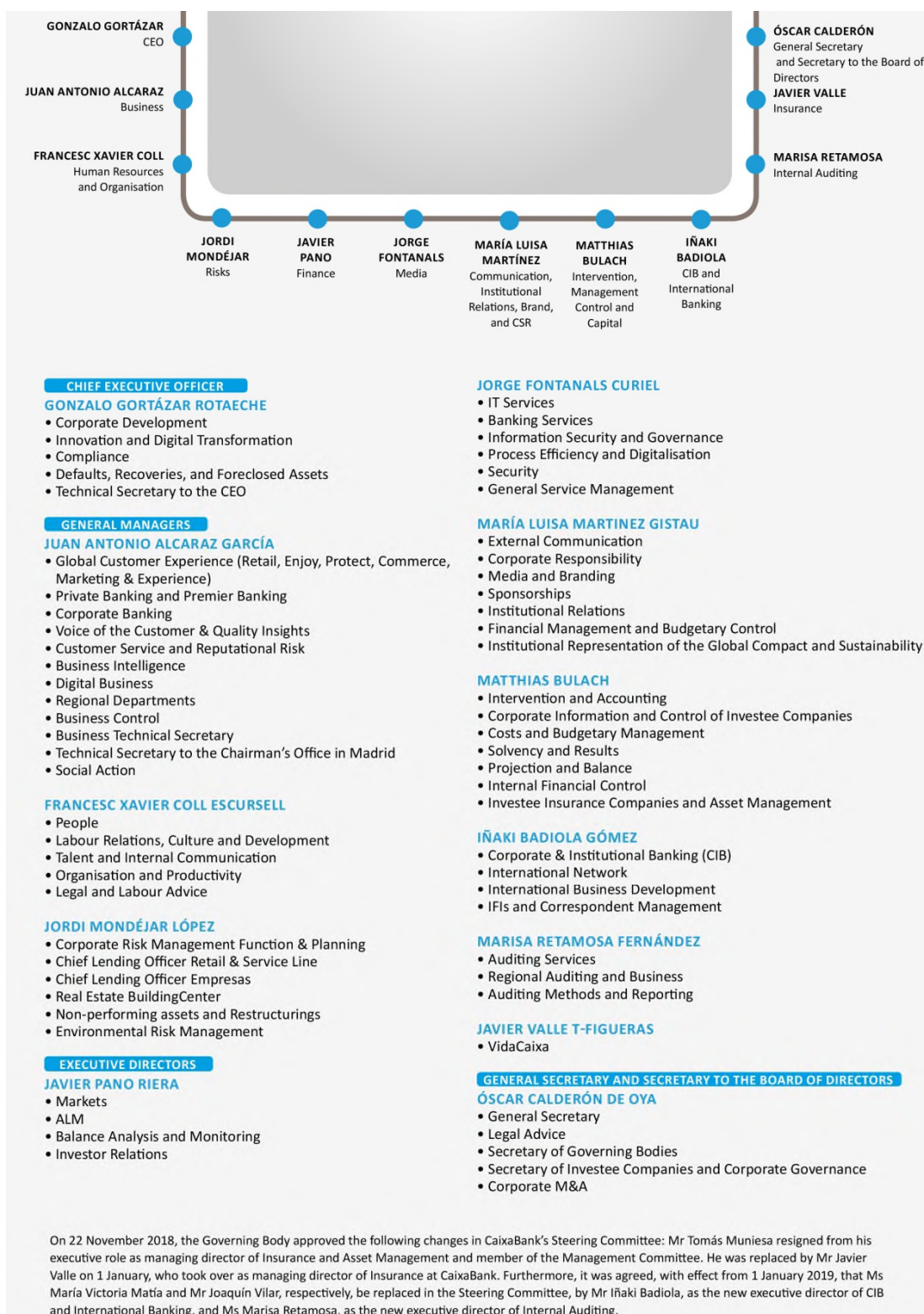
Similarly, the Articles of Association and the Board Regulations stipulate the maximum number of proprietary directors that can represent a single shareholder (without prejudice to the right of representation), which reinforces the role of independent directors, due to their high presence in different committees and the fact that proprietary directors that represent a single shareholder are prohibited from participating in decisions for proposing and appointing independent directors.

Finally, as regards the issue of diversity, the Company maintains its firm intention of reaching 30% female presence on the Board of Directors and, therefore, considers different possibilities for attain this goal. These options include appointing an independent director to substitute another independent director that is close to reaching the 12-year limit for occupying the position, or even reducing the size of the Board.

## Senior Management

The CEO, the Management Committee, and the main committees of the Company are responsible for the daily management, implementation and development of the decisions made by the Corporate Governance Bodies. The main committees are as follows:

## Management Committee as of 1 January 2019



The Management Committee meets on a weekly basis to reach agreements regarding the Strategic Plan, Annual Operating Plan, and other areas that affect organisational life at CaixaBank. It also approves structural changes, appointments, expense lines and business strategies.

## Main Committees



### Global Risk Committee

This committee is responsible for the overall management, control and monitoring of the risks included in the CaixaBank Group's Corporate Risk Catalogue, as well as the implications in managing capital adequacy and consumption.

To do so, it analyses the overall positioning of the Group's risks and sets out the policies that optimise the management, monitoring and control thereof in its strategic objectives. A specific objective of the GRC is to adapt CaixaBank's risk strategy to the provisions of the Board of Directors in the RAF (Risk Appetite Framework), coordinate the measures to mitigate breaches of this framework and the reaction of its early alerts, and to report to the the CaixaBank Board (through the Risk Committee) on the CaixaBank Group's main lines of action and risk situation.

### Assets and Liabilities Committee

It is responsible for managing, monitoring and controlling the structural liquidity risk, interest rate risk, and exchange rate risk of the CaixaBank balance sheet. It oversees the optimisation and achieving a return on the CaixaBank Group's financial structure, including the net interest income and the extraordinary results in the Results of Financial Operations (ROF); determining the transfer fees for the various businesses (IGC/MIS); monitoring prices, terms and volumes of the activities that generate assets and liabilities; and managing wholesale financing.

All of this comes under the policies of the risk appetite framework and the risk limits approved by the Board of Directors.

As a result, it makes the appropriate decisions and can provide recommendations to the various areas of activity.

### Regulation Committee

This is the decision-making body for all aspects related to financial regulations.

Its functions include promoting actions in representation of the Bank's interests, as well as the systematisation of regulatory actions, regularly assessing the initiatives implemented in this area. Furthermore, this committee approves and reviews the Interest Representation Map to coordinate the participation of the Bank's directors in national and international groups and forums.

### Corporate Responsibility and Reputation Committee

It is responsible for monitoring the corporate responsibility strategy and practices. It proposes and submits (for the approval of the corresponding governing bodies) the general policies for managing corporate responsibility and reputation.

Its mission is to help to make CaixaBank the best bank in terms of quality and reputation, strengthening its reputation as a paradigm of responsible banking and social commitment.

Another objective of the CRRC is to adapt CaixaBank's reputational risk strategy to the provisions set out by the Board of Directors in the risk appetite framework (RAF), And to coordinate the measures to mitigate breaches of the RAF and the reaction its early alerts.

### Efficiency Committee

The purpose of this committee is to improve efficiency in organisation, and it is responsible for proposing the general annual expenditure and investment budgets and agreeing them with the Areas and Subsidiaries, which will be submitted to the Management Committee for subsequent rectification.

### Information and Data Quality Committee

The function of this committee is to oversee the coherence, consistency and quality of information reported to the regulator and the Group's management, providing a transverse view thereof at all times.

### Recovery Plans and Resolution Committee

It is responsible for preparing, approving, reviewing and updating the plans to minimise the impact of future financial crises for contributors.

### Corporate Crime Management Committee

It is responsible for managing all observation or claims in terms of the prevention and response to criminal conduct, regardless of the channel through which it is carried out. Its main functions include: Prevention, Detection, Response, Reporting and Monitoring of the Model.

### Permanent Credit Committee

This committee, by express delegation of the Board of Directors, collectively oversees penalising operations of loans, facilities, guarantees and investments in general inherent to the bank's corporate purpose, the approval level of which corresponds to such functions through internal legislation. The current functions pursuant to notarial deed are as follows:

"Collectively approving operations of loans, facilities, guarantees and investments in general inherent to the bank's corporate purpose", according to responsibilities delegated by the Board.

### Transparency Committee

This committee acts as the decision-making body for all aspects related to transparency in the design and marketing of financial instruments, banking products and savings and investment insurance products. It oversees guaranteeing the transparency when marketing these products, by defining and approving policies in the areas of marketing, prevention of conflicts of interest, customer asset safeguarding, and best execution. Similarly, it validates the classification of the new financial instruments, banking products and savings and investment insurance products depending on their risk and complexity, pursuant to the provisions laid down in regulations including the MIFID framework, banking transparency and insurance.

### Diversity Committee

Its mission is to create, foster, monitor and present actions in the corresponding areas to increase diversity, focused on the representation of women in management positions and avoiding the loss of talent, and in other areas of diversity that are priorities for the Bank, such as functional, generational and cultural diversity.

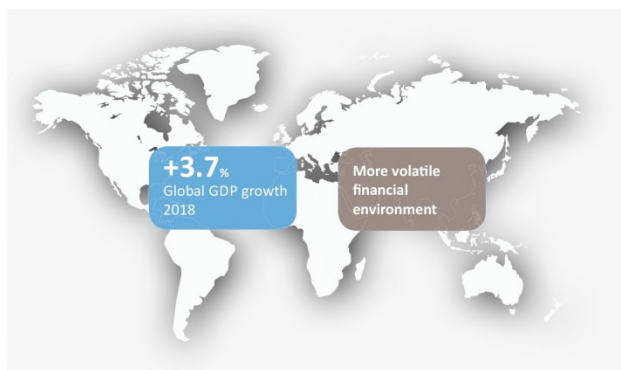


Environment  
and strategy

## Environment and strategy

### Economic context

#### Global economic trends

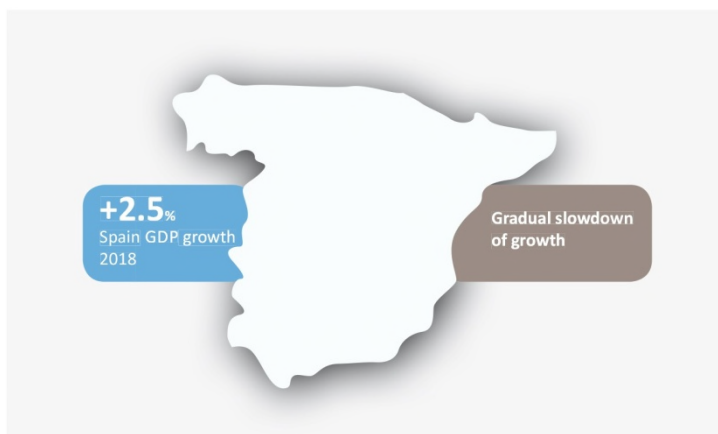


- **Positive economic growth** at 3.7%, the same rate as in 2017 and above the historical average.
  - **High level of synchronisation:** the growth of advanced and emerging economies remains at reasonably positive levels.
  - **Current slowdown in China:** in 2018, 6.5% estimated growth, confirming the decreasing activity rate (6.9% in 2017).
  - **The USA benefits from fiscal stimulus,** with an expected upturn in growth to 2.8% in 2018 (higher than the 2.2% in 2017).
- **Protectionist shift in international trade** with uncertainty about the extent and eventual impact of the trade tensions between the USA and China.
  - **Reduced activity rate in the Eurozone:** estimated growth of 1.8% in 2018 (2.5% in 2017), primarily due to less dynamism in the foreign sector.
  - **Increase political uncertainty in Europe:** frictions between Italy and the EU due to the budgetary path (putting upward pressure on the transalpine premium risk) and concerns about Brexit, despite the preliminary exit agreement.
  - **Moderate pickup in inflation:** global inflation is expected to exceed 3.5% (3.2% in 2017), mainly due to the increase in oil prices.
  - **Increasing volatility in markets amid the gradual tightening of global financial conditions:** the progress towards full monetary normalisation and the uncertainty surrounding global growth are key factors.
  - **The USA Federal Reserve proceeds with monetary tightening:** four reference rate increases in 2018 (from 1.5% to 2.5%) and further raises forecasted in 2019.
  - **The ECB moves forward with monetary normalisation:** stabilisation of the ECB balance sheet at the end of 2018 and preparation to increase rates well into 2019.
  - **Increased sovereign interest rates:** the forecast of greater cyclical maturity and the advances towards monetary normalisation, both in USA and Europe, support the increase in sovereign yield.

#### 2019 global outlook

- **Global growth somewhat lower than in the past:** moderate slowdown in 2019 in comparison with the rate of growth in 2018. However, it is still above the historic average. The risks are leaning towards lower growth.
- **USA slowdown:** as 2019 progresses, the economy will slow down somewhat as the effects of the fiscal expansion in 2018 gradually dissipate.
- **Lower rate of growth in the Eurozone:** the economy will experience an extended period of slightly lower growth than in previous years.
- **Monetary conditions still flexible in the Eurozone:** despite the expected increase in rates by the ECB at the end of 2019, the financial conditions will remain lax and contribute to the upturn in credit.

## Spanish economy overview



- **The economy is entering a more mature phase of the cycle:** with reduced momentum in the supporting factors related to the current economic situation, the activity rate has decreased slightly (2.5% estimated growth in 2018 compared to 3.0% in 2017).
  - **Spain continues to make positive progress:** despite the slowdown, growth remains above the majority of developed economies.
  - **Domestic demand continues to provide steady support:** significant growth momentum in domestic demand, which benefits from the strength of the job market.
- **Slowdown in the foreign sector:** in 2018, the current account balance will be lower than in 2017 due to an increased energy bill, the slowdown in exports of non-tourism related services, and the normalisation of tourism flows after an exceptional 2017.
  - **Continued improvement in public finances:** the budgetary path confirms the reduction in public deficit below 3% in 2018, which will enable Spain to leave the Excessive Deficit Procedure of the European Commission. However, the public debt remains at high levels, close to 100% of the GDP.
  - **The credit market continued to recover in 2018:** strong recovery of the new output for households, both in terms of consumption and purchasing property, and in non-financial companies.

## 2019 outlook for Spain

- **Consolidation of the Spanish cycle in the mature phase:** the projected growth for 2019 is around 2%, which although lower than in previous years, is still dynamic and sustainable.
- **The credit recovery continues in Spain:** in 2019, the good level of new output will finally offset the outflows and the credit portfolio will start to grow again after 10 years of recession.

## Portuguese economy overview

- **Positive rate of growth:** despite the slowdown, due to a certain decrease in investments and exports, the economy maintains a satisfactory rate of progress.
- **Employment growth, a mainstay of domestic demand:** the job market continues to show signs of being very robust, which drives private household consumption expenditure.
- **Good evolution of risk/country:** since 2017, the risk premium has decreased in a significant and sustained manner, reflecting the greater confidence of international investors following the deficit adjustment in recent years and Portugal's brighter economic outlook.

## 2019 outlook for Portugal

- **Slight decrease in growth in Portugal:** the activity rate is predicted to be somewhat slower than in 2018, due to the combination of a lower contribution in both the domestic and foreign demand.



## Competitive and social context

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The competitive environment in which the Company operates is characterised by:

- **An environment of low interest rates.** However, we expect interest rates to increase gradually as the European Central Bank withdraws monetary incentives.
- **Recovery of credit volumes**, especially for households.
- **Greater demand for long-term savings products**, such as savings insurance and pension plans, in response to the increased need for financial planning.
- **Digital innovation**, which transforms customer relations and offers new opportunities to be a faster, more efficient and flexible organisation. This new environment gives rise to new value propositions and new players seeking to disaggregate the value chain. Also, increased importance is placed on cybersecurity and data protection.
- **Increased competition of new players:** fintechs and agile Banks, as well as competition from global asset managers and bigtechs with disruptive potential in terms of competition or services. Possibility of impacts due to disaggregation and disintermediation of the value chain, impact on margins and cross-selling and competition with other more agile and flexible entities with very low cost structures; all of which can be aggravated according to the trend of regulatory demands to which it can be subjected.
- **Growing sensitivity through responsible business management** by customers and society, who increasingly value companies and entities with a social and environmental commitment. For the banking sector, it is also worth highlighting the areas of inclusion and financial education, and the importance of a culture of control and compliance within an environment of increased litigation.

In this context, the CaixaBank Group strives to offer the best experience through all its channels and services with high added value. We want to continue to be the leading bank in Spain, while also extending our business model with BPI in Portugal, where there is a clear growth potential.







## Regulatory context

The active involvement of the industry in the development of regulatory and supervision standards is extremely important to help to shape a solid and robust regulatory framework, as well as to promote consistency, convergence and harmonisation in the area of regulation and the supervisory culture at a European and international level. In this regard, CaixaBank participates in the regulatory and legislative processes for issues that concern the national, European and global financial and banking sectors, with the active involvement of Senior Management in the monitoring of the regulatory proposals and defining the Company's strategy and stance related to these proposals.

CaixaBank shares its views on the regulatory processes with the public authorities by means of position papers and impact analysis documents, either at the request of these public authorities or on their own initiative. In general, CaixaBank shares its opinions through different associations after reaching a consensus within the industry. CaixaBank is member of a wide range of associations in the sector. However, in the field of banking, most of its activity is channelled through CECA (Spanish Confederation of Savings Banks) nationally, ESBG (the European Savings and Retail Banking Group) on a European level, and IIF (the Institute of International Finance) globally. Furthermore, Banco BPI is a member of the APB (Portuguese Banking Association), which in turn is a member of the EBF (European Banking Federation). In the area of insurance, CaixaBank is notable for its participation in Insurance Europe (The European insurance and reinsurance federation) and CFO Forum (The European Insurance CFO Forum).

In 2018, the major milestones of the regulatory agenda and their impact for the group were developed at the European level in the areas of prudential supervision and bank resolution, as part of the key pillars of the Banking Union, as well as in the regulation of aspects related to consumer and investor protection, and the challenges posed by digital transformation. On the national level, it is important to highlight the regulation of aspects related to consumer and investor protection, in particular, the processing of the regulatory law on real estate loan contracts.

 <b>Consumer protection and transparency</b>	 <b>Financial stability and strengthening of the financial sector</b>	 <b>Innovation and digitalisation</b>	 <b>Taxation</b>
<ul style="list-style-type: none"> <li>• Directive regulating real estate credit contracts (MCD),</li> <li>• Directive on Basic Payment Accounts (PAD)</li> <li>• Payment Services Directive (PSD2)</li> <li>• General Data Protection Regulation</li> <li>• Markets In Financial Instruments Directive / Regulation (MiFID2 / MiFIR)</li> <li>• Benchmarks Regulations (BMR)</li> <li>• International Accounting Standards (IFRS)</li> <li>• Regulation on Privacy and Electronic Communications (ePrivacy)</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Recovery and Resolution Directive (BRRD)</li> <li>• Capital Requirements Directive and Regulation (CRD IV / CRR)</li> <li>• Second progress report on the reduction of NPLs in Europe</li> <li>• Sustainable Finance Action Plan</li> <li>• European Covered Bonds</li> <li>• Anti-money laundering directive</li> <li>• Counter-terrorist financing (AMLD 4)</li> <li>• Benchmarks Regulations (BMR)</li> <li>• International Accounting Standards (IFRS)</li> </ul>	<ul style="list-style-type: none"> <li>• FinTech Action Plan</li> <li>• Spanish regulatory sandbox</li> <li>• EBA guidelines on outsourcing to cloud services</li> <li>• Initiatives on crowdfunding service providers</li> <li>• Regulation on Privacy and Electronic Communications (ePrivacy)</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Bills of October 2018 on Financial Transaction Tax</li> <li>• Tax on certain Digital Services</li> <li>• Tax Fraud Prevention and control measures.</li> </ul>

## 2019-2021 Strategic Plan

The CaixaBank Group has successfully achieved the objectives of the 2015-2018 Strategic Plan, including the following milestones:

- **reinforcing the commercial leadership in Spain** based on a banking model of customer proximity, with the best omnichannel services and specialised and innovative value propositions covering all sectors;
- **acquiring BPI**, the best bank in Portugal in 2018 according to Euromoney;
- **increasing profitability to exceed the cost of capital** thanks to the improvement in core income, the containment of operational costs, and the lower cost of risk;
- **improving the balance sheet quality** and **reducing non-strategic assets**, enabling the Group to place more focus on its core business in Spain and Portugal; and
- **the prudential deconsolidation of the CriteriaCaixa Group**, a process that has been significantly reinforced by the bank's corporate governance

Following the conclusion of the 2015-2018 Strategic Plan, the Group initiates the new 2019-2021 Strategic Plan with the aim to **be a leading and innovative financial group with the best customer service and a benchmark of socially responsible banking. Five strategic lines:**

### Offering the best customer experience

The ambitious Plan will see the Group stepping up its digital transformation process to ensure better customer orientation and adapt to new customer behaviour. The aim is to offer the best experience across any channel, based on the knowledge that most modern consumers prefer omnichannel services. Therefore, the following leverage factors have been established:

- **Continued transformation of the distribution network** to offer greater value to customers: the Store urban office model is consolidated (increase to a minimum of 600 branches in 2021) and the AgroBank model is strengthened in rural areas (over 1,000 branches in towns with under 10,000 inhabitants). This reconfiguration will maintain customer proximity while also improving commercial efficiency, productivity and service.
- **Enhancing the remote and digital customer service model:** boosting the inTouch model and an opportunity to continue growing at imaginBank, and the high-added value services offered through our digital channels.
- **Continued expansion of our range of products and services:** we will continue to expand our ecosystem to cover all the financial and insurance needs of our customers, through new banking and non-banking products and services.
- **Segmentation and review of customer journeys:** optimisation of processes and usability to provide the best customer experience through any chosen channel.

### Speeding up digital transformation to become more efficient and flexible

The current environment and new technologies offer new opportunities (such as blockchain, artificial intelligence, and the use of clouds) that will enable us to be a faster, more efficient and flexible bank. The main priorities in this area are:

- **Reducing time-to-market** for new product launches.
- **Improving the efficiency of back-office processes.**
- Harnessing the **potential of big data** for the whole organisation.
- Continuing to improve the **flexibility, scalability and efficiency of our infrastructures**, including increased cloud usage, architecture developments, expansion of agile methodologies, and continued investments in cybersecurity.

### Championing an agile and collaborative culture that puts people first

The main goal of this strategic line is to strengthen our corporate culture and keep people at the heart of the organisation. The new plan will continue to **promote talent** (ensuring the development of their potential through meritocracy, diversity and empowerment), as well as defining and implementing the best **value proposition for employees** (improving the employee experience), and promoting the attributes of **agility and collaboration**. This will include the following initiatives, among others:

- Simplifying processes and structures to make them more agile, cross-cutting and closer to customers.
- Fostering horizontal collaboration and communication.
- Increasing teams using the agile work methodology.
- Rewarding and promoting innovation.

### Generating an attractive return for shareholders while remaining financially sound.

The objective for the 2019-2021 Plan is to **sustain a high return** (even in an environment of stable rates) by maintaining a strong balance sheet. We expect to achieve a return on tangible equity (ROTE) **over 12%** in 2021, based on the following leverage factors:

- Improving core income, supported by the following drivers:
  - Long-term insurance and saving, businesses with a high potential for growth.
  - Consumer finance, offering customers efficient solutions.
  - Loans to companies, helping them to grow.
  - Payment methods: our leadership generates opportunities for growth through increased electronic trade.
  - BPI: opportunity to replicate the CaixaBank model in Portugal.
- High investment and transformational effort, which makes it possible to enhance the service provided and boost productivity.
- Reduction of problematic assets: significant reduction in bad loans, achieving a NPL ratio of under 3% in 2021.
- Consolidating financial stability: the CET1 fully-loaded capital ratio expected to be around 12% at the end of 2019 with an additional temporary buffer of 100 basis points over the following three years to absorb any potential regulatory impacts.

Due to the greater return, combined with the maintained financial stability, we will be able to sustain an attractive dividend policy for our shareholders (>50% cash payout for the entire period).



### Setting the benchmark for responsible management and social commitment

CaixaBank strives to be an industry leader in socially responsible banking, by **reinforcing responsible business management** (with an emphasis on transparency with customers), **ensuring best practices in internal control and corporate governance**, and maintaining its **commitment to society**. The priorities of the Socially Responsible Banking Plan are as follows:

- To strengthen the culture of transparency with customers.
- To have a more diverse and skilled team.
- To maintain our commitment to financial inclusion.
- To promote the responsible and sustainable financing.
- To foster the financial culture



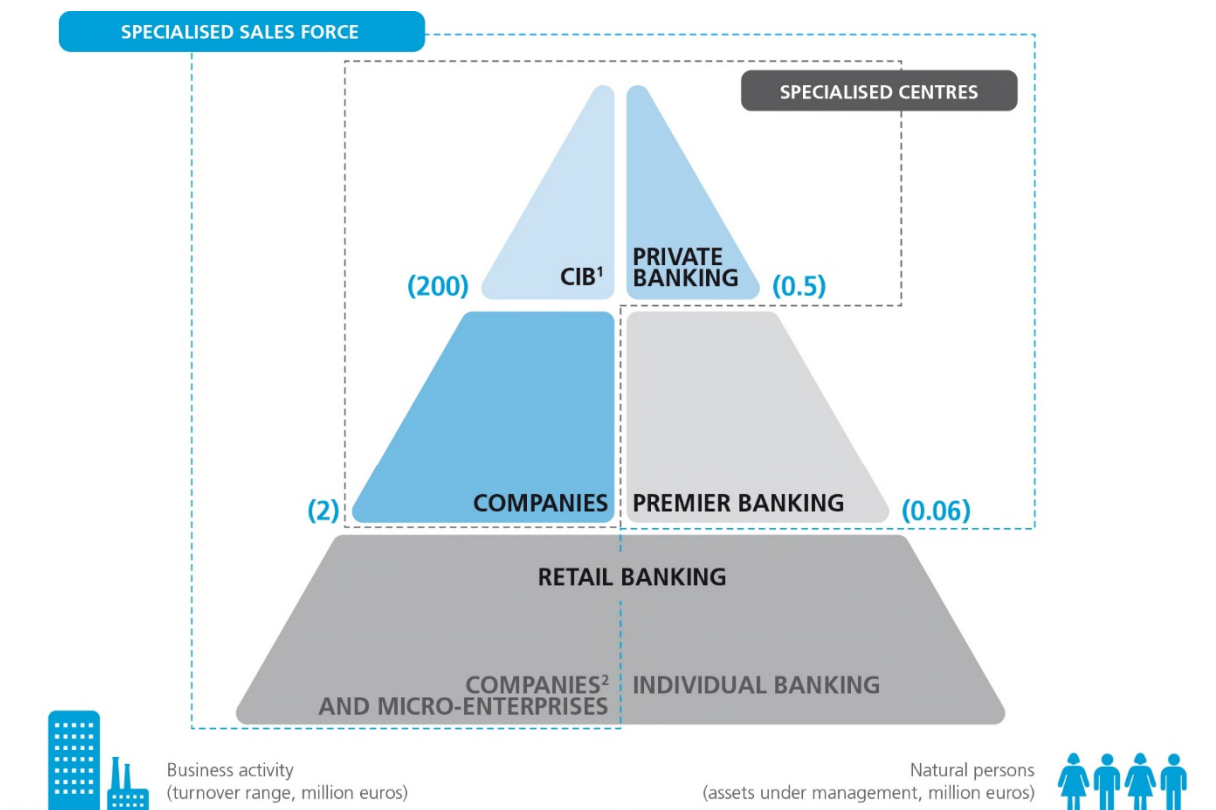
Business  
model

## Business model

CaixaBank has a universal banking model. We have adopted the “financial supermarket”, which offers a wide range of products and services adapted to the customers' needs through a business platform that combines physical branches and the digital world. A business model that covers all financial and insurance needs.

With a view to fulfilling its goal to offer customers the best value proposal while also prioritising efficiency, CaixaBank prioritises strategic agreements with other leading companies from different sectors, sharing knowledge and creating synergies.

## Segmentation, key to better serving our customers



1. Corporate and Institutional Banking.
2. Includes the self-employed, professionals, farmers and shops.

**4,409**  
BRANCHES

**20,798**  
EMPLOYEES  
OF WHICH  
**1,683** ARE  
BUSINESS  
MANAGERS

**CaixaBankNow**  
GROUPING ALL  
DIGITAL SERVICES  
IN THE SAME  
PLACE

**122**  
BUSINESS  
CENTRES

**1,186**  
EMPLOYEES

**139**  
SPECIALISED  
EMPLOYEES

**3,622**  
PORTFOLIO  
MANAGERS

**2,001**  
SPECIALIST  
MANAGERS

**PlanA**  
FINANCIAL  
ADVICE  
METHOD

**47**  
CENTRES

**562**  
SPECIALIST  
MANAGERS

**100%**  
MANAGERS  
ACCREDITED BY  
CNMV

**1**  
CORPORATE  
BANKING CENTRES

**15**  
INSTITUTIONAL  
BANKING CENTRES

**199**  
PROFESSIONALS  
IN SPECIALISED  
PRODUCT AREAS  
AND **148** IN  
SPECIALISED  
COMMERCIAL  
AREAS

**28**  
POINTS OF  
PRESENCE IN  
**5**  
CONTINENTS

AGREEMENTS  
WITH **1,500**  
CORRESPOND-  
ENT  
BANKS

**174**  
EMPLOYEES

**495**  
BRANCHES

**4,888**  
EMPLOYEES

**73**  
SPECIALISED  
PREMIER CENTRES  
/ COMPANY  
CENTRES

TRUST

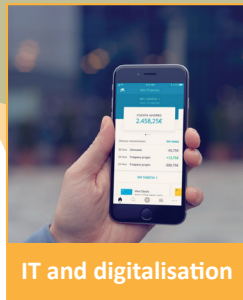
SOCIAL  
COMMITMENT



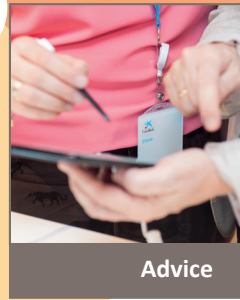
Scale and coverage



Wide range of products



IT and digitalisation



Advice

QUALITY

**8.7**  
IN INDIVIDUAL  
CUSTOMER  
SATISFACTION  
INDEX  
*(1-10 scale)*

**32.0%**  
PENETRATION  
OF DIGITAL  
CUSTOMERS

**26.8%**  
DIRECT DEBIT  
PAYROLL  
MARKET SHARE

**€39,097**  
MILLION  
IN INVESTMENT

**15.3%**  
COMPANY  
CREDIT MARKET  
SHARE

**48.0%**  
OF SPANISH  
COMPANIES  
ARE CAIXABANK  
CUSTOMERS

**€125,727**  
MILLION IN  
MANAGED  
FUNDS AND  
SECURITIES

**1.67**  
MILLION  
CUSTOMERS

**66%**  
ADVISED  
CUSTOMERS

**€64,282**  
MILLION IN  
MANAGED  
FUNDS AND  
SECURITIES

**95%**  
ADVISED  
CUSTOMERS

**>100.000**  
PRIVATE  
BANKING  
CUSTOMERS  
IN SPAIN

RECEIVED THE  
EUROMONEY  
AWARD FOR  
THE FOURTH  
CONSECUTIVE  
YEAR

**€31,455**  
MILLION IN  
INVESTMENT

**€30,620**  
MILLION IN  
MANAGED  
FUNDS

**23.3%**  
TRADE MARKET  
SHARE

PROMOTION  
OF EVENTS  
**(11** DIVERSITY  
TALKS, **6**  
CERCLE, **3**  
THE CIRCLE,  
**5** BUSINESS  
BREAKFAST)

BEST  
CONFIRMING  
BANK PARTNER  
FOR FINANCING  
IN EMERGING  
MARKETS BY  
THE IFC

**1.9**  
MILLION  
CUSTOMERS



BEST BANK IN  
PORTUGAL 2018

## Retail Banking

This value proposal is based on an innovative and unique omnichannel service channel offering a range of solutions adapted to the profiles and needs of our customers; all this while constantly striving to improve the customer experience.

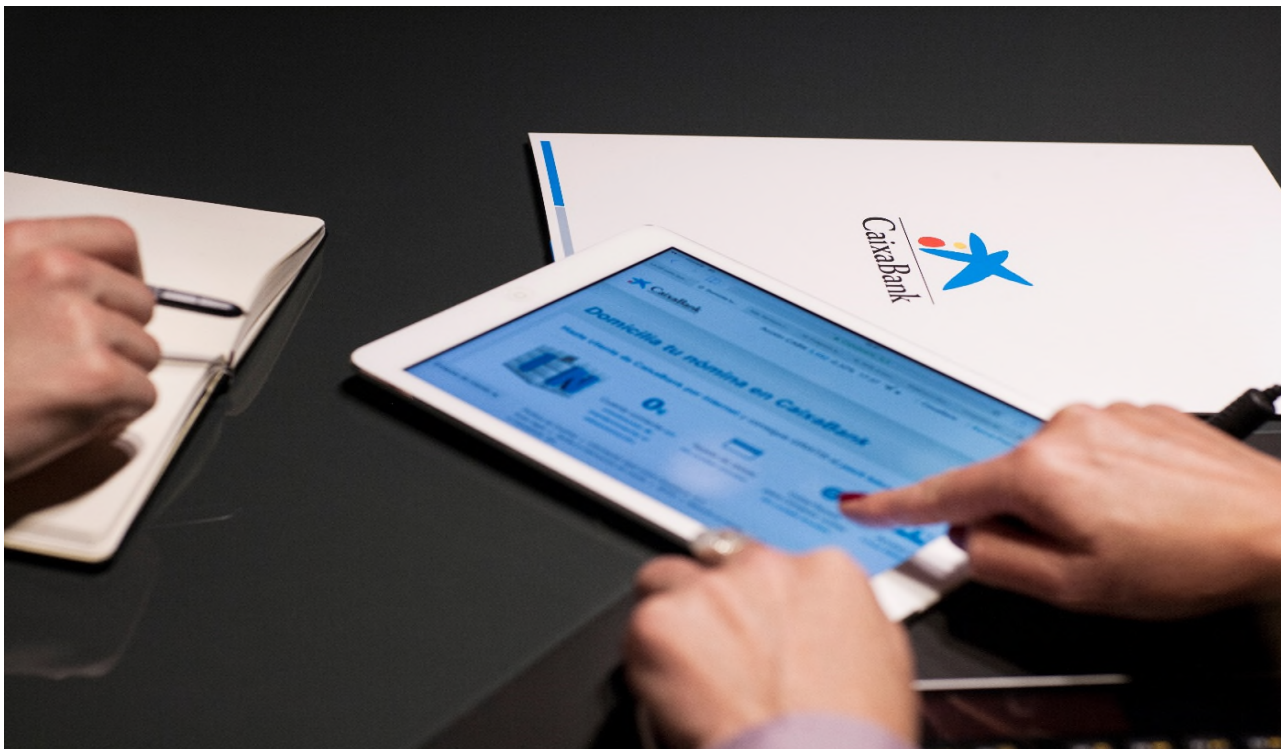
The business activity in the area of Personal Banking has been focused on capturing salary payments. This is a key principle for enhancing our relationship with individual customers, mainly in the areas of financing, security and protection.

The CaixaBank Negocios service is aimed at freelance, professional and business customers. It includes all the day-to-day solutions related to security, protection and financing that they need, while maintaining the focus on innovation and differentiation.

The business activity of CaixaBank Negocios is focused on customer financing and marketing general and life insurance policies, with specialised customer management.

**[77,953]** million euros  
in funds managed

**[98,496]** million euros in  
investment



### Main initiatives implemented in 2018

- **Capturing salary payments:** In 2018, a total of 773,140 new salary direct deposits were captured.
- Consolidation of the **Store model**, with the opening of new branches all over Spain.

### Strategic challenges

- To keep improving the customer experience.
- To **consolidate the** customer omnichannel relationship.
- To enhance **customer relations**.

## Business Banking

CaixaBank Empresas has consolidated its position as the favourite bank of 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.

The CaixaBank Company Banking department implements a tried and tested business model and strives to continually improve its customer relations while also expanding its base of company customers. It adds a value proposal that offers innovative solutions and a specialised service providing expert advice via videoconference or by activating new communication channels between customers and financial managers, such as the Muro de Empresas and Go&Business.

**[39,097]** million euros in investment

**14.1%** leasing market share

**28.0%** POS terminal market share



### Main initiatives implemented in 2018

- Consolidation of the business operations of companies by sector with new brands:
  - **Launch of CaixaBank Hotels&Tourism** to offer products and services through a group of specialists in the tourism sector.
  - **Consolidation of the Day One model.**
- Expansion of the current customer base, enhancing customer linkage, and promoting commercial systems with **more visits and contacts through digitalisation.**
- **Online specialists:** pioneers in providing advice on financing and services, foreign trade, and liquid assets.

### Strategic challenges

- **Fostering** inter-segments collaboration.
- **Focusing on innovation and customer service.**
- **Ensuring the maximum degree of activation** of all commercial figures.
- **Capturing customers to continue to increase the market share.**



## Premier Banking

The value proposal of Banking Premier is founded on the following three key pillars:

- a specific financial advice model
- professionals with certified training
- exclusive solutions for customers

This value proposal has enabled CaixaBank to reaffirm its leadership in the field of financial advice.

**[125,727]** million  
euros in funds and securities  
managed



### Main initiatives implemented in 2018

- **PlanA in CaixaBankNow:** Customers now manage their individual PlanA in Now and receive an investment proposal in line with their previously defined objectives within a maximum of 48 business hours.
- **PlanA Review:** This service makes it possible to monitor the objectives agreed upon with the customer in their PlanA. It aims to monitor any possible deviations from the agreed objectives and to adapt the portfolio to the designed objective.

### Strategic challenges

- **Opening of new Premier branches.** New exclusive spaces to offer advice tailored to the needs of customers.
- To enhance the digital value proposal for pre-advised customers and advised customers with a digital profile.
- To continue making efforts to provide advice to virtually all our customers.

## Private Banking

Private Banking has specialised teams and more than 500 certified professionals with an average of over 15 years of experience working in the branch network and offering the best service.

Private Banking has an extensive network of exclusive centres to guarantee that customers always receive a personal service. Different service models are offered to customers, from traditional financial advice to independent advice and broker services. In addition, the Social Value Project provides solutions in the fields of Philanthropy and Socially Responsible Investment (SRI).

**[64,282]** million euros  
in funds and securities  
managed



### Main initiatives implemented in 2018

- **TimeMap in CaixaBankNow.** Customers can create their TimeMap in Now and will receive an investment proposal in line with their previously defined objectives within a maximum of 48 business hours.
- **BrokerNow:** Implementation of a new service for active investors in the stock market, with the aim of expanding the range of stock market services.
- **TimeReview:** This service makes it possible to monitor the objectives agreed with the customer in their TimeMap. It aims to monitor any possible deviations from the agreed objectives and to adapt the portfolio to the designed objective.

### Strategic challenges

- To continue to increase the number of advised customers.
- **Consolidation of new business models,** independent advice models, and order reception and transmission models.
- **Growth plan** with the opening of new centres and new hires.
- Opening of a new bank in Luxembourg.

## Corporate & Institutional banking

The Corporate & Institutional Banking (CIB) service integrates two business areas, Corporate Banking and Institutional Banking, as well as several product areas that provide services to customers, such as Capital Markets, Cash Management, Project Finance, Asset Finance, and M&A.

**[31.455]** million euros  
investment

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.

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



### Main initiatives implemented in 2018

- Progress in the international business having signed significant corporate financing operations in France, Italy and the UK.
- Strong position in Asset Finance operations in transmission assets.
- Placed in the Global Top 10 for the number of green loan operations.
- Increased activity in the secondary market for bonds and loans.

### Strategic challenges

- Internationalisation of the businesses and customers.
- Managing the CIB business to set the benchmark in socially responsible banking.
- Incorporating the BPI Investimento business into CaixaBank branches in Portugal.

## International Banking<sup>1</sup>

The leadership demonstrated by CaixaBank in the business banking sector has led the Company to become the benchmark international business partner to accompany and support corporate clients in their internationalisation process. For that purpose, the 28 points of international presence offer support to customers of the branch network, CIB, and Corporate Banking operating abroad, as well as local blue chips (companies with recognised creditworthiness).



CaixaBank's international positioning is founded on three pillars:

- Spanish companies and corporations.
- The network of correspondent banks offering foreign trade and payment products.
- The relationship with the institutions in each country.



### Main initiatives implemented in 2018

- **Opening of the representative offices in Sydney and Toronto** and branch transformation of the representative office in Paris.
- Promoting internationalisation through a solid communication and continuing training and development strategy for International Talent with programmes such as *International Banking Expert* and the *Professional Growth Program*.
- Increasing business with banks through specialised products such as *clearing* euros and financing.

### Strategic challenges

- **Consolidating the foreign network**, in particular, European branches, to increase business with Spanish subsidiaries abroad and local *blue chips*.
- Increasing the product portfolio of Transactional and International Banking to expand the service provided to the corporate and banking sectors.
- Boosting digitalisation and innovation.

The international strategy has a clear European focus with global coverage, a flexible model with high added value for customers around the world, acting as an extension of the Spanish network, and based on two additional approaches to improve the customer service: (i) establishing commercial contacts and (ii) offering local financial products and services. In addition, CaixaBank collaborates with multilateral institutions all over the world and is one of the main trading partners for foreign businesses and SMEs.

CaixaBank has a number of strategic alliances, formalised through business and commercial cooperation agreements, including Erste, BEA and Inbursa.

[1] From 1 January 2019, the management of this sector has been incorporated into Corporate & International Banking.

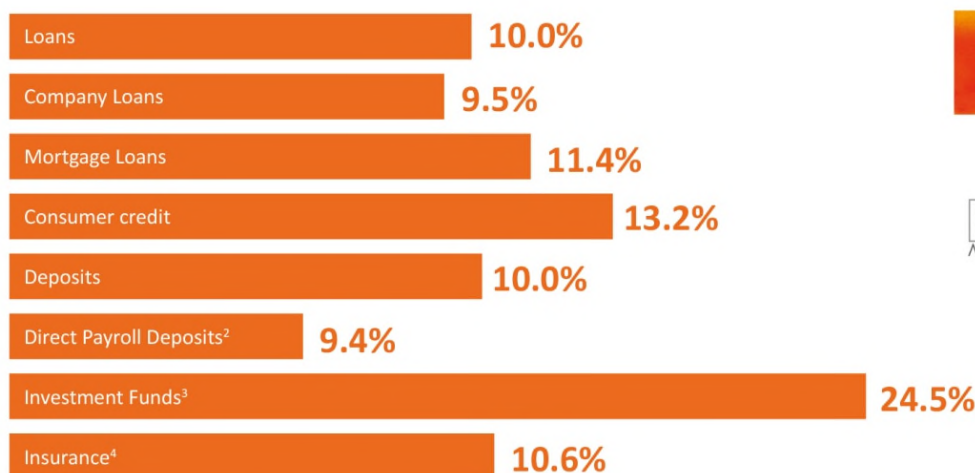
## Banco BPI

BPI is a financial institution focused on commercial and retail banking operations in Portugal, where it is the fifth largest bank in terms of assets (EUR 31,078 million). BPI has a customer base of 1.9 million people and significant market shares in the various products and services that it offers.

BPI's business is organised around two main sectors: Retail and Merchant Banking and Corporate Banking. BPI offers a complete range of financial products and services, adapted to the specific needs of every sector, through a specialised, multi-channel and fully integrated distribution network.

BPI's product range is complemented with investment and savings solutions from CaixaBank's Asset and Insurance Management department. In addition, it includes its range of non-life and life risk insurance policies through a distribution agreement with Allianz Portugal, of which BPI holds 35% ownership.

### Main market shares of Banco BPI<sup>1</sup>



1. Market shares of Nov-18 2. In September 2018 3. In December 2018, includes PPRs 4. Includes PPRs  
Source: In house, except Investment Funds, whose source is Associação Portuguesa de Fundos de Investimento Pensões e Património (APFIPP).

#### Main initiatives implemented in 2018

- Promoting consumer credit and companies that sell insurance and non-financial products.
- Launch of new products: account value, fostering greater connection with customers and promoting instant credit (launched in 2017).
- Launch of the cycle of meetings with companies, with 10 events to reinforce support and proximity to companies.
- Implementation of initiatives to consolidate the bank's position in the agricultural and tourism sectors.
- Advances in digital transformation, in particular, increased number of customers and digital sales, developments in mobile banking, and redesigning more relevant customer journeys.
- Launch of social action in Portugal, where we expect to set aside an annual budget of EUR 50 million to support social, scientific and cultural projects.

#### Strategic challenges

- Sustainable growth in profitability based on expanding commercial banking in Portugal.
- Boosting the customer experience transformation by accelerating BPI's digital transformation process.
- Developing human resources by improving training and development, fostering talent management, and promoting an agile culture to respond to the transformation of the financial sector.
- Improving operational and organisational efficiency. Simplifying, digitalising and centralising process management, focusing commercial teams exclusively on service and advice for financial products.
- Consolidating the bank's reputation based on two main principles: maintaining the high quality of customer service and BPI's leading position in the field of social commitment and responsible management.

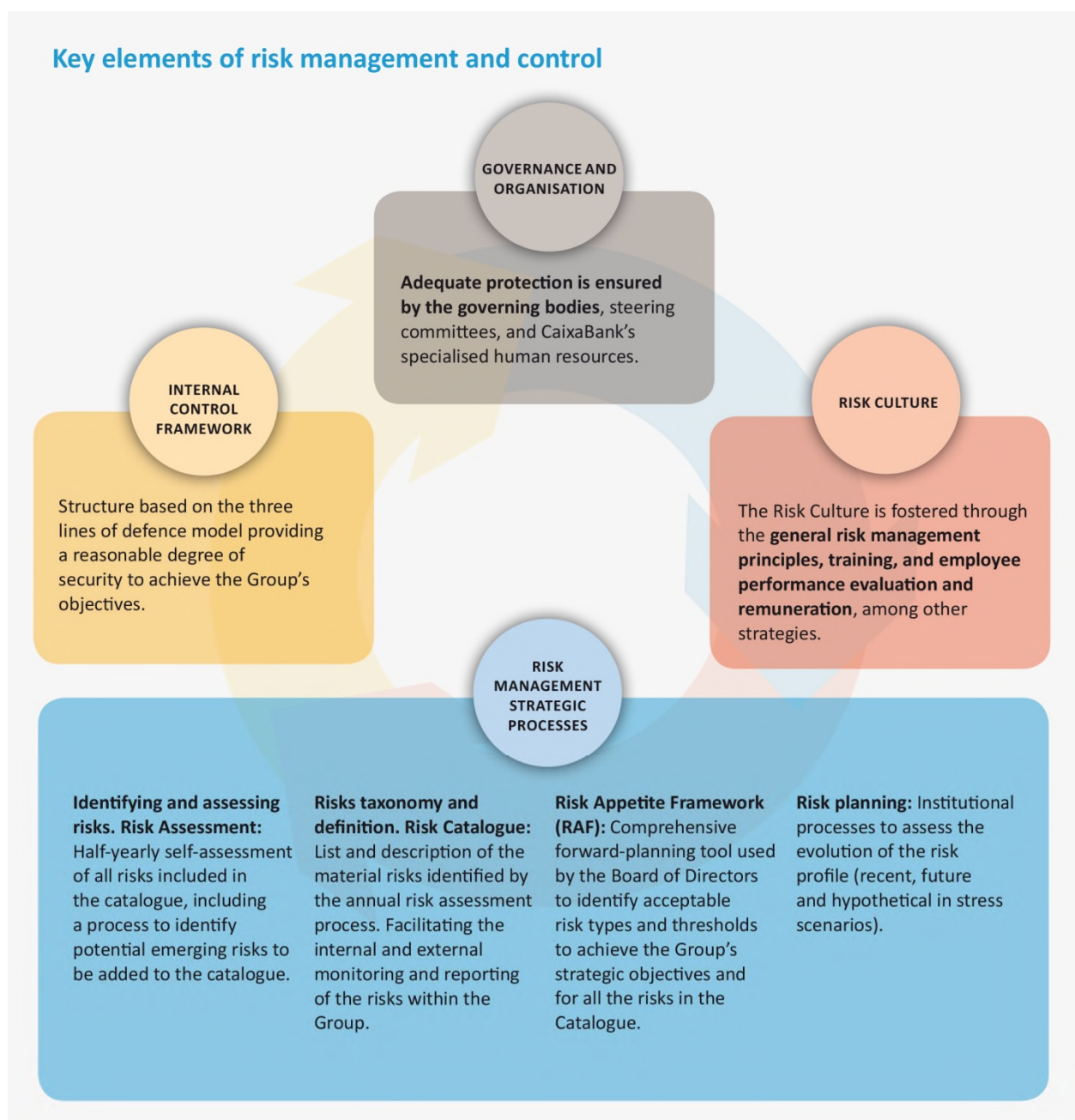


Risk  
management

## Risk management




CaixaBank maintains a medium-low risk profile, a comfortable level of capital adequacy and a high level of liquidity, in accordance with its strategic objectives and aligned with the Group's business model and the risk tolerance defined by the Board of Directors.

The implemented risk management systems are adequate for the profile and strategy of the Group and comprise the following elements:



Note 3 of the 2018 consolidated annual financial statements provides additional information on risk management and the Group's internal control model.

The following is a summary of the most relevant aspects of management and intervention for the different risks identified in the Corporate Risk Catalogue in 2018:





	Definition in the Corporate Risk Catalogue	Risk management	Key milestones in 2018
<b>BUSINESS MODEL RISKS</b>			
 <b>Business returns risk</b>	<p>Obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns that exceeds the cost of capital.</p>	<p>The management of this risk is supported by the strategic financial planning process, which is continually monitored to assess the fulfilment of the strategy and budget. After quantifying the number of deviations and identifying their cause, conclusions are presented to the management and governing bodies to evaluate the benefits of making adjustments to ensure that the internal objectives are fulfilled.</p>	<p>In 2018, the return on tangible equity has exceeded the cost of capital.</p> <p>At the same time, action has been taken to lay the foundations for higher future returns based on the growth of core income, mainly by boosting the digitalisation process and disinvestment in non-strategic business (foreclosed and Repsol).</p>
 <b>Eligible own funds / Capital adequacy</b>	<p>Risk resulting from constraints on the Group's ability to adapt its level of capital to regulatory requirements or changes in its risk profile.</p>	<p>The management approach focuses on maintaining a medium-low risk profile and a comfortable capital adequacy to cover any windfall losses. The objective of the new 2019-2021 Strategic Plan is to reach a CET1 level of approximately 12% of RWAs and to obtain one additional percentage point (temporary) to cover any potential regulatory impacts forecasted over the next few years (such as the completion of Basel 3 and other regulatory modifications)</p> <p>Furthermore, it proposes the distribution of cash dividends amounting to at least 50% of the earnings of the Group.</p>	<p>The regulatory CET1 ratio is 11.8%, thereby, fulfilling the minimum requirements and situating the MDA buffer (Maximum Distributable Amount) at EUR 5,433 million.</p> <p>In 2018, the Group actively issued Additional Tier 1 capital (EUR 1,250 million) and Tier 2 subordinated debt (EUR 1,000 million), and two subordinated debt issuances for the nominal amount of EUR 2,822 million were redeemed (EUR 2,312 million eligible).</p> <p>In addition, to comply with the future MREL requirements, an issuance of EUR 1,000 million of non-preferential senior debt has been made.</p>
 <b>Funding and liquidity</b>	<p>Insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.</p>	<p>The management approach is based on a decentralised system (CaixaBank and BPI) with the segregation of functions aiming to maintain an efficient level of liquid assets; the active management of liquidity and the sustainability and stability of funding sources in both normal and stress scenarios.</p>	<p>With the evolution of the commercial gap, in addition to the issuances made (EUR 6,585 million) which exceed the maturities for the year (EUR 4,979 million), the total liquid assets have amounted to EUR 79,530 million and the average 12-month LCR (liquidity coverage ratio) at 196%.</p> <p>Institutional financing amounts to EUR 29,453 million and has performed very well in 2018 due to the success in accessing markets with different debt instruments.</p>



Definition in the Corporate  
Risk Catalogue

Risk management

Key milestones in 2018

RISKS SPECIFIC TO THE FINANCIAL ACTIVITY			
 <b>Credit</b>	<p>Risk of a decrease in the value of the Group's assets due to uncertainty about a counterparty's ability to meet its obligations.</p>	<p>This is the most significant risk for the Group's balance sheet. It is derived from its banking and insurance activity, cash flow operations, and its investee portfolio, encompassing the entire management cycle of the operations. The principles and policies that underpin the credit risk management are:</p> <ul style="list-style-type: none"> <li>▪ A prudent approvals policy based on: (i) an appropriate relationship between income and the expenses borne by consumers; (ii) documentary proof of the information provided by the borrower and the borrower's solvency; (iii) Pre-contractual information and information protocols that are appropriate to the personal circumstances and characteristics of each customer and operation.</li> <li>▪ An adequate independent assessment of collateral.</li> </ul> <p>A Group-wide policy of not granting foreign currency loans to individuals.</p>	<p>In 2018, we have significantly enhanced the effectiveness of the recovery process while also improving the credit quality metrics of our balance sheet.</p> <p>Notably, the non-performing loan (NPL) ratio dropped from 6% to 4.7% and the problematic asset (NPLs and net foreclosed available-for-sale assets) decreased 8,248 million euros, boosted by portfolio sales.</p>
 <b>Impairment of assets</b>	<p>Reduction in the carrying amount of the shareholdings and non-financial assets (tangible, intangible, deferred tax assets (DTAs) and other assets) of the CaixaBank Group.</p>	<p>The management approach is based on monitoring the processes for evaluating asset impairment and write-down tests, in addition to compliance with the optimisation policies of shareholdings and real estate holdings in accordance with the strategic objectives.</p>	
 <b>Market</b>	<p>Risk of decreased value of assets or increased value of liabilities held in the Group's investment portfolio, due to fluctuations in interest rates, credit spreads, external factors, or market prices related to the traded assets and liabilities.</p>	<p>The management process aims to maintain a low and stable risk, under the established tolerance limits.</p>	
 <b>Structure of interest rates</b>	<p>Negative impact on the economic value of the balance sheet's items or on the financial margin due to changes in the temporary structure of interest rates and its impact on asset, liability and off balance sheet instruments of the Group not recorded in financial assets held for trading.</p>	<p>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.</p> <p>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.</p>	<p>In 2018, CaixaBank held its balance-sheet position to increases in interest rates. The reasons for this balance positioning are structural and management-related.</p> <p>From a structural point of view, exceptionally low interest rates have continued to drive the movement of deposits from fixed-term accounts to on-demand accounts.</p> <p>From a management point of view, the Bank has continued to adapt its balance sheet structure to the expected environment.</p>
 <b>Actuarial</b>	<p>The risk of loss or adverse change in the value of liabilities undertaken through insurance or pension contracts with customers or employees resulting from a divergence between actuarial variables used for pricing and reserves, and their developments.</p>	<p>The management principles and policies aim for long-term stability of the main actuarial factor that affect the technical development of the marketed insurance, classified into homogenous risk groups.</p> <p>This is achieved through controlled management of the liabilities through reinsurance in order to mitigate the risk taken up to the tolerance limits.</p>	<ul style="list-style-type: none"> <li>▪ Development and improvement of monitoring of the risk appetite established by the Board of Directors of VidaCaixa through its risk management policies.</li> <li>▪ Involvement in sector working groups.</li> </ul>

Definition in the Corporate  
Risk Catalogue

Risk management

Key milestones in 2018

OPERATIONAL AND REPUTATIONAL RISK



Potential losses or decline in the CaixaBank Group's profitability due to legislative or regulatory changes, conflicts of law principles (of any area, including tax legislation), errors in the interpretation or application of existing legislation and regulations by the corresponding authorities, or during their transfer to or adverse judicial rulings or administrative or fiscal action.

The management approach is based on the constant monitoring and internal dissemination of the regulations, regulatory criteria, judicial and court rulings, as well as defending the interests of the CaixaBank Group, by actively responding to any enquiries issued by regulators, analysing and adapting regulations, identifying legal risks in the Company's activity, in particular, risks related to customer relations, implementing procedures, and defending the Group in legal proceedings.

2018 has seen increased regulations in Europe related to customer and investor protection, digital and technological aspects. We have also been monitoring different standards, many of which are yet to be incorporated into Spanish legislation.

It is worth highlighting the incorporation of national standards from different European directives, such as: (i) the Regulatory Directive on Real Estate Credit Contracts (MCD), (ii) the Basic Payment Account Direct (PAD), (iii) the Payment Services Directive (PSD2), (iv) the General Data Protection Regulation (GDPR), (v) the Markets in Financial Instruments Directive (MiFID 2), and (vi) the Prevention of Money Laundering and Terrorist Financing Directive (AMLD 4).

In the tax sphere, we have closely monitored the Draft Bills on Financial Transaction Tax and Digital Service Tax.

In addition, we have implemented decisions adopted by the Supreme Court and carried out general projects to improve the formal and material transparency of the contractual with clients.



Application by CaixaBank of criteria for action contrary to the interests of its customers and stakeholders, or actions or omissions that are not aligned with the legal or regulatory framework, or with internal policies, regulations and procedures.

Conduct and compliance risk management is not just the responsibility of a single department, but of the entire CaixaBank Group. All employees must strive to ensure compliance with current legislation and to implement procedures to translate this legislation to their day-to-day work.




- Reinforcing a culture of compliance by redesigning compulsory training with bonuses (completed by >95% of employees), awareness sessions, internal communication, and the creation of incentives in specific fields.
- Alignment of the Group's Compliance supervision model, especially in BPI and the international network.
- Reinforcing the control environment to prevent money laundering and the risk of non-compliance.
- Other significant advances in the implementation and reporting of monitoring indicators on the limits of the Risk Appetite Framework (RAF) for monitored Compliance risks, as well as updating policies.



Losses due to the inadequacy or failure of hardware or software of the technical infrastructures, due to cyberattacks or other circumstances, which could compromise the availability, integrity, accessibility and security of the infrastructures and data.

The management approach involves monitoring the indicators linked to the governance of information technologies, information security, technological contingencies, and complying with the current best international standards on media governance.

Expanding this measure to new companies of the Group and starting the second line of defence project, aiming to create a technological risk control framework and a new advanced control and monitoring method.

Definition in the Corporate Risk Catalogue	Risk management	Key milestones in 2018
<b>OPERATIONAL AND REPUTATIONAL RISK</b>		
 <b>Operating processes and external events</b>	<p>Losses or damages caused by operating errors in processes relating to the Group's activity, due to external events that are outside of the Group's control, or by third parties external to the Group, whether accidentally or intentionally. It includes errors in the management of suppliers, model risk and the custody of securities.</p>	<p>This risk management approach aims to facilitate improvement actions in processes and controls by monitoring different leverage factors and weak points, in order to reduce future operational losses and adapt them to the operational risk tolerance limit.</p> <p>The main milestones in 2018 include the consolidation of the legal risk metric, creating a new model risk metric and a new metric for non-exceptional losses in the RAF, as well as specific reduction projects for the main recurring operational losses.</p> <p>In addition, we have updated the extreme operational loss scenarios and have started to collect data on operational loss events at VidaCaixa.</p>
 <b>Reliability of financial information</b>	<p>Deficiencies in the accuracy, integrity and criteria of the process used to generate the data required to evaluate the financial and equity position of the CaixaBank Group.</p>	<p>The management approach involves monthly monitoring of the accounting close and quarterly monitoring of the adequate functioning of the Internal Control over Financial Reporting System (ICFRS), in addition to other metrics and policies related to financial information.</p> <p>In 2018, several developments were made in different initiatives related to information governance and data quality, with a special focus on creating new controls over subsidiaries.</p>
 <b>Reputational</b>	<p>The possibility that CaixaBank's competitive edge could be blunted by loss of trust by some of its stakeholders, based on their assessment of real or purported actions or omissions carried out by the Group, its Senior Management or governance bodies, or due to the bankruptcy of related unconsolidated entities (step-in risk).</p>	<p>This management approach aims to keep CaixaBank's main reputation indicators below the tolerance limits and to monitor the implementation level of preventive measures.</p> <p>In 2018, we have made several advances and improvements in the sub-indicators used in the quarterly calculation of the Global Reputation Index (GRI).</p> <p>In addition, we have started a project to review the expectations of stakeholders and weight adjustment procedures to calculate the overall indicator.</p>

### New organisation of the General Risks Division

With the aim of boosting profitable and controlled growth of the Business, the General Risks Directorate has been transformed to better align itself with the priorities of the new 2019-2021 Strategic Plan. This process has involved:

- Proactive and anticipatory approach
- Efficiency and agility.
- Reinforcing the control environment

The aim of the risk transformation plan is to make the organisation more agile and optimised, while boosting profitable and controlled business growth.

The function is organised into two main areas of specialised risk management coordinated by Chief Lending Officers (CLOs). The global risk management is reinforced by the Corporate Risk Management Function & Planning department, which is responsible for implementing the Group's risk strategy and company-wide risk monitoring. In addition to risk management, CaixaBank implements environmental management from the perspective of its credit risk.

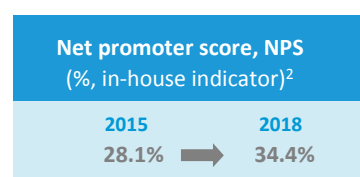


Customer  
experience

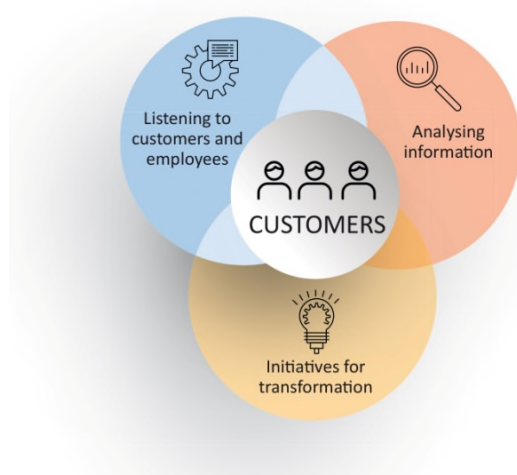
## Customer experience

CaixaBank's main aim is to satisfy the needs of its customers and enhance customer interaction through a combination of innovation, technology and experience. **Offering the best customer experience** is on the top priorities of the new 2019-2021 Strategic Plan.

CaixaBank has achieved the main goals outlined in the strategic line of *Being the best bank in terms of quality* and reputation in the 2015-2018 Strategic Plan. To achieve this goal, CaixaBank has developed and transformed its quality measurement, analysis and management system with a focus on customer vision and experience. For Banco BPI, CSI of its branch network stands at 8.94 as of December 31, 2018, while NPS stands at 60.9%.



## Customer-centric model



### Customer-Centric Model

CaixaBank implements a *Customer-Centric approach* and **360-degree customer view**, placing the customer at the centre of interest and creating a more responsive customer-company relationship.

Listen to customers and employees, through:

- Customer surveys.
- Employee surveys.
- Face-to-face and online group sessions with customers and employees to collect qualitative assessments (e.g., focus groups, **employee idea box** to obtain suggestions, and **Innova**, a website for debate forums on specific subject matters).

[1] Synthetic index composed by the index of the 6 principal businesses: ISP (Particulars), ISBPE (Premier), ISPBR (Private), ISE (Businesses), ISI (Institutions), ISCorp (Corporate) and their contribution to gross margin.

[2] Difference between the percentage of customers who would recommend the entity compared to detractors (promoters answers 9 to 10, detractors answers 0 to 6).

**Information analysis**, to obtain:

- **Internal customer indicators** obtained through surveys and satisfaction and recommendation studies:
  - **Customer Satisfaction Index (CSI):** a gauge of customer satisfaction in the main business segments.
  - **Recommendation Index (NPS):** this index fosters the generation of customer promoters of the Company. Employees are made aware of the importance of offering a positive experience so that customers improve their perception of the service in all their interactions with CaixaBank.

Therefore, the Customer Voice is obtained through all the Group's channels (omnichannel service) to form a comprehensive vision of customer perception and expectations and, thereby, improve the quality of the service and customer experience. These studies are complemented by sector satisfaction benchmarks.

- **Internal indicators of employee satisfaction studies to employees** that make it possible to measure the degree of effort required to provide a service (CES) and the level of support received the Company's Corporate Services, as CaixaBank still believes that it is key to systematically improve the services provided by Central Services to the network.

The voice of customers and employees enables us to obtain a **holistic view**, both quantitative and qualitative, of their opinions regarding the service provided. This helps us to **identify opportunities for improvement** and to compare the measurement of KPIs with the opinions collected. In addition, measuring KPIs can lead to the creation of Service Level Agreements (SLAs). Therefore, over time, we can establish specific levels of compliance in the service to meet our customers' expectations.

**Transformation initiatives**, obtained through the comprehensive correlation of the analysis results, transmitted by:

**01. Designing Customer Journeys for customers and employees** for each of the main businesses of CaixaBank, making it possible to identify key moments in their interaction with the bank. By measuring these moments, we can identify leverage factors for improving products, services and/or processes.

**02. Fostering the improvement of the customer experience in the commercial network**, with a **Quality Manager** in each Regional Department. The Quality Manager will provide advice and support during visits to the branches with more room for improvement. This will lead to the launch of action plans tailored to the context and results of each branch.

**03. Maintaining CaixaBank's position of leadership in management** through a range of initiatives deployed universally to involve not only the bank, but the entire business group and its stakeholders. These included:

- **Renewal of the EFQM European Seal of Excellence in 2018**, improving on its previous result with a score of over 650 points, and the systematic deployment of improvement recommendations in the main fields of the overall management of the organisation.
- **Certification of its main business segments:** In 2018, CaixaBank was awarded, for the first time, the European Certification by AENOR for Private Banking, and renewed the certification for Premier Banking. CaixaBank is currently the only Spanish bank with six certified business divisions: Private Banking, Premier Banking, Personal Banking, Banking Businesses, International Banking and Corporate Banking.

Furthermore, our organisation has focused its attention on customers with the creation of the **Overall Customer Experience** division, a hub to promote direct private customer relations in all relevant areas of the company. By doing so, we are able to respond to the needs of our customers and the market to boost a digital transformation process that is adapted to omnichannel customers. This involves changing the way we construct value proposals for customers.

**neX, a new means of organisation**

neX, consists of implementing the **agile** methodology, which makes it possible to lead the transformation of the Bank from two levels: the branch network distribution model, with the stores, and the omnichannel relationship with the customer.



**"From a divisional organisation to a unit focused on the customer"**

Reorganisation  
Retail Banking

Backup for  
customer focus

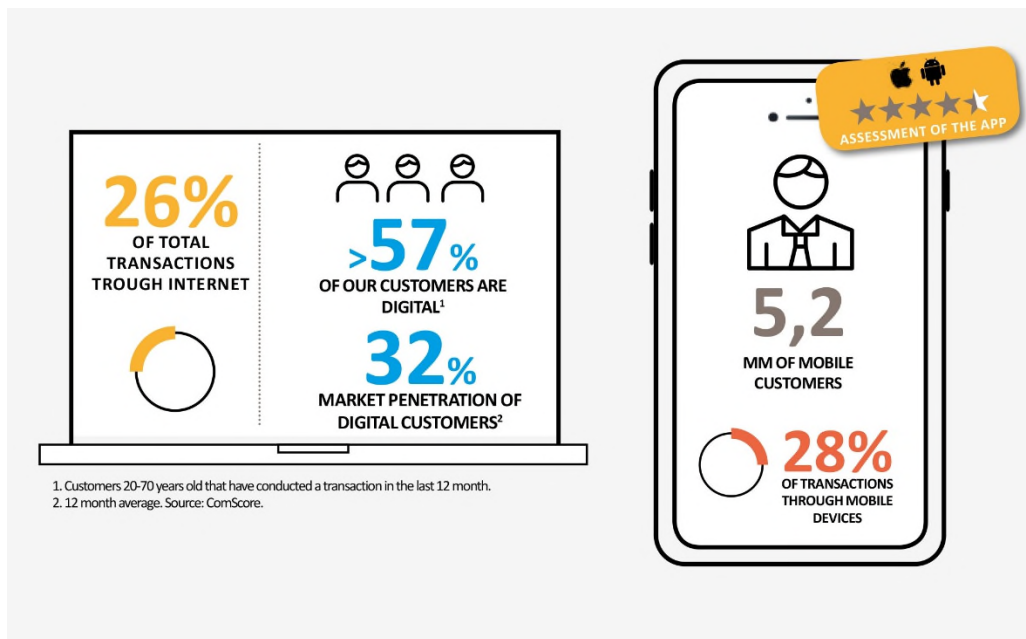
New ways of  
working

## Omnichannel strategy

Customising our service, enhancing the user experience, the increased importance of financial advice, the increased interaction through mobile channels and other innovations, are all trends that are changing customer behaviour.

Over the last few years, there has been a strong growth in digital channels, especially the mobile channel. However, bank branches are still of great importance. As a result, **CaixaBank offers its customers an omnichannel service.**

The change in customer behaviour is noticeable in the fact that transactional operations (e.g., cheques, deposits, cash withdrawals, transfers, etc.) are moving to digital channels. Meanwhile, bank branches are focusing on enhancing their value-added services and dedicating more time to planning and business relations.



Although the number of digital clients has been steadily increasing, branches have continued to provide operations and advice in a stable manner while offering customers more added value. Customers continue to value the sense of proximity at their bank of choice (according to the 2018 FRS Inmark study for Spain). In this regard, CaixaBank continues to focus its efforts on maintaining the largest branch network in Spain.

As of 31 December 2018, CaixaBank has a network of 4,608 branches in Spain (5,103 branches in Spain and Portugal) and the most extensive ATM network in the sector, 9,425 in Spain and 1,369 in Portugal.

CaixaBank currently has 283 Store branches located around Spain and aims to expand this model over the next few years. One of the main aims of this new model of branch is to generate genuinely new and unique customer experiences.

### Store: Transforming branches into advice centres

Traditional branches have been transformed into our new *Store* advice centres. They offer:

More customer proximity

#### Enhanced service capacity and specialisation

No cash desk

Extended opening hours

Specialised managers

**Customer knowledge** with the support of technology: *transparency and personal attention*

**More efficient organisations:** open spaces, new systems, common agenda, flexible and dynamic work methodologies

**Greater proactivity and improved time management:** customer interactions are scheduled

**Improved commercial efficiency and productivity**

Stores in 2021  
**> 600**

Stores  
**24%**  
of the business volume in the retail network

Productivity  
**+20%**  
versus comparable (ordinary margin/employee)

The new **2019-2021 Strategic Plan** establishes a series of leverage factors to respond to changing customer behaviour and the strategic objective of improving customer experience and boosting growth:



- 1 To continue to transform the distribution network to offer greater value to customers
- 2 To strengthen the remote digital customer service model
- 3 Segmentation and focus on *customer journeys*
- 4 Agreements to expand the service offer and build an ecosystem that goes “beyond” banking

### 01. To continue to transform the distribution network to offer greater value to customers

Over the last 10 years, our distribution network has been constantly evolving and adapting to the changing needs of society in order to improve the customer experience:



#### Concentration of retail centres

Over the next three years, CaixaBank plans to close more than 800 branches, mainly in urban areas, while maintaining stability in the rural network. This reduction is made possible by concentrating our branches and expanding the Store model in urban areas (pre-existing branches will be merged to form the new CaixaBank Stores).



#### Specialisation: creation of specialised centres

Our mission to provide the best customer experience has led to an increased level of specialisation and customisation, and, as a result, the creation of specialised businesses/centres where expert managers offer the specific and customised financial advice services that our customers deserve. For this reason, we have created segments and divisions with specific knowledge bases.



#### AgroBank: Strengthening the model in rural areas to provide better service

AgroBank, launched in September 2014, notable for being a model:

- With **highly loyal customers**
- With **highly mobile and highly trained advisers**
- That **contributes to the development** and **diffusion of best practice of the sector**
- That **supports the sector** and has built a **community**

A sector that requires specialisation and high customer interaction

#### Rural branches

**1,100**

Branches of <5 staff in towns with < 10.000 inhabitants

#### Turnover

**+32%**

loans + funds (growth on 2014)



## 02. To strengthen the remote digital customer service model

CaixaBank strives to continually improve its specialised service in combination with a **greater product range** and the **best digital service**, to supplement the Company's distribution network, which, in recent years, has experienced significant growth in digital channels (in particular, the mobile channel).

The digital channel is particularly strong for customer relations and is transforming into a channel for generating sales. **Since 2014, digital sales have multiplied by 4.5 and 20% of customers have applied for a service through CaixaBankNow.** Furthermore, the digital channel improves the simulation capabilities prior to contracting financial services or products. For example, 15% of customers who have taken out a mortgage carried out an online simulation in advance. CaixaBank has developed several digital customer interaction models.



### Remote service with a personal manager

This service has been created for our digital customers who do not have much time to visit a branch. It is based on a remote service model with the advantage of having a personal manager.



### CaixaBank's "Mobile-only" service

With innovative features, such as our chatbot called Gina, this service is constantly evolving. It currently has 1.2 million customers with an average age of 23 years.



### A more convenient way to manage your personal finances.

A smart tool to help customers manage their personal finances. Among other features, it lets you view all your accounts at CaixaBank and other banks.

## CaixaBankNow

CaixaBank has launched **Now**, an initiative designed to **group all the bank's digital services** into one concept. Covers a broad range of products to help families manage their personal finances easily and immediately.

An **app** that can be personalised, with artificial intelligence and signing transactions via mobile at a click, simpler, faster and more secure.

Digital customers<sup>1</sup>

**6.0**

Million

## 03. Segmentation and focus on customer journeys

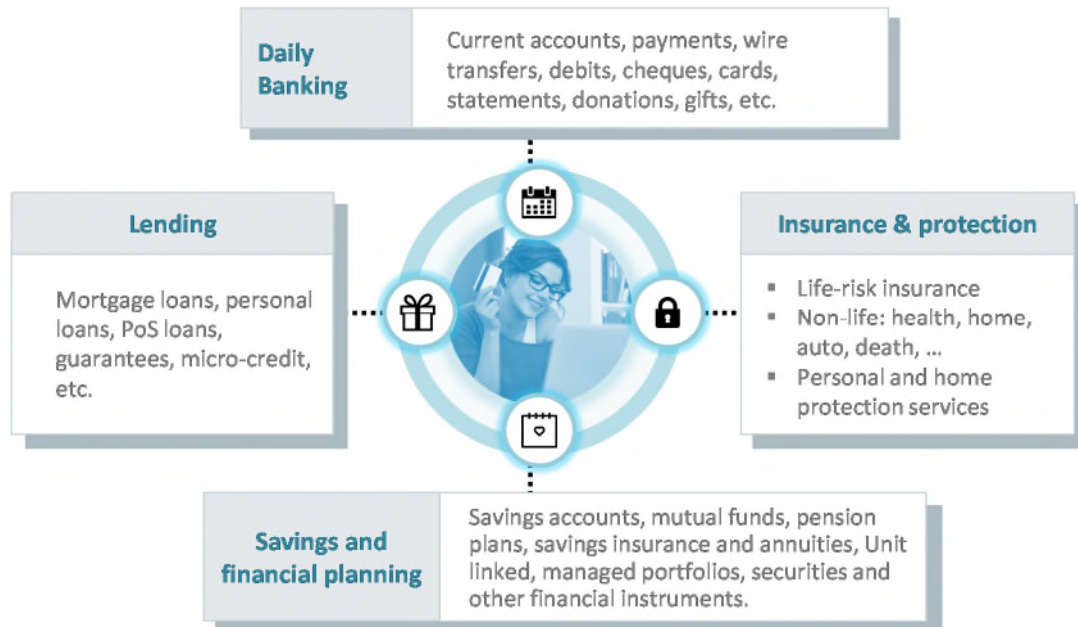
CaixaBank is transforming the customer experience to reach new standards aimed at the customer, based on the Customer Journey methodology, making it possible to identify key customer and employee moments. The ultimate aim is to significantly improve the customer's experience with CaixaBank. For this reason, we have redesigned our products, services and processes:

- Fully focused on customer needs;
- Guaranteeing the omnichannel service from the start;
- Implementing the best practices in every interaction;
- Measuring customer and employee feedback;
- Monitoring the process transparently.

[1] Active digital customers, last 12 months. Includes group of individuals between 20-74 years.

#### 04. Agreements to expand the service offer and build an ecosystem that goes “beyond” banking

Today, CaixaBank is a financial supermarket with a competitive and extensive range of products and services that it has built up over the years to cover 100% of its customers' financial and insurance needs.



In recent years, CaixaBank has enriched the insurance banking ecosystem with the collaboration of global partners. Therefore, with some 14 million clients in Spain, more than 5 million direct interactions, and over 10 billion transactions each year, CaixaBank offers a strong and highly-innovative platform to **create value through alliances**.



##### Financing

Agreements with manufacturers to finance and distribute



##### Daily banking – Payments

Improving the value proposal with new services



##### Insurance and protection

Beyond traditional insurance products



## Customer Service

CaixaBank implements a management model for customer complaints and requests. Its purpose is to reinforce customer trust, detect possible improvements in our products and services, and comply with the requirements of supervisors.

This management model features a **Customer Service Office** supported by the **Customer Service Team**.

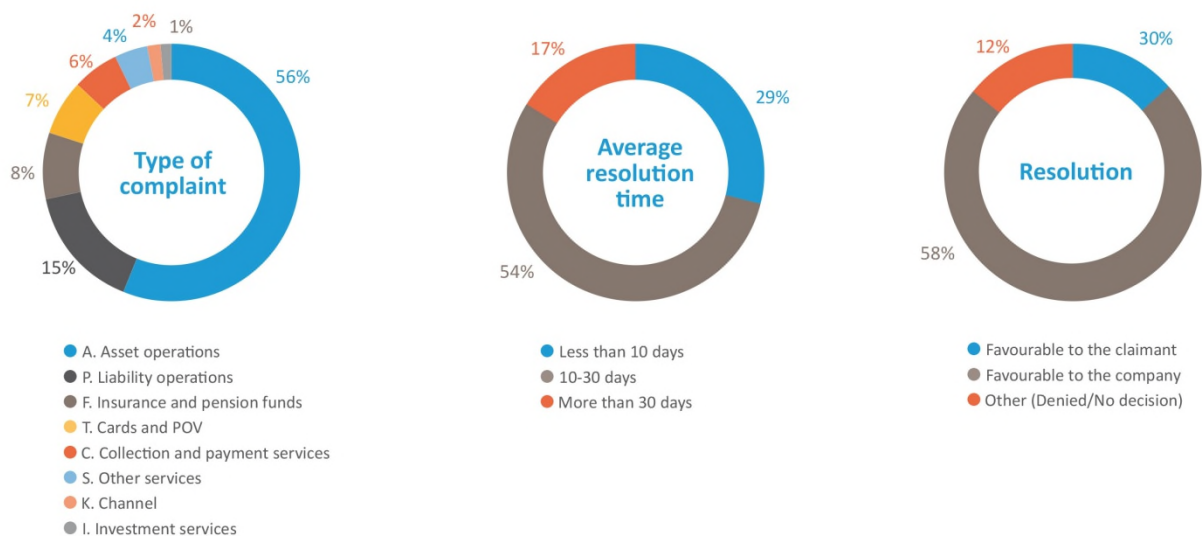
The Customer Service Office is responsible for handling and resolving customer complaints and claims. This office has no connection with our commercial services. It performs its duties based on its independent judgement, applying customer protection regulations, regulatory requirements and best banking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

The Customer Service Team handles customer enquiries, requests, and complaints related to service quality and reputational matters from a corporate perspective. The Customer Support Service, which deployed throughout Spain in May 2018, also reports to the Customer Service Team. This service offers support to branches during critical situations when all the usual management mechanisms have been exhausted. It aims to improve customer satisfaction by preventing situations that could lead to a bad experience, thereby, taking care of the business and protecting the image of the company.

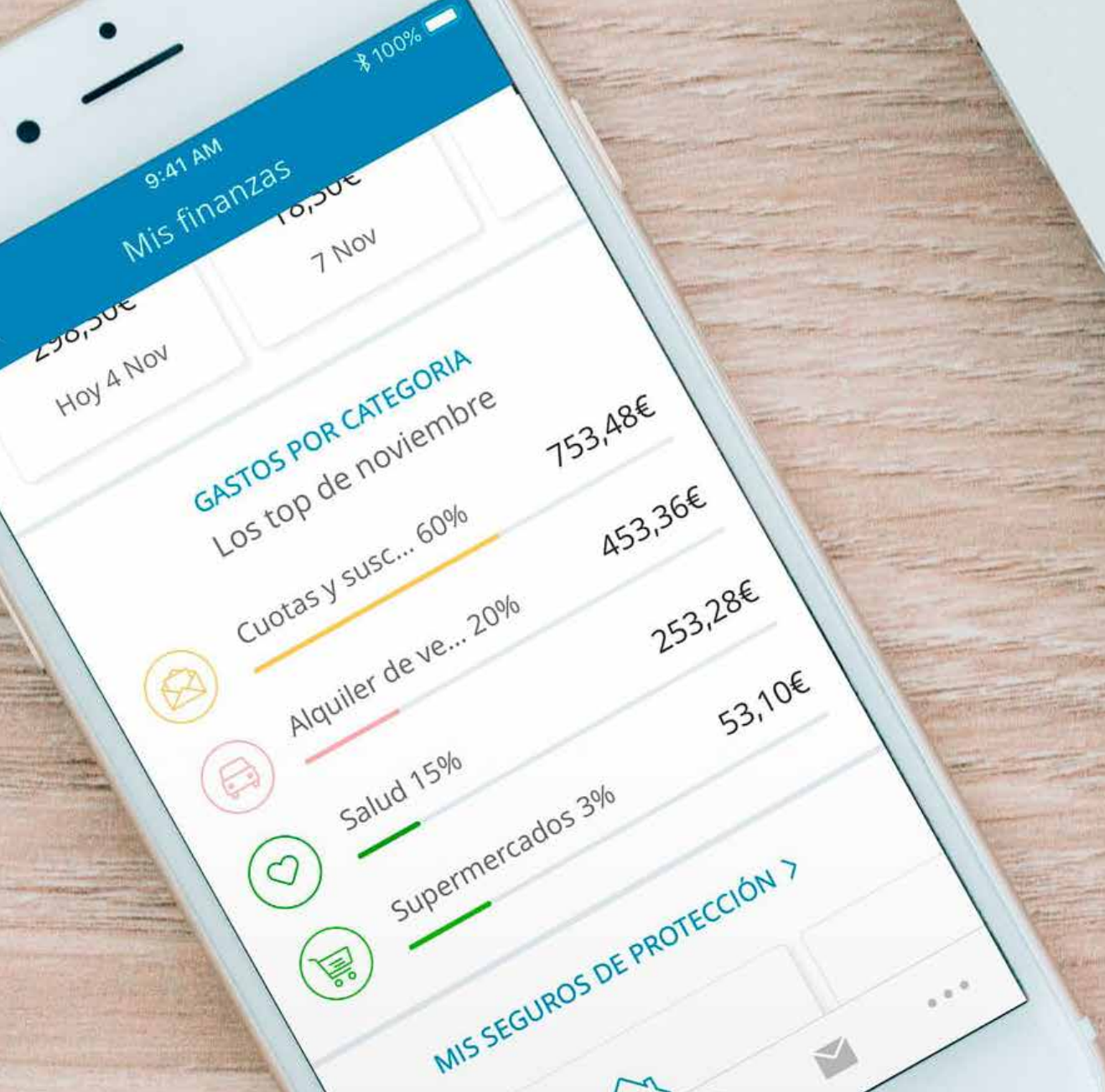
Furthermore, the new **Inbound Customer Contact Centre** model was launched in November 2018. This new model aims to group a large portion of the non-contact services available to customers under the same management, in order to enhance customer experience by offering a more efficient, effective and flexible service with 360-degree vision.

The details of all the complaints received, resolutions issued by the Customer Service Office and the Customer Service Team, and the reports issued by the Supervisory Claims Service, related to business operations in Spain, are presented in Note 42.2. "Customer services" of the attached consolidated annual financial statements.

## Complaints management



Furthermore, the CPI customer service teams have concluded a total of 17,527 claims in 2018, 13% of which in favour of the customer. The average response time is 6.3 days.



Innovation

## Innovation

The changes resulting from new technologies and customer expectations require constant transformation and adaptation. Companies must leave their comfort zone and become more open, transparent, collaborative, and participatory. In this context, CaixaBank implements an innovation process aiming to equip the company with tools to successfully navigate the transformation and new environment.

CaixaBank's **technological innovation process is structured in 4 phases** and is supported by new work methods. The aim is the early identification of trends and technologies so that the team is adequately qualified and trained, and to look for cases of internal use to create business value.

This innovation model is endorsed by agreements with third parties which provide access to leading international research facilities.

The innovation team's mission is to support the Company's transformation by implementing new technologies and methods, as well as identifying opportunities together with the different divisions, with the ultimate aim of improving the user experience through customised and immersive experiences, thereby lowering costs by optimising back-office tasks and time-to-market.

### CaixaBank's innovation model

#### STRATEGIC OBJECTIVES

- Discovering new technologies and trends with an impact on the system.
- Investing in emerging technologies and business models.
- Promoting new working methods and styles.

#### Introduce new technologies and trends

##### TO RESEARCH

Understanding new emerging technology

##### TO TEST

Practical knowledge and technological assessment (POCs)

##### TO ANALYSE

Modelling and building viable and desirable solutions (MVPs)

##### TO GROW

Accelerating the development and creation of MVPs with an experienced and dedicated team

#### Improving the culture of innovation and expanding the use of new methodologies



##### IDENTIFICATION OF OPPORTUNITIES

Applying new research methods and techniques to identify ideas in collaboration with the different business areas.



##### COMMUNICATING

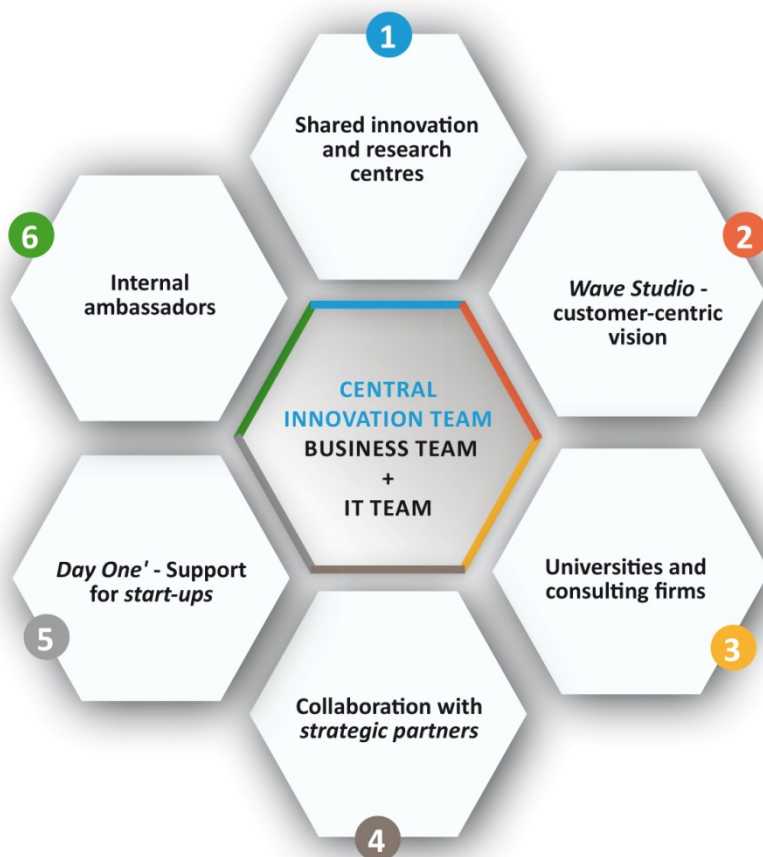
Sharing knowledge and fostering creativity to promote internal talent.

Our commitment to innovation is reflected in the high investment in development and technology

€844 million in 2018

## Ecosystem of innovation

To meet the objectives set and capture external knowledge, CaixaBank has created an innovation ecosystem:



### 01. Shared innovation and research centres

CaixaBank has created shared research and innovation centres through agreements with its technology providers to carry out joint innovation projects. CaixaBank collaborates with and invests in two joint innovation centres with the companies **IBM** and **Everis**, to develop concept tests with emerging technologies.

#### IBM - CaixaBank Digital Innovation Centre

CaixaBank and IBM work together to discover and test emerging technologies under the framework of the strategic alliance signed for the management of technological infrastructure.

The extensive work conducted in the Digital Innovation Centre in word processing and the capacity building to process natural language has led CaixaBank to become a leading company in using **Watson cognitive technology in Spanish**.

Developing artificial intelligence has enabled CaixaBank to launch its first **chatbots** for customers and an assistant for employees.

In addition, CaixaBank has initiated a collaboration with IBM research teams in the field of **quantum computing**, applied to the areas of security and financial loss calculation.

As regards work methods, we have introduced new skills to enhance the ability to prototype efficiently in order to accelerate innovation and iterate on prototypes more quickly. Among other things, this has facilitated the involvement of different business areas and end users in the innovation process.

In addition, due to the collaboration with IBM, CaixaBank has been a pioneer in providing its customers with **blockchain** solutions.

Finally, it is worth highlighting that, in recent years, CaixaBank and IBM have adopted the principles of **Design Thinking**, creating a specific framework adapted to their specific contexts to resolve customer issues with the speed and efficiency required in the digital transformation of companies, and guaranteeing the generation of ideas with the involvement of all parties.

In this regard, in 2018, for the first time in Spain, a co-creation session was held with millennial employees (under 30 years old) from IBM and CaixaBank. Over two days, the employees of both companies were faced with the challenge of thinking and coming up with new and innovative solutions within the framework of Design Thinking. The meeting was part of the Next Gen Lab initiative, created by IBM with the mission of generating a channel to debate, reflection and co-create product prototypes adapted to current technologies.

#### Everis – CaixaBank Innovation Centre

Together, CaixaBank and Everis have developed technologies that have been implemented in bank branches to improve the experience of customers and employees.



#### 02. Wave Studio – Customer Centric

Wave Studio is an initiative launched in 2018 aiming to introduce project development methodologies, such as Design Thinking, prototyping, and the construction of minimum viable products (MVPs). These skills allow for more efficient business by constructing iterative solutions and verifying advances. They are incorporated from the initial stages of work to ensure that the end users and their needs are always present.

#### 03. Universities and consulting firms

In 2018, we have worked with research teams from different universities, developing natural language and audio processing solutions to facilitate interactions with end users.

Furthermore, the Bank collaborates with consulting firms, such as McKinsey, BCG and Accenture, enabling it to maintain a more strategic vision of the most relevant trends and to analyse the impact and transformation capacity of new technologies on the financial system.

In the area of big data, in 2018, we have continued to drive the development of advanced modelling projects in conjunction with KDP (a joint venture set up between CaixaBank and AIA).

#### 04. Collaboration with strategic partners

##### Start4big

In 2018, CaixaBank in collaboration with Telefónica, Seat, Aigües de Barcelona, and Naturgy, launched Start4Big with the aim of boosting innovation and strengthening the national and international entrepreneurial sector, as well as offering high-value solutions to customers and society.

It is a digital, open and multi-sectorial initiative that looks for mature international start-ups to develop disruptive pilot projects to improve customer experience. This is the first time in Europe that five big companies from strategic sectors have joined forces to take innovation to the next level: a multi-sectorial collaborative model to develop technological solutions that have an impact on all the areas in which the companies operate.

Every six months, the programme will launch 4 challenges (3 multi-sectorial and 1 transversal) related to different areas, including robotics, cybersecurity, artificial intelligence, blockchain, and big data.

Start4big generates synergies between strategic sectors and key players in the innovative ecosystem. Therefore, from this initiative will emerge an advanced and experienced global innovation community never seen before in Spain, formed by entrepreneurs, innovators, experts, investors, key players in the ecosystem.

### Payment Innovation Hub

CaixaBank, together with Global Payments, Samsung, Visa and Arval, has launched the first innovation centre in Spain specialising in trade and payment methods: the **Payment Innovation Hub** has adopted several research lines and aims to respond to new consumer trends and demands and how new technologies can be used for payment methods.

In the initial months, the centre has been focusing on four main projects:

- **Creating cashless spaces:** this involves digitising all the payments made in a certain area.
- **Invisible payments:** a trend with a high potential to streamline physical purchases as it removes the need for queues.
- **Fintech:** searching to create new services under the PSD2 directive and based on the ever closer interaction between technology companies and banks.
- **Connected cars:** analysing the new opportunities resulting from the expansion of connected cars, such as paying for fuel at petrol stations without leaving your car.

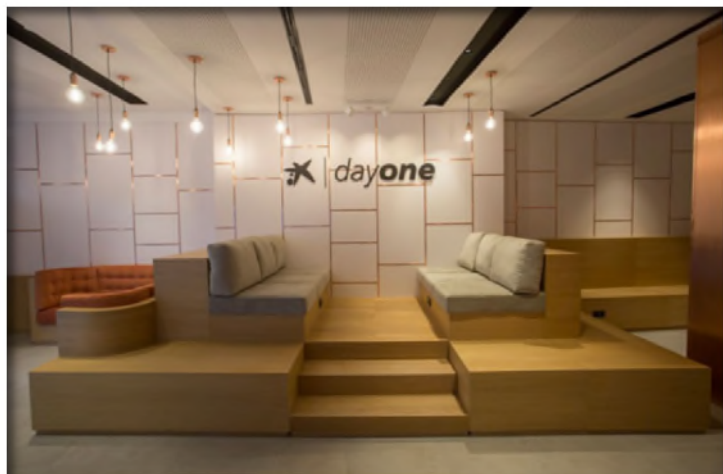


### 05. Day One' – Supporting Start-ups

To support global start-ups and scale-ups with activity in Spain aiming to accelerate their growth through specialised financial advice, in 2017, CaixaBank launched Day One, a new kind of financial service created exclusively for innovative companies with a high growth potential. The Company has physical spaces that serve as hubs for capturing talent and capital in Barcelona, Madrid and Valencia. It also has a client portfolio in Bilbao and Malaga.

The hubs serve as meeting points between founders of technology companies, partners helping them to grow their business, and investors interested in innovative companies with growth potential. The creation of Day One strengthens the Company's strategy to offer a specialised segment-specific banking model that is completely tailored to the needs of each customer profile.

As well as offering a specialised line of products and services for these companies, CaixaBank also makes its contact network available to Day One customers searching for funding from investors. In addition, Day One has designed a tailor-made training and networking initiatives programme for entrepreneurs.



### 06. Internal ambassadors

The figure of the internal ambassador has been created to encourage employees from different divisions of CaixaBank to help spread innovation in their areas of work and to propose potential situations where new technologies could be introduced. It is a way to disseminate internal knowledge in order to identify any current business needs that could be met through innovation.



## IT infrastructure

CaixaBank is committed to offering services that generate added value to our customers, placing them in the **avant-garde of the technology** applied to the business, obtaining the maximum efficiency with high quality services.

CaixaBank reinforces its commitment to improving the **flexibility, scalability, and efficiency of its IT infrastructure**. This approach enables us to improve cost efficiency, potentially diversify outsourcing, reduce the time-to-market, increase the timing of versions, and become more resilient and skilled for expanding towards ecosystems.

CaixaBank processed a large amount of data in 2018

**>73,000 millions of transactions processed**  
*(+26% with regard to 2017)*

### Capability and quality of service

The constant improvement of the IT infrastructure is a pillar of the CaixaBank management. Within the framework of the strategic plan that has been completed in 2018, significant milestones have been reached:

- Renovation of centers of data processing (CPD). Currently, the CDP of CaixaBank are able to exceed the 11,000 transactions for second.
- 67,107 changes (infrastructures, architecture and applications) implemented in 2018 (+9% with regard to 2017).
- 81.4% of the relevant incidences are solved in less than 4 hours (strategic objective of 80%).
- Increase of the perimeter of control to new fields (subsidiaries).
- Constant migration to cloud solutions and processing. The solutions managed in the internal cloud are 200. This has allowed the significant reduction of operating costs (more than 50%), as well as an increased agility in the development of applications.

### Big Data

CaixaBank has a **single operational Datapool** with efficient governance processes, and with a substantial increase in use and knowledge. Proof of this is the high percentage of regulatory reports generated using Datapool (71%). In addition, in 2018, the storage of information in Datapool has increased in more than 50%. The main advances carried out due to use of Big Data are:

- New online systems of risk consumption models assessment.
- Improvements in the risk scoring models based on information of TPVs.
- Tourism Big Data: Town-level tourist activity behavior.
- Development of a new accounting architecture.

### Implementation of new technologies

#### Artificial Intelligence

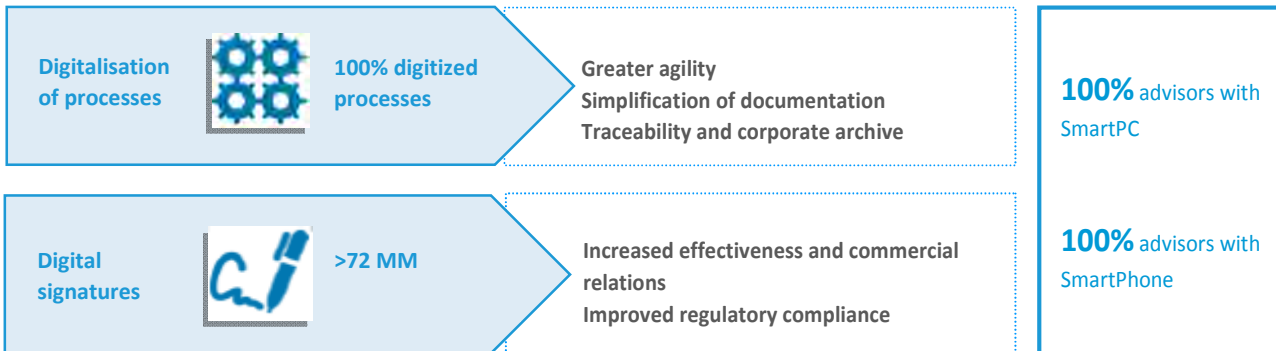
- Cognitive assistant Call Center with more than 3 million conversations and 75% of first level answers (IBM Watson).
- Virtual assistants for customers (Neo Web, Neo Broker Now, New App y Gina), with more than 500,000 conversations per month.
- Voice assistant for households (Google y Alexa-Amazon).
- Automatic classification of customer mails (with a success rate of 89%).

#### Robotics - BPO

- 35 robots in operation able to carry out 50 automatisms.

### Digitalisation of internal processes

In recent years, CaixaBank has focused on the digitalisation of internal processes to boost efficiency, facilitate regulatory compliance, and achieve unique competences.



### Cyber security

CaixaBank protects the information of the company, customers and employees against all types of internal and external threats. It implements a comprehensive information security and cybersecurity approach, constantly adapting to the new challenges of the digital world.



The infographic features the InfoProtect logo and a list of activities.

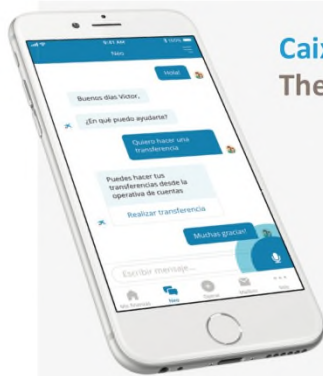
**INFOPROTECT**  
Entre todos protegemos la información

Since 2015, INFOPROTECT has integrated all the security awareness initiatives aimed at all employees to protect information and to foster a company-wide culture of global security.

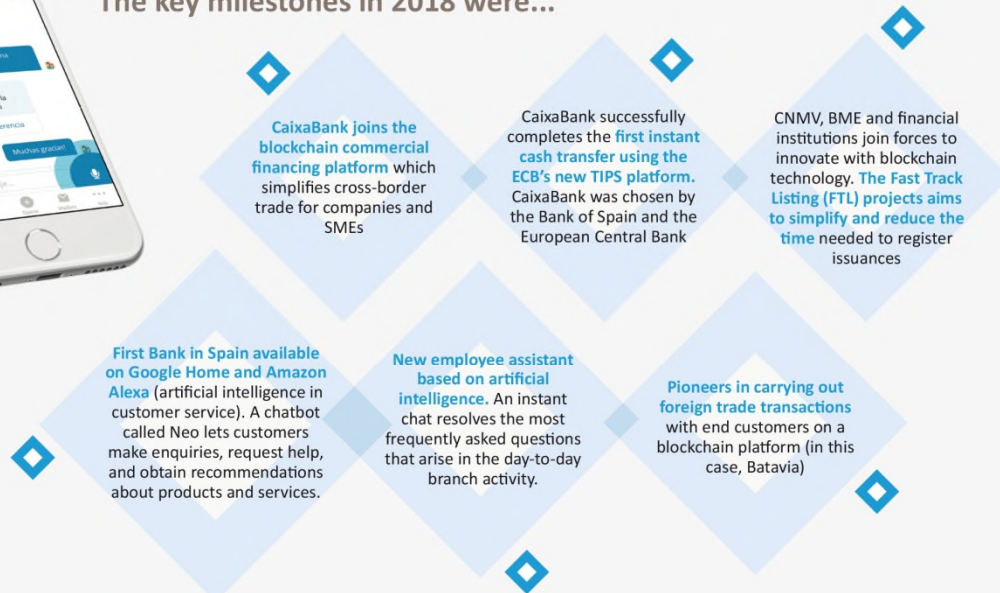
- 33 face-to-face sessions **attended by 837 new employees**.
- Distribution of the bimonthly InfoProtect Security Newsletter with security news and recommendations.**
- Monthly phishing simulation campaign. 12 phishing simulations **carried out with employees**.
- 4 face-to-face InfoProtect sessions **carried out**.
- 9 publications **on the CaixaBank Intranet**.
- Promotion of Good Practices.**
- Launch of the InfoProtect Club, a programme of ambassadors located throughout the national network.**

27,646 employees have taken cybersecurity courses	77 security control projects completed
EUR 19.9 million invested in information security	
18,844 cyberattacks detected and blocked	96 DJSI points for information security

INNOVATION



**CaixaBank has continued to invest in innovation.**  
The key milestones in 2018 were...



**Main challenges for 2019**

 Reduce time-to-market for new product launches.	 Enhance the efficiency of back-office processes.	 Harness the potential offered by big data for the organisation	 Continue to improve the flexibility, scalability and efficiency of our infrastructure
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**External recognition and accolades**

CaixaBank's Innovation Model has enabled the company to become a leader in IT infrastructures and develop award-winning projects:



**Model Bank 2018 Consumer Payments** for the app **CaixaBankPay**.  
The app that offers "The most complete and interesting consumer payment offer"



ImaginCafé has been recognised at the 2018 Innovation Awards as:  
**May 2018 Innovation**



Award in categories Innovative Touchpoints and Connected Experiences for:  
**CaixaBank Now app**



CaixaBank has also been named:  
**Country Winner at the World's Best Consumer Digital Banks in Western Europe 2018**



CaixaBank has been recognised at "The Innovators" awards as:  
**The Most Innovative Financial Institution in Western Europe for 2018**



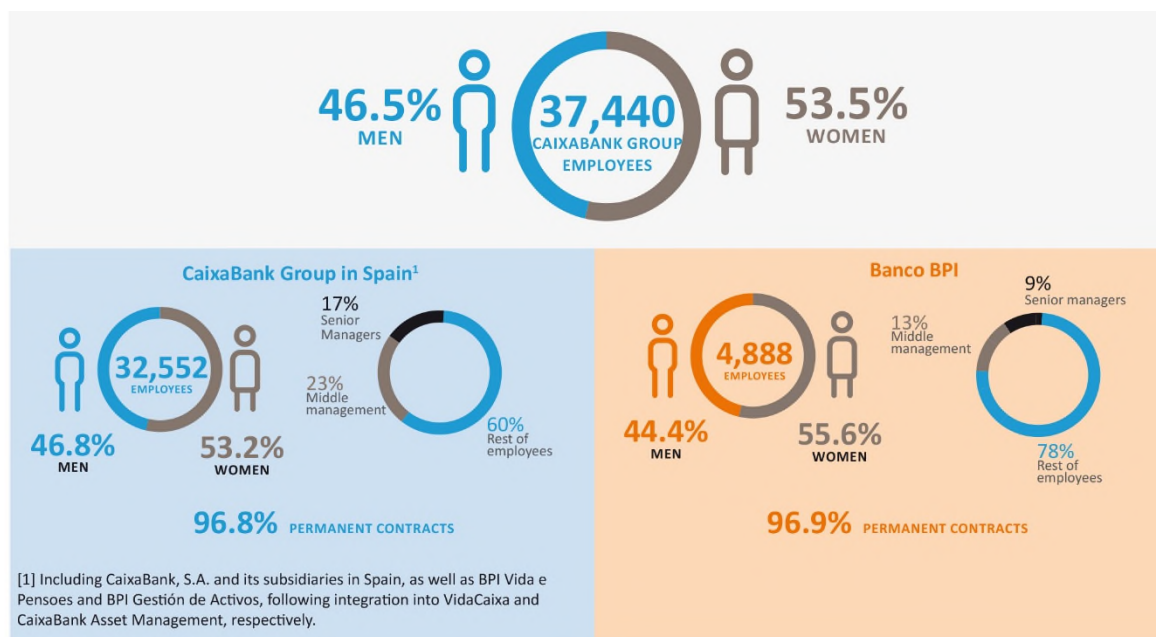
Awards for apps:  
**CaixaBank Now and CaixaBank Pay**



Team Room

Our people

## People management



CaixaBank has achieved the 4 goals outlined in the strategic line of **Having the most qualified and dynamic team** in the 2015-2018 Strategic Plan<sup>1</sup>.

1. Development of the professional capabilities					
	2014	2015	2016	2017	2018
<b>A more qualified team</b> "With the responsibilities or professional capacities in order to be able to advise better to our clients and increase the quality of the service, emphasising that 13,772 employees are certified"					
Certified professionals	n.d.	5,813	7,110	10,539	13,772
% Certified professionals (collective adviser)	63%	69%	71%	75%	88%
Hours of training by employee	48.2	49.0	49.1	59.2	71.8
Investment in training by employee (euros)	297	381	363	378	434
Employees formed (number/%)	28,943 / 100%	29,886 / 100%	29,766/100%	28,991/100%	28,400/100%
Average assay of the training (out of 10)	n.a.	8.0	8.0	8.3	8.3
% of online training	90%	90%	90%	91%	91%
2. Promote the management model based on the empowerment					
	2014	2015	2016	2017	2018
<b>A team with more empowerment</b> With greater management, involvement, and decision-making capabilities					
Empowerment level (Commitment Study)	65%	65%	70%	69%	n.a. <sup>2</sup>
180° Assessment (out of 10)	6.7	8.1	8.2	8.1	8.0
3. Strengthen the culture of the meritocracy and the diversity					
	2014	2015	2016	2017	2018
<b>A more diverse team with equal opportunities</b> Culture of the meritocracy and assessments to promote the internal professional development and talent					
% Women	51.4%	52.3%	52.6%	53.5%	53.8%
Women in management positions	34.6%	35.7%	37.0%	39.1%	39.9%
Employees with disabilities	190	201	191	194	223
Y Generation (Millennial) (1982-1992)	7.2%	9.7%	11.8%	13.3%	14.2%
Access to management positions for the first time (women)	34.6%	38.7%	51.1%	53.0%	54.4%
% Appointments / Applications in coverage of positions (men / women )	7.4% / 9.4%	7.7% / 8.1%	9.7% / 12.9%	14.6% / 19.9%	16.5% / 20.8%
% Woman's appointments / Total appointments in coverage of vacancies	47.9%	48.5%	51.6%	53.7%	54.7%
% Management positions covered internally	99.7%	99.5%	98.2%	99.6%	99.2%
4. Adapt the compensation and promotion plan					
	2014	2015	2016	2017	2018
<b>A more satisfied and comitted team</b> Overall satisfaction of 75% according to the Commitment Study (carried out in 2018)					
Overall satisfaction (Commitment Study)	70%	69%	73%	75%	n.a. <sup>2</sup>
Professional development satisfaction	66%	69%	72%	74%	n.a. <sup>2</sup>
Retention of the Talent	98.6%	89.5%	92.3%	92.0%	88.8%

[1] The monitoring data of the 2015-2018 Strategic Plan refer to CaixaBank, S.A.

[2] The 2018 Commitment Study will be conducted in February 2019.

## Management principles

CaixaBank bases its people management policy on respect for diversity, equal opportunities and non-discrimination on any grounds, including gender, age or disability. Likewise, it believes it is essential to guarantee transparency in the selection and internal promotion of its employees. Therefore, CaixaBank has defined specific policies and principles to achieve this goal:

1. Diversity, equal opportunities and work-life balance
2. Promoting professional development and merit-based criteria in selection and internal promotion processes
3. Training for a high-quality customer service and staff development
4. Performance-based pay directly related to delivery of individual and team targets
5. Occupational risk prevention (Security, health and well-being)
6. Internal communication as a key approach to transmitting corporate culture and values in conjunction with the business challenges and priorities.

All these actions aim to increase employee satisfaction and to generate a positive working environment in which teams feel motivated and committed.

### 01. Diversity, equal opportunities and work-life balance

**Wengage**, CaixaBank's Diversity Programme, has a triple vision: **gender diversity, functional diversity and generational diversity**, demonstrating the Company's clear commitment to equality and reconciliation.

CaixaBank's **Diversity Manifesto** published in 2018 sets out specific diversity principles:

	<b>Including and fostering equal opportunities</b> in all the organisation's policies and processes and promoting a culture based on merit and respect for people.
	<b>Helping to break down established restrictive stereotypes and beliefs</b> that stand in the way of development and innovation.
	<b>Backing the creation of diverse, transversal and inclusive teams</b> , recognising people's individuality and difference and putting an end to any excluding or discriminatory behaviour.
	<b>Promoting actions and measures to foster awareness and social change</b> through training, networking, mentoring, debates, talks, awards and sponsorships.
	<b>Disseminating the value of diversity</b> among all the people, institutions, companies and bodies we work with.

## Wengage Project, Initiatives 2018

### Diversity Committee



- ① Wengage Communication Project "Gender Diversity"
- ② Management training
- ③ Equal Communication Guide
- ④ Agents of equality
- ⑤ DialogA
- ⑥ Sponsorship of prizes
- ⑦ Accessions
- ⑧ Awareness Campaign
- ⑨ Prevention protocol



- ⑩ Wengage Communication Project "Functional Diversity"
- ⑪ Promoting hires
- ⑫ Donations and sponsorships



- ⑬ Participation in the Generation and Talent Observatory

### Wengage "Gender diversity"

In 2018, the company has focused primarily on gender diversity through the **Wengage "Gender diversity"** programme. This initiative aims to meet the challenge of increasing the representation of women in managerial positions at CaixaBank, to reaffirm the Company's stance on diversity and to have an external impact to achieve a more diverse society by helping to break down gender stereotypes. The following main initiatives aim to promote gender diversity:

#### 01. Communication Project

The project has been carried out in the 14 Regional Departments and Central Services. In 2018, the programme has been presented through after-work and networking events.

In addition, CaixaBank is currently working to promote the social benefits associated with important stages of life (maternity and paternity pack).

#### 02. Management training

CaixaBank offers **management training** (held at IESE and ESADE universities) and for **women's mentoring programmes** at its Regional Departments and Headquarters, with some 400 participants.

#### 03. Equal communication guide

In 2018, CaixaBank's **Equal Communication Guide** was published and circulated throughout the entire workforce. This guide details the different communicative styles of each gender in order to facilitate their identification in teams and break down stereotypes. The author of the Guide is Estrella Montolío, Doctor and a Professor of Hispanic Linguistics at the University of Barcelona.

#### 04. Equality Agents

In an aim to improve gender diversity within the company, CaixaBank has assigned an **equality agent** to each Regional Department. The equality agents are responsible for guaranteeing the implementation of the established equality policies and actions.

#### Present in Top 30

CaixaBank among the TOP 30 Companies in Spain with best practice in Diversity & Gender

### 05. DialogA

The **DialogA** programme promotes **opportunities for debate and reflection**. This actions include:

- Talks at each Regional Department.
- Female Talent breakfasts held at the Regional Departments to share best practices and personal experiences.
- Inclusive reflection sessions with Aspen Institute and Diversity Talks at international meetings.
- Networking with international banks to launch joint projects (Erste Bank, Standard Bank, ANZ Bank).

#### INTRAMA award

In the Top Diversity Company category, which acknowledges the companies most innovative and committed to Diversity and Gender improvement processes in the organisation

### 06. Prize sponsorship

- **External:** FEDEPE sponsorship, Top 100 Women Leaders, and collaboration with the Prensa Ibérica group in the e-Woman awards recognising successful women in the field of digital and technological entrepreneurship.
- **Internal:** CaixaBank's 2018 IWECA – Female Entrepreneur Award to recognise professional excellence, the possible involvement in the Shanghai Annual Meeting, and the WONNOW awards, in which CaixaBank and Microsoft recognise outstanding women in technical university degrees with their potential incorporation into CaixaBank.

### 07. Accessions



CaixaBank is a partner of the EJE&CON (Spanish Executives and Board Members Association) association and sponsor of the Monitoring Survey of the Code of Good Practice for the Management of Talent and the Improvement of Competitiveness of Companies which is carried out in collaboration with Fundación máshumano and IESE Business School, whose aim is to regularly measure the degree of compliance of recommendations of the Code by member companies.



CaixaBank is a member of the UN empower women initiative and the UN Global Pact through which it assumes the public commitment of aligning its policies to advance gender equality.



CaixaBank has signed the Voluntary Agreement with the Women's Institute that promotes greater representation of women in management positions.



CaixaBank signed the diversity charter in 2011, which represents a voluntary commitment to Foster equal opportunities and the adoption of anti-discriminatory measures .

### 08. Awareness campaign

As part of its social commitment, CaixaBank has launched an awareness campaign through social media about the value of equality. The campaign is based around a video focusing on three areas (education, access to jobs, and co-responsibility). The video portrays everyday situations in which gender inequality still exists and which CaixaBank aims to improve. This campaign has been viewed by over 2 million people.

### 09. Prevention protocol

CaixaBank implements **a specific protocol to prevent workplace, sexual, and gender harassment** signed by the union representatives. For that purpose, CaixaBank has outsourced the management of enquiries and possible cases of harassment to experts in conflict resolution who assess and investigate any cases while guaranteeing maximum confidentiality.

Women in management positions<sup>1</sup>

39.9%

Women in appointments (first time)<sup>1</sup>

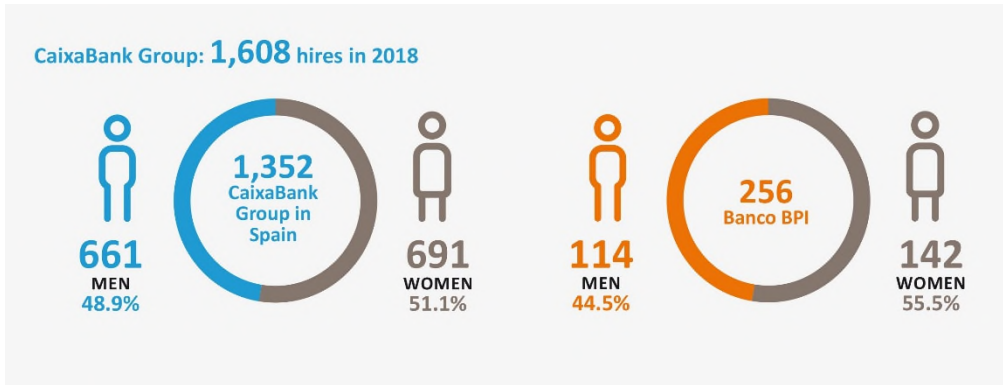
54.4%

Women – Access to highest management position<sup>1</sup>

42.2%

[1] Information about CaixaBank, S.A.





**Wengage “Functional Diversity”**

Our commitment to functional diversity is demonstrated through the **Wengage “Functional Diversity” Programme** which involves raising awareness, integration and support for employees with disabilities, based on respect for people and ensuring equal opportunities and no discrimination. Since 2014, some 200 people with disabilities have been working at CaixaBank. As of 2018, there are 243 employees with disabilities at the CaixaBank Group and 103 working at Banco BPI.

**10. Communication Project**

CaixaBank carries out internal communication campaigns promoting respect for people and diversity, as well as campaigns to raise awareness about the additional social benefits for this group.

**11. Increased employment**

In 2018, 15 people have been hired to cover positions in Central Services. In addition, CaixaBank operates a grant programme and promotes the hiring of providers through Special Employment Centres.

**12. Donations and Sponsorships**

CaixaBank collaborates through donations and sponsorships with different organisations involved in the area of functional diversity, such as the ONCE Foundation, Decentralised Social Action, the Incorpora Programme of the “la Caixa” Foundation, and sponsoring wheelchair basketball.

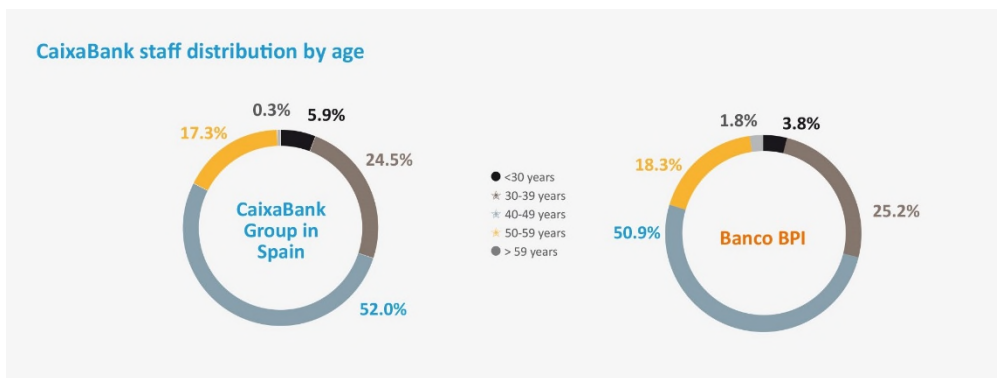
**Wengage “Generational diversity”**

Finally, to promote generational diversity, the **Wengage “Generational diversity” programme** is currently developing the initial diagnostic analysis of the demographic evolution and impact on structural indicators, such as social and work climate, absenteeism, productivity, commitment, as well as other key indicators.

To conduct the analysis, several focus groups have been created with senior CaixaBank employees using the collaborative dialogue method to address relevant issues and share knowledge and experience to design an Action Plan in 2019.

**13. Involvement in the Generation and Talent Observatory**

CaixaBank forms part of the Generation and Talent Observatory, whose main objective is to promote the management of generational diversity in organisations.



To guarantee equal opportunities, since 2011, CaixaBank, S.A. has implemented an **Equality Plan** to promote, raise awareness, and foster equality between men and women at the bank. This Plan incorporates policies to facilitate the reconciliation of work and family life which apply to its employees. Improvements have been made to several key conditions in the collective agreement: improved paid leave for marriage, maternity and paternity, illness or death of a family member, moving house, etc. (2,994 employees accessed paid leave in 2018), reduced working hours to look after children under the age of 12 years or children with disabilities (1,228 employees requested reduced working hours in 2018), leaves of absence to care for dependents, gender-based violence, family relocations, solidarity, personal reasons, and study purposes (593 employees requested leave of absences in 2018). Currently, a new Equality Plan is being developed with the workers' representation.

For many years now, CaixaBank has been committed to developing work/life disconnection policies for its employees. The internal employment agreements contain rationalisation measures of training and commercial activity for employees. The number of activities that can be conducted outside of normal working hours established in the Collective Agreement are limited. Priority is always given to the willingness and motivation of employees. Regarding the idea of the digital disconnect, CaixaBank plans to tackle this area in future negotiations with the workers' representation.

2018, CaixaBank renewed its **Family Responsible Company Certificate (efr)**, obtaining a B+ rating (proactive company). This certificate is awarded by the MásFamilia Foundation in recognition of companies that foster a balanced work and family life by implementing specific policies and measures.



## 02. Professional and talent development based on meritocracy

For CaixaBank, it is a priority to reinforce the culture of meritocracy and diversity by fostering and developing critical professional skills among its employees.

In 2018, progress has been made with the strategic priority of reinforcing a meritocratic culture. For that purpose, 100% of CaixaBank employees undergo evaluations in order to obtain a global perspective: evaluation of performance and competence-based assessments, with a particular focus on 180-degree assessment of managers (evaluating teams and team leaders).

To evaluate skills, we have updated the profiles and assessment models for skills, placing the focus on conversation as a tool to help drive professional development and internal talent. Another objective of this approach is to identify those professionals with the most potential and their incorporation into specific professional development programmes.

CaixaBank continues to promote professional development programmes at the managerial and pre-managerial level. Highlights include:

- **“Rethink” Management Programme** aimed at validating leadership skills and fostering strategy and intra-institutional cooperation in the Company by reinforcing the Transformational Leadership mode.
- **“Progresses” Pre-managerial Programme** aimed at directors and assistant directors of the network and Central Service managers.

During 2018 around 1,400 participants have carried out managerial development actions.

Furthermore, we continue to implement a meritocratic approach to make internal appointments. For each process, a shortlist of three suitable candidates is created to fill the new position (at least one of the candidates must be a woman). As of 2018, 99.2% of managerial positions at CaixaBank, S.A. are the result of internal appointments.

With the aim of attracting and developing young talent, CaixaBank has conducted programmes involving some 675 people:

### CaixaBank Experience

#### Young Management Program

Similarly, in order to retain young talent, this programme has been designed to welcome, train and integrate new employees. This programme, which has been nominated in the 2018 Learning Awards in the best onboarding category, has significantly reduced the turnover rate of new employees.

The second edition of this programme was carried out in 2018 and has enabled CaixaBank to boost its recruitment of high-potential talent. This programme aims to incorporate young professionals, and alumni from leading national and international education institutions, into different areas of Headquarters.

### 03. Boosting training activities

CaixaBank strives to have the most qualified professionals and, therefore, invests a lot of time and effort in training. Indeed, close to 2.53 million hours of training were conducted in 2018, focused on initiatives to provide its employees with continuous learning to develop new skills and the talent required to tackle future challenges.

CaixaBank has signed multiple agreements with universities and business schools to design customised training programmes and certify CaixaBank employees in different areas.

Furthermore, the Company encourages self-training by making numerous training resources available to employees through the **CaixaBank Campus**. This learning model is used to offer training to all CaixaBank employees. It is structured in four blocks: training schools, customised programmes, regulatory training, and the management development plan.

CaixaBank Campus  
COMO APRENDAMOS EN CAIXABANK



#### Fostering self-training – CaixaBank Campus comprising five schools

- Sales School
- Financial School
- Risk School
- Leadership School
- Sustainable Performance School

In addition, CaixaBank understands the importance of complying with all the regulatory requirements. In 2018, 3,267 employees (directors, managers and specialists that offer financial advice to customers) have obtained certifications in financial advising, recognised by the National Securities Market Commission, in accordance with MiFID II regulations.

CaixaBank has gone one step further and made the financial advisor certificate available to all its employees. This action drives the promotion of employees and fosters quality in customer service and financial advising through a personal approach.

### 04. Pay policy

In 2017, CaixaBank's Board of Directors approved the latest revision of the **CaixaBank General Remuneration Policy**, which specifies and adapts to the main features of each element of remuneration. It can be accessed by all employees via the corporate intranet.

Remuneration at CaixaBank essentially features the following pay items:

- Fixed remuneration based on the employee's level of responsibility and career path. This accounts for a significant part of total remuneration and is governed by the collective bargaining agreement and the various internal labour agreements.
- A variable remuneration system in the form of bonuses and incentives are linked to the achievement of previously established objectives and set up to prevent possible conflicts of interest, and, where applicable, to include qualitative assessment principles in line with customer interests, codes of conduct, and prudent risk management.

Strategic line 5, "Having the most prepared and dynamic team", from the 2015-2018 Strategic Plan, included objectives such as "Adapting the remuneration framework" and "strengthen the culture of meritocracy". In this regard, and in line with the principles of the General Remuneration Policy, which places importance not only on the achievement of challenges but also how they are achieved, throughout this Plan variable remuneration has increased its weight over fixed remuneration, variable remuneration representing 7.7% of total remuneration in 2018 (CaixaBank, S.A.). Furthermore, we have revised all the bonus and incentive schemes and have incorporated the latest regulatory changes.

## 05. Security, health and corporate well-being

One of the fundamental pillars in people management at CaixaBank is the health and safety of its staff. CaixaBank goes one step further than the legislation and rather than talking about Occupation Risk Prevention, it focuses on **Corporate Health, Safety and Well-being**. The Management team is acutely aware of the importance of reinforcing initiatives and measures to facilitate proper working conditions. Management is committed to:

- Fostering a culture of prevention at all levels of the organisation.
- Ensuring compliance with the applicable law and other voluntary commitments to which it subscribes.
- Considering preventive aspects at the source.
- Implementing continuous improvement measures.
- Raising awareness and training staff.
- Implementing **an Occupational Risk Prevention system in accordance with the requirements of the standard OHSAS 18001**.

CaixaBank certified in  
OHSAS 18001



CaixaBank has specific committees to guarantee the health and safety of its staff:

### Single Occupational Health and Safety Committee

This committee is responsible for establishing the aforementioned objectives and monitoring preventive actions, placing special emphasis not only on statutory audits, but also on other voluntary standards, such as the OHSAS 18001 certification (since 2005).

### Occupational Risk Prevention Coordination Committee

This committee establishes the policies related to occupational risk prevention, to improve the control, management, and monitoring of the health and safety requirements. It also organises and conducts training. To perform this task, the committee analyses monitoring indicators with the aim of anticipating deviations and plan corrective measures.

Between 2015 and 2018, the Strategic Plan has helped to consolidate the operation and modernise the management system. It has also boosted processes related to occupation health and safety. The following initiatives were outlined for 2018:

#### 01. Specific training

In 2018, the Managers of each Regional Department underwent occupation health and safety training, within the framework of CaixaBank's "corporate health, safety and well-being" initiative.

#### 02. New training contents

New training contents have been incorporated for all staff related to ergonomics and the use of screens.

#### 03. Prevention campaigns

Several prevention campaigns and recommendations have been developed and published on the company intranet, related to the following key areas: first aid, road safety, semi-circular lipotrophy, and self-medication.

#### 04. Psychosocial risk assessment

In response to the findings of the 2017 Psychosocial Risk Assessment Report, in 2018, Focus Groups have been created to explore areas for improvement. Also, several initiatives have been launched together with an Action Plan, which is currently being developed by a working group that involves the participation of the Workers' Legal Representation.

#### 05. Healthy company project

The "Healthy Company" Project was launched in 2018 with the aim of promoting healthy environments and activities to improve the well-being of employees. The project creates spaces for functional exercise, muscle stretching and relaxation classes. We also run workshops on sports nutrition and training methods.

With the launch of this project and other initiatives, CaixaBank aims to obtain the official healthy company certification within the next few years.

Regarding the meetings held with social representatives on the subject of occupational health and safety, in 2018, the Health and Safety Committee conducted various sessions and, in particular, a work group was created to analyse psychosocial risk-related aspects.



## 06. Communication

CaixaBank's internal communication focuses mainly on:

- Promoting and tackling the Strategic Plan challenges and business priorities.
- Transmitting our corporate values as a differentiating factor.
- Recognising and reinforcing good professional practices.
- Promoting the corporate culture and the pride of belonging.
- Facilitating two-way dialogue between employees and Management.

CaixaBank has various channels of communication between the workforce and the Bank, including:

### 01. "People" web page

The "People" web page is a homogenous, consolidated and cross-company tool. It receives some 2 million visits each month and, on average, two articles are published each day. This tool places importance on the professionals working at CaixaBank and the important milestones for their daily work, from a strategic, motivational and business approach.

In the last quarter of 2018, we started to develop 'People' to create a participatory tool to facilitate two-way internal communication.

### 02. CanalCaixa magazine

The CanalCaixa magazine is a monograph focusing on the professionals working in the company. Three editions were published in 2018: one focusing on diversity within the CaixaBank Group and two commemorative editions looking back at the last ten years of business specialization.

### 03. Internal events

CaixaBank organises several internal events such as the Management Convention and acts to recognise the Best Sales Teams. In 2018, a total of 15 internal events were held in different regions and attended by 16,560 employees (73% of the Retail network), 1,251 of whom received awards.

### 04. FlashDirectivo

The FlashDirectivo channel makes the CEO's main messages of the year available to all CaixaBank employees.

### 05. Enquiries and complaints channel

The enquiries and complaints channel is built into the Intranet (see the section on Our Identity - Responsible and ethical behaviour: policies, codes and internal standards).

## Work climate

CaixaBank prioritises generating a positive working environment in which teams feel motivated and committed. To achieve this goal, we pay close attention to the ideas and opinions of our employees, and develop an action plan through active listening to meet their requirements. For this reason, we believe that periodically assessing the social and work climate, the experience of our teams, and the quality of the service provided, helps to generate this positive environment.

In the same line, we measure the commitment and satisfaction of our employees through Commitment and Service Quality Studies, as well as monitoring services such as MercoTalento, and our participation in the 1st Employee Experience Barometer created by the Instituto de Empresa in Spain.



### 2017 Commitment Study

CaixaBank has developed an ongoing improvement system for the commitment and satisfaction of its professionals. Using commitment studies that cover the perceptions, suggestions and needs, improvement initiatives that contribute to improving CaixaBank as a place to work are identified and prioritised. The study is performed every two years for all the workforce and for a sample in the years in between.



### Employee Experience Barometer

In 2018, CaixaBank took part in Spain's first Employee Experience Barometer, given the importance that the Bank places upon creating a good employee experience. This study divides the employee lifecycle into 6 phases and 24 Touchpoints (most important moments) and measures the eNPS (Company recommendation) as well as the HR Effort (belief that the company makes an effort to improve the experience for its employees).

#### Commitment Study Results

**Improvement of the evolution of the global results on the work climate at CaixaBank**, in addition to commitment results above the finance sector in Spain and in line with high/performance companies.

The results show **significant advances in the six areas** in focus due to the previous Commitment Study:

- Active listening and participation
- Efficiency of working time
- Incentive scheme
- Development
- Customer trust and commitment
- Working conditions and barriers thereto.

#### Participation

**71%**  
(2017)  
64%  
(2014)

#### Global commitment index

**75%**  
(2017)  
69%  
(2014)

#### Employee Experience Barometer Results

The results obtained place CaixaBank above average for participants (51 companies from 13 different sectors).

eNPS<sup>1</sup>  
**25**

HR Effort<sup>2</sup>  
**7.0**

Notable **best experiences** for employees:

- Pride of belonging
- Relationships with colleagues and teamwork
- Participation in projects
- Support in difficult situations
- Remuneration and work conditions
- Customer satisfaction

[1] This is the employee recommendation index rating on a scale from 0 to 10 in response to the following question: Would you recommend your company as a place to work? The results are displayed on the following scale (Promoters respond 9-10, Detractors respond 0-6). The calculation: % of Promoters (respond 9 or 10) - % of Detractors (respond 0 to 6).

[2] Index of the company's effort to improve the experience of its employees. The following question is rated from 1 to 10: Do you think that your company makes an effort to improve your experience as an employee?

## Freedom of association and representation

CaixaBank places fundamental importance on compliance with labour standards, the rights of employees and their representatives, and all matters related to consensual frameworks with union representatives. In addition, the Collective Agreement on Savings Banks and Financial Institutions applies to the entire workforce of CaixaBank, S.A. There are also additional agreements to develop and improve the conditions of the Collective Agreement. Generally speaking, the majority of our staff adhere to the work hours established in the collective agreement for financial and savings institutions. CaixaBank, S.A. forms part of the Joint Standing Committee on the Interpretation of the Agreement, which aims to develop labour standards that are applicable to all employees in the sector.

A total of 100% of the CaixaBank Group workforce is associated with a collective bargaining agreement.

CaixaBank, S.A. maintains and promotes total neutrality with the different union representations in the Company. The union representatives involved in the company committees are chosen every four years by means of an individual, free, direct, and confidential voting system. They are notified of any relevant changes that may arise within the Company. In November 2018, elections were held to select the representatives of 64 company committees and 11 staff representatives.

### The corporate culture and the 2019-2021 Strategic Plan will form the foundations of the future people management policies and principles implemented over the next few years, including:

Ensuring the development of talent potential through meritocracy, diversity, mainstreaming, and empowerment.

Implementing and developing the best value proposition for employees (e.g., new environments and work spaces, new methodologies and applications, evaluation systems, recognition, etc.) to enhance their experience and engagement, while also reinforcing their well-being in a healthy and sustainable environment

Fostering the attributes of agility and collaboration and adapting structures and processes to more agile and cross-cutting work models.

Improving communication channels to encourage participation and collaboration

Therefore, we will harness the talent and skills of our staff, which, coupled with new trends (e.g., more agile and flexible methodologies, and digitalisation which offers improved mobility, family and work life reconciliation, and greater diversity-based social awareness), will strengthen our corporate culture and position as a desirable workplace.



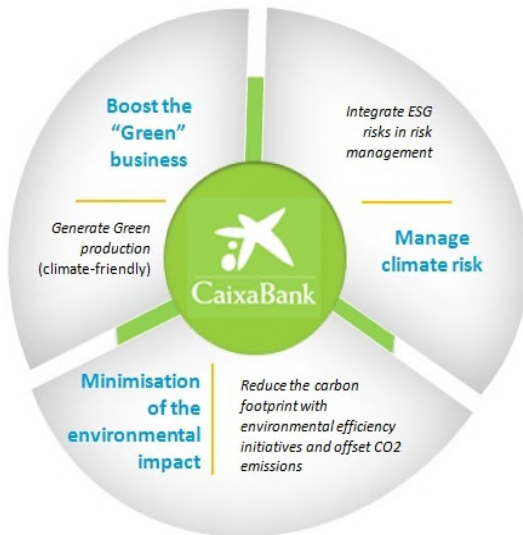
Sustainability



## Sustainability

### Environmental sustainability

CaixaBank is committed to driving the transition to a low carbon and socially inclusive society. Therefore, in 2018, the company outlined an Environmental Strategy with three main action lines:



In addition to this strategy, our Corporate Social Responsibility Policy and the adherence to different international initiatives are fundamental to our unequivocal and transparent commitment, due to the nature of CaixaBank as a financial institution, to accelerate the transition to a more sustainable economy.

In 2018, we have further reinforced this commitment by subscribing to the United Nations Environment Programme Finance Initiative (UNEP FI) to address the challenges of sustainable development and public awareness. Also, in this line, CaixaBank has demonstrated its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), a working group of the Financial Stability Board, whose objective is to increase the relevance of climate-related risks and opportunities through reporting, with the ultimate aim of raising awareness and promoting reflection among everyone involved in the financial markets. Similarly, CaixaBank endorses the United Nations Principles for Responsible Banking, an initiative aiming to transform the financial industry as an engine for a sustainable future.

For the strategic development of the action plan resulting from this commitment, in addition to the Corporate Responsibility and Reputation Committee, in 2018, a Sustainable Finance Committee was created with members of Senior Management at CaixaBank.

### Promoting green business

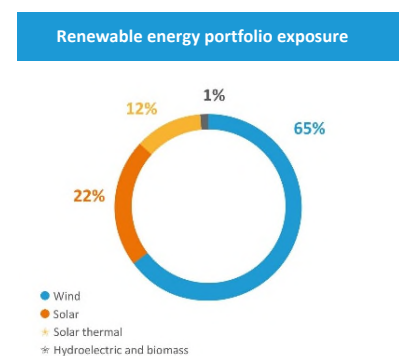
CaixaBank is currently in the process of defining which areas present environment-related business opportunities. Currently, CaixaBank offers the following **green financial services**:

#### 01. Green financing

**Renewable energies:** our commitment to combating climate change is translated into the financing of renewable energy projects, among other actions. In 2018, we set aside EUR 645 million to fund 12 projects (new production in 2017 stood at EUR 784 million), which has been translated into 5,216 MW of installed power. Since 2011, CaixaBank has funded renewable energy projects with a total installed power of over 23,700 MW.

**Green loans:** In 2019, in the green loans market, CaixaBank was 10th in the Global Bookrunner ranking and 14th in the Global Mandated Lead Arranger ranking, participating in 6 and 10 green loans for a volume of 593 and 855 million dollars, respectively<sup>1</sup>. All these loans have obtained the Green Certificate in accordance with the criteria of The Green Bond Principles (GBP) established by the International Capital Markets Association (ICMA).

CaixaBank's portfolio exposure to the field of energy makes up 37% of its project financing. Of these, 81% are renewable energy projects.



[1] Source: Global Syndicated Loans, League Tables FY 2018 (Bloomberg). Some of these operations are included in the renewable energy project financing table.

**EcoFinancing:** CaixaBank has specific financing lines for buying environmentally-friendly vehicles and household appliances, investing in energy efficient housing, promoting investments to make resources more efficient and reduce their environmental impact.

Since 2013, CaixaBank has implemented an EcoFinancing line to boost loans for agricultural projects related to energy efficiency and water use, organic farming, renewable energy, waste management, and the development of rural areas.

In 2018, the Company has granted a total of 451 loans for the amount of EUR 6.7 million (EUR 7.6 million in 2017).

**Climate action lines:** In 2018, CaixaBank signed an agreement with the European Investment Bank (EIB) consisting of a line of credit amounting to EUR 30 million to fund investments in SMEs, individuals, and the public sector to combat climate change (e.g., electric cars, modifications to facilities, and home improvements). In addition, CaixaBank acts as a broker for EIB funds related to renewable energy projects. Specifically, in 2018, EUR 35 million have been allocated to finance a wind farm project.

In 2018, BPI set aside EUR 161 million through the following green financing lines:

- European Investment Bank-Energy Efficiency: a line aimed at financing energy efficiency projects (EUR 50 million).
- 2020 Financial Instrument for Urban Rehabilitation: a line aimed at financing urban rehabilitation projects with the aim of improving the energy efficiency of buildings (EUR 400 million).
- Jessica: line focused on the rehabilitation of urban areas.

## 02. Green bonds

CaixaBank has been a signatory of the Green Bond Principles since 2015. Since then, the Company has participated in the placement of green bonds for projects with a positive climate impact.

In 2018, CaixaBank has participated as a Joint Bookrunner in the placement of 2 green bonds for investment in sustainable assets with a total volume of EUR 1,300 million. In 2017, the total volume reached EUR 2,050 million.

## 03. Green funds

MicroBank markets the MicroBank Ecological Fund with a volume of EUR 13.7 million managed under ESG criteria.

## Managing ESG and climate risks

Some of the sectors in which CaixaBank operates could have a significant environmental impact. For this reason, in accordance with a rigorous and responsible decision-making process, CaixaBank believes it is essential to identify, assess and manage the environmental risk associated with its activity.

Environmental risk management (including ESG risks) constitutes one of the main lines of action of CaixaBank's Environmental Risk Management Strategy. In 2018, CaixaBank has developed an Environmental Risk Management Policy to regulate the financing of certain companies and projects that pose a potential ESG risk. The main objective of this policy is to determine a framework of global principles forming the foundations of all actions that are related or that have an identified impact on potential ESG risks. The sectors that have been taken into account in this Policy are energy, mining, infrastructures, and agriculture. The Policy is scheduled to be approved by the Bank's Governing Bodies in 2019.

CaixaBank has been a signatory of the Equator Principles since 2007. The Equator Principles define a management framework for the financial sector with the aim of determining, assessing and managing the environmental and social risks and impacts associated with financed projects. The Equator Principles require compliance with a set of formal requirements with project classification (Type A, B or C), legal clauses, environmental and social impact studies, among others.

### Scope of management framework

- **Financing of projects and services on financial advice for projects** with minimum investment of €7m.
- **Corporate loans linked to investment projects** the global amount of which is at least €70m and the individual commitment of CaixaBank is at least €35m and the loan term is equal to or greater than 2 years.
- **Project-linked bonds** with an amount equal to or over €7m.
- **Bridging loans** with terms under 2 years that are going to be refinanced with a project finance or a corporate loan linked to a project, meeting the previously stated criteria in each case.
- CaixaBank voluntarily applies this procedure to syndicated operations, with a term equal to or over 3 years and when CaixaBank's individual commitment is between €7m and €35m. Furthermore, the procedure applies to other operations to finance investment projects with a minimum term of 3 years and amounting to at least €5m when the holder is a medium-large, large or very large legal person.

### Application by CaixaBank

- Projects entailing potentially significant and irreversible risks or impacts for which no viable action plan can be envisaged, or which conflict with corporate values, **are rejected**.
- In other instances, an independent expert is appointed to evaluate each borrower's social and environmental management plan and system. The projects are classified into categories A, B and C depending on the potential risks and impacts detected during the due diligence process, which involves teams from the sales and risk areas and external experts.
- Category A and certain Category B projects may have potentially significant adverse impacts. In these cases, an action plan must be drawn up to help prevent, minimise, mitigate and remedy the adverse social and environmental impacts.

The Company has financed a total of 9 projects with an overall investment of EUR 10,719 million in 2018, with EUR 696 million in shares. These evaluations have been carried out with an independent consultant.

	Financed operations (units)	Financed operations (€MM) <sup>[1]</sup>
<b>A Category</b> (projects with potential impact ESG significant and hardly mitigables)	1	99
<b>B Category</b> (projects with potential impact ESG limited and easily mitigables)	8	597
<b>C Category</b> (projects with potential impact ESG minimum or without adverse impacts)	0	0
<b>TOTAL</b>	<b>9</b>	<b>696</b>

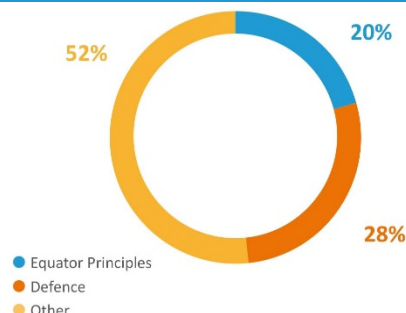
[1] The reflected amounts can vary because of the change of conditions in the loans granted in closed dates to the reporting.

Additionally, CaixaBank has a **Reputational Risk Service** responsible for dealing with enquiries related to the Equator Principles, with the possible violation of the Corporate Social Responsibility (CSR) policies related to defence, anti-corruption and human rights, and doubts related to the possible reputational risk of certain financial operations.

With the view to comply with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), CaixaBank has identified its portfolio exposure to carbon-intensive sectors<sup>1</sup>, representing 0.94% of its total assets. In addition, CaixaBank is currently working to identify its portfolio exposure to green sectors.

Lastly, CaixaBank's pension plan management company (VidaCaixa) and collective investment institution management company (CaixaBank Asset Management) adhere to the United Nations Principles for Responsible Investing (UNPRI) and manage their portfolio in accordance with these principles. In addition, both entities adhere to the Climate Action 100+ initiative led by UNPRI, to drive the clean energy transition and help achieve the goals of the 2015 Paris Agreement (COP21).

**Reputational Risk Service**  
In 2018, some 234 enquiries were resolved, with the following breakdown:



**VidaCaixa was given the maximum possible rating of A+ by UNPRI in 2018**

### Minimising its impact on the environment

CaixaBank has a set of **Environmental and Energy Management Principles** that highlight the company's commitment to promoting efficient and environmentally friendly technologies, integrating environmental and energy-related criteria in its range of products and services, and to supporting initiatives to fight climate change.

The **2016-2018 Environmental Management Plan** aimed to combat climate change while prioritising being **Carbon Neutral in 2018**. Therefore, as in previous years, CaixaBank has recorded the amount of greenhouse gases it has generated, in order to calculate its carbon footprint and establish mitigation measures, managed under the framework of continuous improvement guaranteed by our environmental and energy management system, which is certified by ISO 14001, EMAS Regulations, and ISO 50001.

In 2018, as a new development, CaixaBank has offset all its emission, in this case, by participating in a project recognised by Verified Carbon Standard (VCS), involving the installation of 30 wind turbines in a wind farm in India, in addition to a specific CO<sub>2</sub> absorption project through the reforestation of a burnt area in the mountain of Montserrat.

As a result, in 2018, CaixaBank has become the only Carbon-Neutral listed Spanish bank by completely offsetting the emissions produced directly and indirectly by its activity and calculated in its carbon footprint.

Continuing along these lines, the **2019-2021 Environmental Management Plan** prioritises maintaining CaixaBank's status as a Carbon Neutral company, by reaffirming its commitment to obtaining 100% of its power consumption in 2019 from renewable sources, as well as complying with environmental certifications, and placing special emphasis on extending its environmental commitment throughout the value chain by promoting its Environmental Plan for Procurement and Contracts:

Environmental Management Plan 2019-2021	2018	2019	2020	2021
% reduction of Co2 emissions (with regard to 2015)	-10.0%	-11.5%	-13.0%	-14.5%
% energy saving (with regard to 2015)	-5.5%	-7.0%	-8.5%	-10.0%
Purchases with environmental criteria over of total purchases with significant environmental impact	40.0%	50.0%	60.0%	70.0%

Each year, CaixaBank publishes a report, audited by an external and independent firm, detailing the main environmental actions carried out by the Company. This report, referred to as the Environmental Statement, along with the environmental and energy management principles can be accessed on the CaixaBank website.

[1] Data on CaixaBank Group's carbon-intensive equity, fixed income and credit exposure (including BPI). This includes exposure to fossil-fuel-based power generation sectors (coal, oil and gas) and utilities, based on the recommendations of the FSB Task Force on Climate-related Financial Disclosures. Some exposures may contain a mix of power generation that includes renewable energies. There are other carbon-intensive sectors, such as manufacturing or infrastructures, which are not included in this calculation, and are scheduled to be included in the future.

The **Environmental Plan for Procurement and Contracts** aims to identify the categories with the greatest potential environmental impact, for which it sets out environmental criteria which must include pre-contractual specifications. At present, we are revising and updating the ethical, social and environmental standards for our suppliers.

The areas of procurement and contracts with an environmental risk are managed through an integrated Quality and Environmental management system, certified by the standards ISO 9001 and ISO 14001.

In 2018, 36.17% of the CaixaBank Group's strategic suppliers (high-risk according to internal classification parameters) have a certified environmental management systems or the ISO 14001 certification.

CaixaBank defines local providers as those with their operational base in Spain (or Portugal for BPI). In 2018, 98.2% of the sales volume corresponds to local suppliers (86.3% in the case of BPI).



## Social responsibility

CaixaBank has a social vocation and commitment that goes far beyond its financial activity. Indeed, as a priority, it strives to promote saving, financial inclusion, and active support policies to tackle social problems. Financial inclusion is a key factor in reducing extreme poverty and promoting shared prosperity. Therefore, it is imperative to make financial services available to everyone and to improve physical and technological accessibility to encourage the inclusion of people with physical or cognitive difficulties.

### Financial inclusion model

CaixaBank offers a quality service based on customer proximity, providing access to all its channels. Currently, 91% of Spanish citizens have a CaixaBank branch in their town or city. Also, we are the only bank with branches in 203 towns/cities in Spain. Furthermore, the Company strives to maintain and adapt its network of offices in towns and villages with under 10,000 inhabitants, in order to guarantee the sustainability of its financial inclusion model. Similarly, CaixaBank aims not to abandon settlements in which it is the only bank.

	2017	2018
% Spanish towns > 5,000 inhabitants with CaixaBank presence	94%	94%
% Spanish towns > 10,000 inhabitants with CaixaBank presence	100%	100%
% accessible branches	85%	86%
% accessible ATMs	90%	96%

### Leader in financial inclusion through microloans and finances with a social impact

MicroBank, the Group's social bank, is the only bank in Spain dedicated exclusively to granting microloans and has become a European benchmark. The purpose of MicroBank is to provide financial services to groups that, due to their level of income or lack of guarantees, may find it difficult to obtain financing. The difficulties that exist in the labour market, from precarious work conditions to obstacles preventing the integration of disadvantaged groups, require mechanisms such as microloans to enable people who find themselves in these situations to access financial products.

	2017	2018
Number of new arranged operations (units)	147,389	116,789
Loans arranged (€MM)	893.7	772.8
New businesses initiated with the support of the microcredits	8,664	9,561
Jobs created through microcredits to entrepreneurs and businesses	29,029	25,820

MicroBank is supported by a number of leading European institutions in the promotion of entrepreneurship and micro-enterprises, such as the European Investment Fund (EIF), the Council of Europe Development Bank (CEB), and the European Investment Bank (EIB).

In addition, CaixaBank has established the following credit lines in collaboration with Multilateral Institutions:

- **EIF:** credit line for innovative SMEs. In 2018, a credit line of up to EUR 250 million has been created to support female entrepreneurs.
- **CEB:** the Company has put forward EUR 9 million to finance the Research Centre at Sant Pau Hospital in Barcelona.
- **European Bank for Reconstruction and Development (EBRD)** credit line of EUR 20 million to finance SMEs in Morocco.
- **EIB:** CaixaBank continues to act as a broker for EIB funds to finance SMEs through the EBI credit lines. Currently, EUR 600 million are available for this line of financing.

Furthermore, CaixaBank has participated in programmes to support international trade in emerging countries, amounting to EUR 1 billion in 2018, to assist their development through several Multilateral Institutions.

Finally, CaixaBank has 99,553 active **social accounts** that guarantee financial inclusion to people in difficult economic situations, enabling them access the basic financial services of a demand deposit for free. In 2018, 24,110 accounts were opened.

## Providing easier access to housing

CaixaBank has an active policy of aid for first home problems in collaboration with “la Caixa” Banking Foundation. The CaixaBank Group has more than 22,000 social housing units. These homes, with monthly rents starting at €60, are available throughout Spain for people with low income.

Over 6,000 of these housing units are managed, in collaboration with “la Caixa” Foundation, within the framework of two specific programmes:

- Centralised Solidarity Rent Programme for people who have experienced a reduction in income
- Centralised Solidarity Rent Programme for people who have experienced a mortgage foreclosure or a payment in kind.

CaixaBank contributes 3,069 homes to the Government Social Housing Fund, exceeding the initial commitment of 2,629 units.

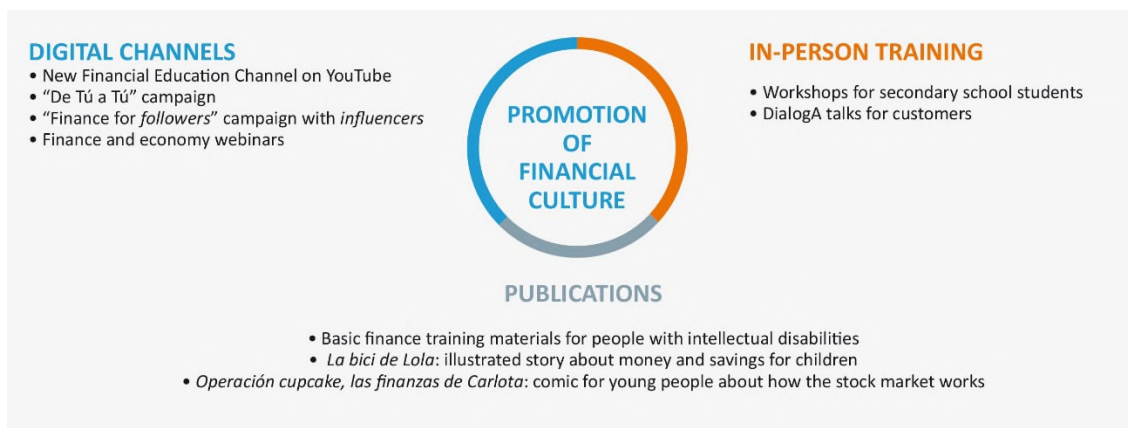
CaixaBank was the first bank in the Spanish market to create a specialised team offering mortgage repayment solutions to customers with payment difficulties. Also, in 2013, CaixaBank created the Mortgage Customer Service, a free telephone service for customers whose property is affected by a foreclosure suit.

The Company complies with the Spanish Code of Good Governance Practices for the viable debt restructuring with collateralised mortgage obligations for the primary residence.

	2017	2018
Clients with mortgages that have received aids	40,954	31,398
Dations in payment	1,201	1,889
Dations in payment of the year with associated rental contract	38%	29%
Calls deal with for te Mortgage Customer services	10,466	10,462
Contributed housing to the Social Fund of Housing of the government	3,812	3,069

## Promoting the financial culture

In 2018, CaixaBank launched a **Financial Culture Plan** encompassing a wide range of projects and initiatives aimed at boosting the scope and reach of digital channels, with the creation of innovative contents and awareness campaigns related to finance and specific collective resources, such as people with intellectual disabilities and children. Furthermore, CaixaBank has consolidated other initiatives, such as the basic finance workshops offered by the “la Caixa” Volunteers Association (466 workshops in 2018), the courses and webinars on economy and finance as part of the “Shareholder Courses” programme (18 courses taken by over 1,300 shareholders in 2018). At the same time, we have continued to hold our CaixaBankFuturo Meetings, a series of talks about planning for retirement (322 sessions in 2018 with a total of 5,881 participants).



CaixaBank Research aims to create and disseminate information related to the economy and society both inside and outside the Company. In 2018, a total of 173,475 copies of the Monthly Reports distributed by post; 30% less than in 2017 to reduce the environmental impact of this action. Also, 2,076 articles were published on www.CaixaBankResearch.com, 1,602 newsletters were sent, and, as a new feature this year, we posted 10 videos of economists analysing economic and financial news. In addition, the @CABK\_Research Twitter profile currently has 3,901 followers. The economists of CaixaBank Research gave 87 lectures in different forums. Finally, the lectures and conferences organised by the “la Caixa” Chair in Economy and Society were attended by some 2,190 people.

## Social action and volunteering

CaixaBank's social commitment extends beyond financial operations to incorporate philanthropic and solidarity programmes that, in partnership with the "la Caixa" Banking Foundation, help to create opportunities for people and respond to the most pressing social challenges.

The "la Caixa" Banking Foundation is the leading foundation in Spain and one of the largest in the world. In 2018, the annual budget for its Social Programme amounted to EUR 520 million, financed indirectly through CaixaBank dividends. CaixaBank actively participates in the dissemination and implementation of its programmes through strategic alliances.

- EUR 43.6 million allocated to CaixaBank branches for local social projects.
- A crowdfunding project that has raised almost EUR 300,000 to fund 20 initiatives.
- More than 17,500 active participants in the past year in the "la Caixa" Volunteers Association. More than 14,500 volunteers are current CaixaBank Group employees.
- More than 32,000 jobs facilitated for vulnerable people through the Incorpora programme, working with more than 11,900 companies throughout Spain.
- More than 400,000 children vaccinated thanks to the "la Caixa" Banking Foundation's contribution to Gavi, the Vaccine Alliance.

Over 15,000 attendants in CaixaBank's Social Weeks, specifically, in 5,443 local volunteering activities with some 2,025 local social entities that support disadvantaged groups, in particular, people at risk or in situations of social exclusion. In addition, CaixaBank employees participated in Social Team Building actions, involving 11 teams of volunteers, 14 charities, and 42 activities completed.

### DECENTRALISED SOCIAL WORK

*Budget of the "la Caixa" Social Project channelled through the CaixaBank branch network to cover local social needs*

- €43.6 million budget
- 11,523 activities for local social projects
- 85% of the amount set aside for activities considered a priority
- 35% of the amount set aside for activities within the areas of healthcare, disabilities and addiction
- 34% of the amount set aside for activities intended for the struggle against poverty
- 9,464 charities

### SOCIAL WEEKS

*Local volunteering initiatives linked to beneficiaries of grants from Decentralized Social Work*

- More than 15,000 participants in 2 social weeks
- 46% employees
- More than 5,400 activities conducted in 2,025 local social entities
- 28 activities in cities around the world
- 51,506 hours of volunteering
- 98% of employees would take part again



### SOLIDARITY CROWFUNDING

*Juntos Sumamos Más, a collective fundraising project (clients and non-clients) in collaboration "la Caixa" Social Project*

- 20 projects funded
- €300,581 raised
- €194,192 contributed by "la Caixa" Social Project

### #NingunNinoSinBigote

*Milk collection campaign in collaboration with the food bank*

- More than 1.4 million litres of milk
- Participation of the "la Caixa" Volunteers Association
- More than 30,000 families, translating to 120,000 children with access to milk for 3 months

### THE TREE OF DREAMS

*Customers and employees give children in vulnerable situations the gift from their Christmas list*

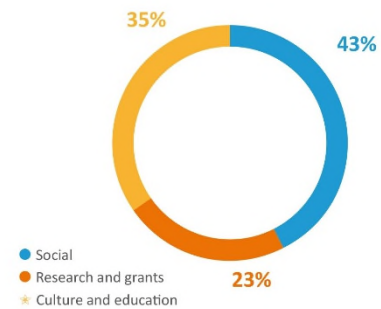
- 21,260 children received a gift
- 1,098 participating branches



Following the incorporation of BPI into the CaixaBank Group, the collaboration with the “la Caixa” Banking Foundation has been extended to Portugal to promote the well-being of people, especially the most disadvantaged groups. Specifically, the “la Caixa” Banking Foundation and BPI have put EUR 15.16 million towards social, cultural, educational, and research initiatives. Key programmes:

- The Incorpora Programme aimed a labour integration for people at risk or in situations of exclusion, and the Support Programme for People with Advanced Diseases which provides support for terminally-ill patients and their families.
- Agreements have been reached with leading higher education institutions to promote education, research and scholarship programmes for students.
- We have renewed our support for the country’s leading cultural institutions (Serralves, Casa de la Música, and Gulbenkian). Also, we have conducted the “El Bosque y Creatividad” travelling exhibitions, which are mobile spaces to foster ingenuity, skills and creativity in children.
- The launch of a new edition of the BPI Capacitar awards, aiming to improve the quality of life of people with disabilities, the BPI Mayores awards, which promote active and healthy ageing among people over the age of 65 years, and the BPI Solidario awards, aiming to improve the living conditions of people in situations of poverty and social exclusion.
- For another year, this Christmas, the initiative between customers and collaborators was relaunched to offer some 11,700 presents to children in 389 charitable institutions, selected by local branches.

15.16 million euros in aid





Indicators Law  
11/2018, of  
28 december

Act 11/2018, of 28 December	CaixaBank, S.A.	CaixaBank Group Spain <sup>1</sup>	Banco BPI	GRI indicator equivalence
<b>Ethical conduct</b>				
A description of the policies applied to the group, which will include due diligence procedures applied to identify, assess, prevent and mitigate significant risks and implications, and control and verification, including any measures adopted.	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Risk Management' Section on 'Sustainability'			412-1 / 102-31 / 102-35 / 102-36 / 102-37
The results of these policies, including key indicators that allow for progress to be monitored and assessed.	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Risk Management' Section on 'Sustainability'			201-1 / 102-31
Application of due diligence procedures regarding human rights	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			102-16 / 102-17 / 102-34 / 412-1 / 412-2 / 412-3
Prevention of human rights violation risks	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			102-16 / 412-1
Measures to mitigate, manage and rectify any potential abuse committed	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			412-1 / 102-34
Allegations of cases of human rights violations	No breaches of the Human Rights Policy have been detected among the Group's employees. When it comes to the suppliers, after the audits of 2018 in the subsidiary Promocaixa, were applied corrective actions in 3 suppliers.			412-1 / 419-1
Promotion of and compliance with the provisions of fundamental Conventions of the International Labour Organisation related to respecting the freedom of association and the right to collective bargaining	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			102-41 / 102-34
The elimination of discrimination in employment and the workplace	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			102-42 / 102-43
The elimination of forced or compulsory labour	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			412-1
The effective abolition of child labour	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			412-1
Inclusion of social, gender equality and environmental matters in the procurement policy	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Sustainability - Environmental sustainability'			103-1 / 102-9
In relationships with suppliers and subcontractors, consideration of their social and environmental responsibility	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Sustainability - Environmental sustainability'			103-1 / 102-9 / 204-1 / 308-1 / 414-1 / 414-2
Supervision system and audits	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			308-2
Results of audits	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			308-2
Measures adopted to prevent corruption and bribery	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			102-26 / 205-1 / 205-2 / 205-3 / 206-1
Measures to fight against money laundering	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Risk Management'			205-1
Contributions to foundations and non-profit entities	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			413-1
<b>Business model and strategy</b>				
Description of the business model - Main factors and trends that can affect evolution	Section on 'Environment and strategy' Section on 'Business model'			102-2 / 102-6 / 102-7 / 102-10 / 102-18 / 102-48 / 102-49 / 102-50 / 102-51 / 102-52 / 102-53 / 102-54 / 102-55 / 102-56
The main risks related to the group's activities. These include, inter alia, trade relations, products or services that can have negative effects in these areas.	Section on 'Environment and Strategy' Section on 'Risk management'			102-15 / 201-2
Description of the business model - Business environment	Section on 'Environment and strategy' Section on 'Business model'			102-2 / 102-6 / 102-14 / 102-43 / 102-44 / 102-44 / 203-1 / 203-2
Description of the business model - Organisation and structure	Section on 'Environment and Strategy' Section on 'Risk management'			102-1 / 102-2 / 102-3 / 102-4 / 102-5 / 102-6 / 102-18 / 102-19 / 102-20 / 102-22 / 102-23 / 102-24 / 102-26 / 102-27 / 102-28 / 102-32 / 102-33 / 102-34 / 102-35 / 102-36 / 102-37 / 102-45
Description of the business model - Markets in which you operate	Section on 'Environment and strategy' Section on 'Business model'			102-2 / 102-6
Description of the business model - Objectives and strategies	Section on 'Environment and Strategy' Section on 'Risk management'			102-2 / 102-6

1. Including CaixaBank, S.A. and its subsidiaries in Spain, as well as BPI Vida e Pensões and BPI Gestión de Activos, following integration into VidaCaixa and CaixaBank Asset Management, respectively.

Act 11/2018, of 28 December	CaixaBank, S.A.	CaixaBank Group Spain <sup>1</sup>	Banco BPI	GRI indicator equivalence
<b>Risk management</b>				
How the group manages these risks, explaining the procedures used to detect and assess them.	Section on 'Risk management'			102-15
Information on impacts detected, offering an overview, particularly on their main short, mid and long-term risks.	Section on 'Risk management'			102-15 / 102-29 / 102-30 / 102-47
<b>Customer service</b>				
Measures for consumer health and safety	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			417-1 / 417-2 / 417-3 / 418-1
Complaint systems	Section on 'Customer experience - Customer Service'			103-1
Number of complaints received and their resolution	Section on 'Customer experience - Customer Service'			103-1
<b>Other information</b>				
In the report, mention the national, European or international framework used for each topic.	Section on 'Other Information - Regulatory Framework'			
Amount of profit obtained, country-by-country	Table 1.1			201-1
Amount of profit tax paid	Payments of income tax in 2018 amounted to EUR 2 million: EUR 1,809 thousand in in Poland and EUR 111 thousand in Morocco.			201-1
Amount of public subsidies received	Section on 'Our Identity - Contributions to society'			201-4
<b>Our People</b>				
Total workforce	See Table 7.1	See Table 7.1	See Table 7.1	102-8
Total number of employees distributed by gender	See Table 7.1	See Table 7.1	See Table 7.1	102-8
Total number of employees distributed by age	See Table 7.2	See Table 7.2	See Table 7.2	102-8
Total number of employees distributed by geographical origin	See Table 7.3	See Table 7.3	See Table 7.3	102-8
Total number of employees distributed by job classification	See Table 7.4	See Table 7.4	See Table 7.4	102-8
Total number of employees distributed by contract type	See Table 7.5	See Table 7.5	See Table 7.5	102-8
Annual average of indefinite term contracts	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.5			102-8
Annual average of temporary contracts	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.5			102-8
Annual average of part-time contracts	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.5			102-8
Total number of employees by contract type and gender	See Table 7.6	See Table 7.6	See Table 7.6	102-8
Annual average of indefinite term contracts by gender	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.6			102-8
Annual average of temporary contracts by gender	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.6			102-8
Annual average of part-time contracts by gender	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.6			102-8
Total number of employees by contract type and age	See Table 7.7	See Table 7.7	See Table 7.7	102-8
Annual average of indefinite term contracts by age	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.7			102-8
Annual average of temporary contracts by age	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.7			102-8
Annual average of part-time contracts by age	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.7			102-8
Total number of employees by contract type and job classification	See Table 7.8	See Table 7.8	See Table 7.8	102-8
Annual average of indefinite term contracts by job classification	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.8			102-8
Annual average of temporary contracts by job classification	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.8			102-8
Annual average of part-time contracts by job classification	The activities of the Group do not have a cyclical or seasonal relevant character. This is not significantly different from the indications in Table 7.8			102-8
Total number of employees dismissed distributed by gender	See Table 7.9	See Table 7.9	See Table 7.9	401-1
Total number of employees dismissed distributed by age	See Table 7.10	See Table 7.10	See Table 7.10	401-1
Total number of employees dismissed by job classification	See Table 7.11	See Table 7.11	See Table 7.11	401-1

1. Including CaixaBank, S.A. and its subsidiaries in Spain, as well as BPI Vida e Pensões and BPI Gestión de Activos, following integration into VidaCaixa and CaixaBank Asset Management, respectively.

Act 11/2018, of 28 December	CaixaBank, S.A.	CaixaBank Group Spain <sup>1</sup>	Banco BPI	GRI indicator equivalence
<b>Our People</b>				
Average remuneration	See Table 7.12/7.13/7.14	See Table 7.12/7.13/7.14	See Table 7.12/7.13/7.14	405-2 / 102-38 / 102-39
Evolution of average remuneration	See Table 7.12/7.13/7.14	See Table 7.12/7.13/7.14	See Table 7.12/7.13/7.14	405-2 / 102-38 / 102-39
Average remuneration by gender	See Table 7.12	See Table 7.12	See Table 7.12	405-2 / 102-38 / 102-39
Evolution of average remuneration by gender	See Table 7.12	See Table 7.12	See Table 7.12	405-2 / 102-38 / 102-39
Average remuneration by age	See Table 7.13	See Table 7.13	See Table 7.13	405-2 / 102-38 / 102-39
Evolution of average remuneration by age	See Table 7.13	See Table 7.13	See Table 7.13	405-2 / 102-38 / 102-39
Average remuneration by job classification	See Table 7.14	See Table 7.14	See Table 7.14	405-2 / 102-38 / 102-39
Evolution of average remuneration by job classification	See Table 7.14	See Table 7.14	See Table 7.14	405-2 / 102-38 / 102-39
Salary gap	0.55%	1.02%	5.17%	405-2 / 102-38 / 102-39
Average remuneration of directors	See Table 7.15			405-2 / 102-38 / 102-39
Average remuneration of directors by gender	See Table 7.15	See Table 7.15	See Table 7.15	405-2 / 102-38 / 102-39
Implementation of policies to disconnect from work	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1
Number of employees with disabilities	223	244	90	405-1
Organisation of working hours	Section on 'Our People - Work environment - Freedom of association and representation'			103-1
Absenteeism hours (manageable)	2,237,804	2,391,905	280,196	103-1
Measures for work-life balance	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1
Measures for promoting work-life balance for both parents	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-2 / 401-3
Occupational health and safety conditions	Section on 'Our People - Management principles - Corporate health, safety and wellbeing'			403-1
Number of accidents in the workplace	See Table 7.16	See Table 7.16	See Table 7.16	403-2
Frequency of accidents in the workplace (accident rate)	1.42%	1.36%	5.43%	403-2
Seriousness of accidents in the workplace	See Table 7.16	See Table 7.16	See Table 7.16	403-2
Type of occupational illnesses	CaixaBank's activities do not constitute the development of any professional illnesses among its employees classified as serious. As a result, the issue has not been identified as material.			403-3
Occupational illnesses by gender	CaixaBank's activities do not constitute the development of any professional illnesses among its employees classified as serious. As a result, the issue has not been identified as material.			403-4
Organisation of social dialogue	Section on 'Our People - Work environment - Freedom of association and representation'			102-41
Procedures for informing, consulting and negotiating with staff	Section on 'Our People - Management principles - Communication' Section 'Our People - Work Environment - Freedom of association and representation'			102-41
Percentage of employees covered by a collective bargaining agreement by country	Section on 'Our People - Work Environment - Freedom of association and representation'			102-41
Overview of collective bargaining agreements, particularly in the field of occupational health and safety.	Section on 'Our People - Management principles - Corporate health, safety and wellbeing'			102-41
Policies implemented in the field of training	Section on 'Our People - Management principles - Promoting training activities'			404-2
Total hours of training	See Table 7.17	See Table 7.17	See Table 7.17	404-1 / 404-2 / 404-3
Total hours of training by job category	See Table 7.17	See Table 7.17	See Table 7.17	404-1 / 404-2 / 404-3
Universal access for people with disabilities	Section on 'Sustainability - Responsibility with society'			103-1
Measures to promote equal treatment and equal opportunities between men and women	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1 / 201-3 / 401-2
Measures adopted to promote employment	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1 / 402-1

1. Including CaixaBank, S.A. and its subsidiaries in Spain, as well as BPI Vida e Pensoes and BPI Gestión de Activos, following integration into VidaCaixa and CaixaBank Asset Management, respectively.

Act 11/2018, of 28 December	CaixaBank, S.A.	CaixaBank Group Spain <sup>1</sup>	Banco BPI	GRI indicator equivalence
<b>Our People</b>				
Protocols against sexual harassment by gender	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1
Protocols for integration and universal accessibility for people with disabilities	Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1
Policies against all kinds of discrimination	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1
Policies on diversity management	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards' Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			103-1
<b>Sustainability</b>				
Detailed information on the current and foreseeable effects of the company's environmental activities.	Section on 'Sustainability - Environmental Sustainability'			103-1 / 307-1
Detailed information on the current and foreseeable effects of the company's health and safety activities.	Section on 'Our People - Management principles - Corporate health, safety and wellbeing'			103-1
Detailed information on the current and foreseeable effects of the company's activities surrounding environmental assessment or certification procedures.	Section on 'Sustainability - Environmental Sustainability'			103-1
Detailed information on the current and foreseeable effects of the company's activities surrounding resources dedicated to preventing environmental risks.	N/A. The issue has not been identified as present according to the study conducted.			103-1
Detailed information on the current and foreseeable effects of the company's activities in application of the principle of precaution.	Section on 'Our Identity - Responsible and ethical behaviour: Policies, code and internal standards'			102-11 / 103-1
Detailed information on the current and foreseeable effects of the company's activities regarding the quantity of provisions and guarantees for environmental risks.	Given the Group's activities, there is no significant risk of an environmental nature. CaixaBank did not receive any relevant fines or sanctions related to compliance with environmental regulations in 2018			103-1
Actions to fight against food waste	N/A. The issue has not been identified as present according to the study conducted.			No material
The measures adopted to adapt to the consequences of climate change	Section on 'Risk Management' Section on 'Sustainability - Environmental Sustainability'			201-2
Measures to preserve or restore biodiversity	N/A. The issue has not been identified as present according to the study conducted.			No material
Impacts caused by activities or operations in protected areas.	N/A. The issue has not been identified as present according to the study conducted.			No material
Measures to prevent, reduce or rectify carbon emissions that severely affect the environment.	Section on 'Sustainability - Environmental Sustainability'			201-2
The reduction goals voluntarily established in the mid and long term to reduce greenhouse gas emissions and the measures implemented for this purpose.	Section on 'Sustainability - Environmental Sustainability'			No material
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it provides.	Section on 'Sustainability - Environmental Sustainability'			No material
Measures to prevent, reduce or rectify noise pollution	N/A. The issue has not been identified as present according to the study conducted.			No material
Measures to prevent, reduce or rectify light pollution	N/A. The issue has not been identified as present according to the study conducted.			No material
Prevention, recycling and reuse measures, and other forms of recovering and eliminating waste	N/A. The issue has not been identified as present according to the study conducted.			No material
Consumption of raw materials and measures adopted to improve the efficiency of their use	N/A. The issue has not been identified as present according to the study conducted.			No material
Measures to improve energy efficiency and the use of renewable energies.	Section on 'Sustainability - Environmental Sustainability'			No material
Direct and indirect energy consumption	N/A. The issue has not been identified as present according to the study conducted.			No material
Water consumption	N/A. The issue has not been identified as present according to the study conducted.			No material
Water supply in accordance with local limitations	N/A. The issue has not been identified as present according to the study conducted.			No material
Impact of the company's activity on employment and local development	Section on 'Our Identity - Contributions to society' Section on 'Sustainability - Responsibility with society'			413-1 / 413-2
Impact of the company on local populations and in the surrounding area	Section on 'Our Identity - Contributions to society' Section on 'Sustainability - Responsibility with society'			413-1 / 413-2
Relationships with agents in local communities	Section on 'Sustainability - Responsibility with society'			102-21 / 413-1
Types of dialogue with local communities	Section on 'Sustainability - Responsibility with society'			413-1 / 102-40
Association and sponsorship actions	Section on 'Our Identity - Responsible and ethical behaviour: policies, codes and internal standards' Section on 'Our People - Management principles - Diversity, equal opportunities and work-life balance'			102-12 / 102-13 / 415-1

1. Including CaixaBank, S.A. and its subsidiaries in Spain, as well as BPI Vida e Pensões and BPI Gestão de Activos, following integration into VidaCaixa and CaixaBank Asset Management, respectively.

## Attached tables Indicators Law 11/2018 of 28 December

### Contribution to society

**Table 1.1 - Amount of profit before taxes obtained, country-by-country**

2018	CaixaBank Group Spain	Banco BPI
Spain	2,159	-5
Portugal	45	395
Other	214	-
<b>Total</b>	<b>2,418</b>	<b>390</b>

### Our People

**Table 7.1 - Total number of employees distributed by gender**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Male	13,593	15,237	2,171
Female	15,848	17,315	2,717
<b>Total</b>	<b>29,441</b>	<b>32,552</b>	<b>4,888</b>

**Table 7.2 - Total number of employees distributed by age**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
< 30 years	1,720	1,910	184
30-39 years	7,133	8,004	1,234
40-49 years	15,521	16,883	2,487
50-59 years	4,996	5,644	894
> 59 years	71	111	89
<b>Total</b>	<b>29,441</b>	<b>32,552</b>	<b>4,888</b>

**Table 7.3 - Total number of employees distributed by geographical breakdown**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Spain	29,320	32,357	-
Portugal	-	72	4,866
South America	12	12	-
North America	5	5	-
Asia	17	17	-
Oceania	1	1	-
Rest of Europe	56	58	22
Africa	30	30	-
<b>Total</b>	<b>29,441</b>	<b>32,552</b>	<b>4,888</b>

## Our People

**Table 7.4 - Total number of employees distributed by job category**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Directors	5,399	5,577	450
Middle management	6,522	7,319	649
Rest of employees	17,520	19,656	3,789
<b>Total</b>	<b>29,441</b>	<b>32,552</b>	<b>4,888</b>

**Table 7.5 - Total number of employees distributed by contract type**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Full-time, fixed or indefinite-term contract	28,498	31,560	4,738
Part-time, fixed or indefinite-term contract	32	50	18
Temporary contract	911	942	132
<b>Total</b>	<b>29,441</b>	<b>32,552</b>	<b>4,888</b>
<i>Interns</i>	22	41	-

**Table 7.6 - Total number of employees by contract type and gender**

CaixaBank			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
Male	13,162	16	415
Female	15,336	16	496
<b>Total</b>	<b>28,498</b>	<b>32</b>	<b>911</b>

CaixaBank Group Spain			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
Male	14,785	21	431
Female	16,775	29	511
<b>Total</b>	<b>31,560</b>	<b>50</b>	<b>942</b>

Banco BPI			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
Male	2,119	2	50
Female	2,619	16	82
<b>Total</b>	<b>4,738</b>	<b>18</b>	<b>132</b>



## Our People

Table 7.7 - Total number of employees distributed by contract type and age

CaixaBank			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
< 30 years	956	4	760
30-39 years	6,972	13	148
40-49 years	15,506	12	3
50-59 years	4,995	1	-
> 59 years	69	2	-
<b>Total</b>	<b>28,498</b>	<b>32</b>	<b>911</b>

CaixaBank Group Spain			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
< 30 years	1,128	4	778
30-39 years	7,830	18	156
40-49 years	16,855	23	5
50-59 years	5,638	3	3
> 59 years	109	2	-
<b>Total</b>	<b>31,560</b>	<b>50</b>	<b>942</b>

Banco BPI			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
< 30 years	73	-	111
30-39 years	1,215	-	19
40-49 years	2,477	8	2
50-59 years	886	8	-
> 59 years	87	2	-
<b>Total</b>	<b>4,738</b>	<b>18</b>	<b>132</b>

## Our People

**Table 7.8 - Total number of employees distributed by contract type and job category**

CaixaBank			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
Directors	5,393	6	-
Middle management	6,518	1	3
Other employees	16,587	25	908
<b>Total</b>	<b>28,498</b>	<b>32</b>	<b>911</b>

CaixaBank Group Spain			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
Directors	5,571	6	-
Middle management	7,311	3	5
Other employees	18,678	41	937
<b>Total</b>	<b>31,560</b>	<b>50</b>	<b>942</b>

Banco BPI			
2018	Full-time, fixed or indefinite-term contract	Part-time, fixed or indefinite-term contract	Temporary contract
Directors	449	-	1
Middle management	649	-	-
Other employees	3,640	18	131
<b>Total</b>	<b>4,738</b>	<b>18</b>	<b>132</b>

**Table 7.9 - Total number of employees dismissed distributed by gender**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Male	50	60	15
Female	23	36	8
<b>Total</b>	<b>73</b>	<b>96</b>	<b>23</b>

**Table 7.10 - Total number of employees dismissed distributed by age**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
< 30 years	4	4	-
30-39 years	21	31	7
40-49 years	33	42	5
50-59 years	15	17	7
> 59 years	-	2	4
<b>Total</b>	<b>73</b>	<b>96</b>	<b>23</b>

## Our People

**Table 7.11 - Total number of employees dismissed by job category**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Directors	9	12	5
Middle management	13	18	3
Rest of employees	51	66	15
<b>Total</b>	<b>73</b>	<b>96</b>	<b>23</b>

**Table 7.12 - Average remuneration by gender**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Male	69,126	68,558	40,556
Female	56,313	55,528	29,355
<b>Total</b>	<b>62,237</b>	<b>61,615</b>	<b>34,330</b>

2017	CaixaBank	CaixaBank Group Spain	Banco BPI
Male	67,089	66,853	40,958
Female	54,065	53,536	29,370
<b>Total</b>	<b>60,123</b>	<b>59,785</b>	<b>34,517</b>

**Table 7.13 - Average remuneration by age**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
< 30 years	23,256	23,971	16,217
30-39 years	48,967	48,610	24,110
40-49 years	65,861	65,252	34,563
50-59 years	81,406	77,592	47,378
> 59 years	153,515	116,531	63,050
<b>Total</b>	<b>62,237</b>	<b>61,615</b>	<b>34,330</b>

2017	CaixaBank	CaixaBank Group Spain	Banco BPI
< 30 years	20,400	20,938	16,442
30-39 years	47,820	47,419	22,820
40-49 years	64,780	63,985	34,048
50-59 years	80,062	76,037	47,377
> 59 years	168,277	125,523	58,373
<b>Total</b>	<b>60,123</b>	<b>59,785</b>	<b>34,517</b>

## Our People

**Table 7.14 - Average remuneration by job category**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Directors	92,868	95,260	85,533
Middle management	70,094	70,033	41,374
Rest of employees	49,918	49,554	26,654
<b>Total</b>	<b>62,237</b>	<b>61,615</b>	<b>34,330</b>

2017	CaixaBank	CaixaBank Group Spain	Banco BPI
Directors	89,018	90,624	85,654
Middle management	67,380	67,532	41,153
Rest of employees	47,937	47,772	26,582
<b>Total</b>	<b>60,123</b>	<b>59,785</b>	<b>34,517</b>

**Table 7.15 - Average pay of the directors by gender**

2018	CaixaBank Group
Male <sup>1</sup>	549,154
Female	153,600
<b>Total</b>	<b>439,278</b>

1. Includes the remuneration derived from charges different than the ones specific to representation in the Board of Directors (Chairman and executives charges).

**Table 7.16 - Accidents at work**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Total number of accidents <sup>1</sup>	341	380	71
<i>of which: resulting in death</i>	-	-	-

1. The activities of CaixaBank do not involve serious accidentality to its employees.

**Table 7.17 - Total number of hours of training by employee category**

2018	CaixaBank	CaixaBank Group Spain	Banco BPI
Directors	391,607	395,673	1,991
Middle management	476,439	508,286	57,723
Rest of employees	1,247,136	1,361,940	216,036
<b>Total</b>	<b>2,115,182</b>	<b>2,265,899</b>	<b>275,750</b>



# Financial Information Statement

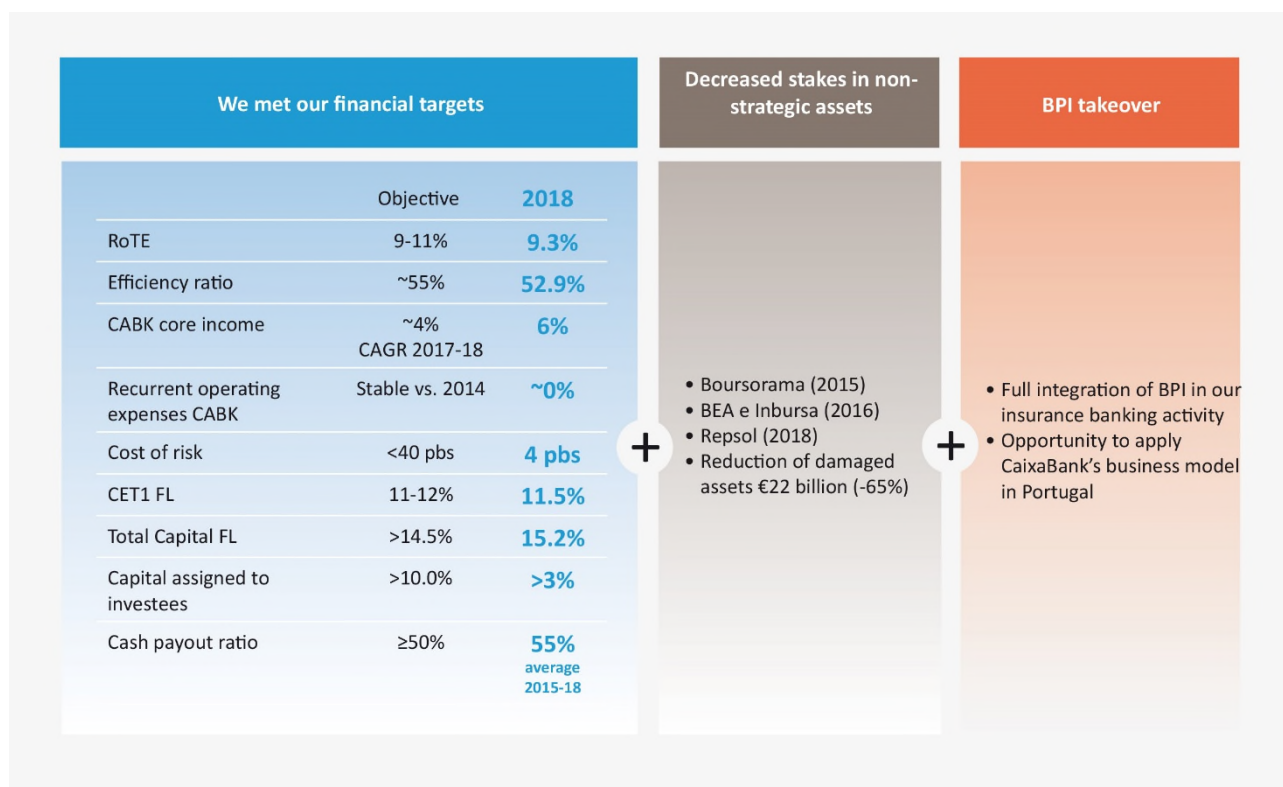


Financial  
reporting  
and results

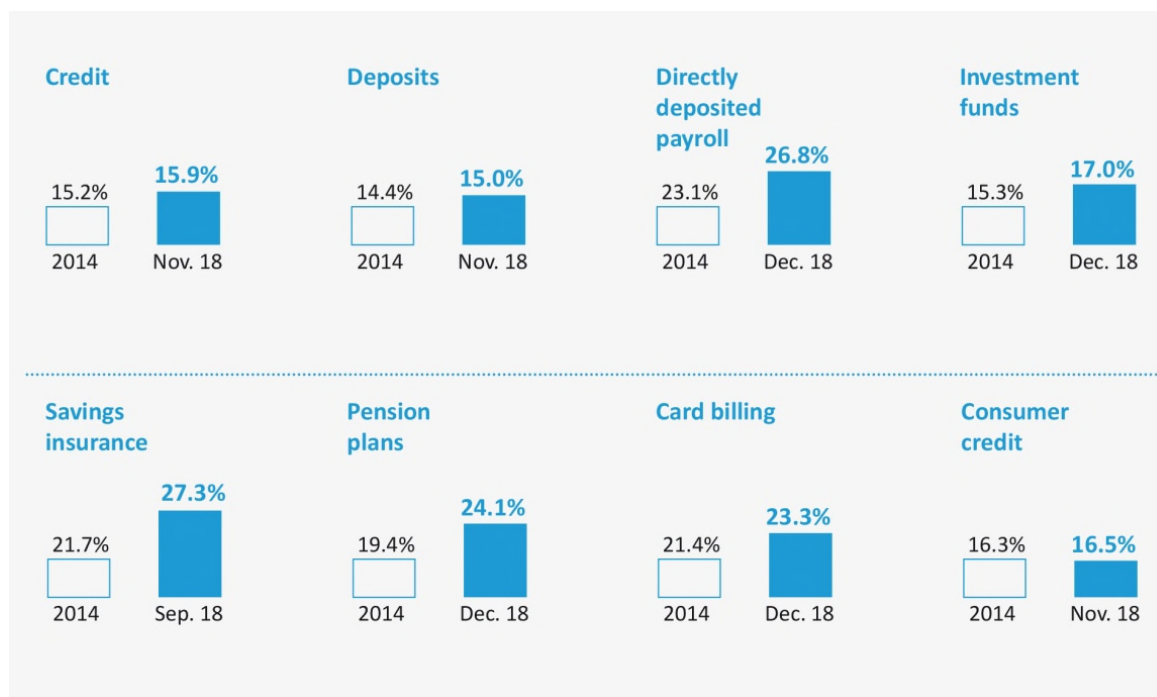
## Financial reporting and results

The information in this section is presented according to management criteria and expands upon the information contained in the notes to the 2018 Consolidated Financial Statements.

### Complying with the strategic financial objectives of the 2015-2018 Plan



### Contrasted growth path and market share improvement in Spain



## Business segmentation

This section presents the financial information of the results and activities of CaixaBank's different business segments with the following configuration:

**Banking and insurance business:** This section includes the results of the banking, insurance and asset management activities carried out by the Group in Spain. It also incorporates the liquidity management and the Assets and Liabilities Committee (ALCO), and income from the financing of the other businesses and corporate activities. In addition, it includes the businesses acquired by CaixaBank from BPI over the last few quarters (i.e., insurance, asset management, and cards).

**Non-core real estate activity:** This includes the net results of the cost of non-core real estate asset financing in Spain, which comprise:

- Non-core developer lending.
- All foreclosed real estate assets (available for sale and rental), most of which are owned by real estate subsidiary BuildingCenter.
- Other real estate assets and holdings.

**Equity investments:** Primarily, the business includes the net income from dividends and/or the equity method of the costs of financing of the interests, as well as the gains and loss for the assets and liabilities in Erste Group Bank, Repsol, Telefónica, BFA, BCI, and Viacer. Similarly, it includes the significant impacts on income of other relevant stakes recently acquired by the Group in Spain or consolidated through BPI as part of its drive to diversify across sectors.

The results contributed by BPI to the consolidated income statement under the equity method are included through to the effective takeover in February 2017, whereupon a new business segment was created. Furthermore, the stakes in Repsol, following the sales agreement, and in BFA, after reassessing the significant influence at year-end 2018, are classified as financial assets at fair value with changes in other comprehensive income.

**BPI:** This includes the results since taking over BPI in February 2017. At this time, the assets and liabilities were consolidated using the global integration method (according to the adjustments made resulting from the business combination). The income statement includes the reversion of the adjustments resulting from the application of fair value to the assets and liabilities in the business combination. Furthermore, it excludes the financial statement and equity capital associated with BPI's assets assigned to the aforementioned equity business (essentially, BFA, BCI and Viacer).

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

The allocation of capital to non-core real estate businesses and interests is in line with the corporate objective of maintaining a Common Equity Tier 1 (CET1) "fully-loaded" ratio of between 11% and 12%, taking into account both the 11% weighting applied to risk-weighted assets and any applicable deductions. The allocation of capital to BPI is at sub-consolidated level, i.e., taking into account the subsidiary's own funds. The capital consumed in BPI by the investees allocated to the investment business is allocated consistently to the investment business.

The difference between the Group's total own funds and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

In 2018, the Group maintained the same business segment structure. However, certain modifications have been made to the process criteria: (i) allocation of BFA, BCI and Viacer (previously included in BPI's business segment) to the holdings business, and (ii) analytical income is no longer allocated to the banking and insurance business, but rather to the non-core real estate business, associated with the asset marketing process.



## Results

For the purpose of the lines of the income statement, it is worth reiterating that BPI was integrated by global consolidation on 1 February 2017 following a takeover. Previously, BPI was a company consolidated by the equity method:

millions of euros	2017	2018 (breakdown by business)				
	Group	Group	Banking and insurance	Non-core property	Investments	BPI
<b>Net interest income</b>	<b>4.746</b>	<b>4.907</b>	<b>4.682</b>	<b>(23)</b>	<b>(149)</b>	<b>397</b>
Dividend income and share of profit/(loss) of entities accounted for using the equity method	653	972	217	3	746	6
Net fee and commission income	2.499	2.583	2.310	(7)	-	280
Gains/losses on financial assets and liabilities and others	282	278	225	(6)	11	48
Income and expense under insurance and reinsurance contracts	472	551	551	-	-	-
Other operating income and expense	(430)	(524)	(351)	(147)	-	(26)
<b>Gross income</b>	<b>8.222</b>	<b>8.767</b>	<b>7.634</b>	<b>(180)</b>	<b>608</b>	<b>705</b>
Recurring administrative expenses, depreciation and Extraordinary expenses	(4.467)	(4.634)	(4.063)	(118)	(4)	(449)
<b>Pre-impairment income</b>	<b>3.645</b>	<b>4.109</b>	<b>3.571</b>	<b>(298)</b>	<b>604</b>	<b>232</b>
Allowances for insolvency risk	(799)	(97)	(264)	65	-	102
Other charges to provisions	(912)	(470)	(234)	(240)	-	4
Gains/(losses) on disposal of assets and others	164	(735)	(62)	(117)	(607)	51
<b>Profit/(loss) before tax</b>	<b>2.098</b>	<b>2.807</b>	<b>3.011</b>	<b>(590)</b>	<b>(3)</b>	<b>389</b>
Income tax expense	(378)	(712)	(810)	115	90	(107)
<b>Profit/(loss) after tax</b>	<b>1.720</b>	<b>2.095</b>	<b>2.201</b>	<b>(475)</b>	<b>87</b>	<b>282</b>
Profit/(loss) attributable to minority interests and others	36	110	2	55	33	20
<b>Profit/(loss) attributable to the Group</b>	<b>1.684</b>	<b>1.985</b>	<b>2.199</b>	<b>(530)</b>	<b>54</b>	<b>262</b>
Cost-to-Income Ratio	55,7%	53,1%				
Cost-to-income ratio excluding extraordinary expenses	54,3%	52,9%				
ROE	6,9%	7,7%				
ROTE	8,4%	9,3%				
ROA	0,5%	0,5%				
RORWA	1,1%	1,3%				

The **attributable net profit for 2018 stands at EUR 1,985 million (+17.8% from 2017)**.

Gross income stands at EUR 8,767 million (+6.6% from 2017), boosted by the growth in core income, and reaching EUR 8,217 million in 2018 (+4.2%) and higher investee income.

Recurring administrative expenses, depreciation and amortisation expenses (+3.7%) are growing at a slower rate than core income.

The evolution of impairment losses on financial assets (-87.9%) is influenced by the normalisation of the quality indicators of the assets, and the one-off releasing of provisions due to the improved recoverability of debt, amounting to approximately EUR 275 million.

Other charges to provisions (-48.4%) in 2018 include the impact of the 51% repurchase transaction of Servihabitat<sup>1</sup> (in 2017, there were additional negative impacts associated with pre-retirement and the write-off of provisions at SAREB).

Gains/(losses) on disposal of assets and other includes the extraordinary results in both financial years, in particular, accounting for the negative impact of the sale of Repsol and the accounting reclassification of BFA in 2018, and the positive result of the business combination generated in the acquisition of BPI.

[1] The 51% Servihabitat repurchase transaction has generated a loss of EUR -204 million in the 2018 income statement (EUR -152 million recorded in "Other provisions" and EUR -52 million in "Gains/(losses) on disposal of assets and other").

## Net interest income

The **Group's net interest income for 2018** stands at EUR 4,907 million (+3.4% from 2017).

In the environment of continued low interest rates, this growth is due to:

- Increase in loan profitability (+7 basis points) due to the generation of higher rates and the mix with more profitable segments that compensate for the negative repricing in the mortgage portfolio. Doubtful loans and recoveries also contribute to the rise in credit rate.
- Management of retail financing which causes a 1 basis point drop in the cost of the demand deposits.
- The savings in the costs of institutional funding due to a lower price and the higher volume of the fixed income portfolio overcome the impact of the decrease in fixed-rate returns and the increase in the surplus liquidity costs remunerated at negative interest rates.

millions of euros	2017		2018		Chg. in yield/cost	
	Average balance	Int. rate %	Average balance	Int. rate %	By: interest rate	By: volume
Financial Institutions	15,900	1.15%	21,241	0.83%	(51.3)	44.3
Loans and advances (a)	209,185	2.20%	208,470	2.27%	140.2	(16.2)
Fixed income securities portfolio	29,700	1.24%	34,723	1.05%	(55.2)	53.2
Other assets with returns (*)	49,984	3.55%	54,174	3.03%	(260.5)	126.5
Other assets	68,136	-	65,193	-	-	(6.0)
<b>Total average assets (b)</b>	<b>372,905</b>	<b>1.87%</b>	<b>383,801</b>	<b>1.81%</b>	<b>(226.8)</b>	<b>201.8</b>
Financial Institutions	47,488	0.40%	43,601	0.45%	(22.8)	17.8
Retail customer funds (c)	188,068	0.04%	199,220	0.04%	8.8	2.2
Wholesale marketable debt securities & other	27,057	1.11%	26,822	0.98%	36.8	2.2
Subordinated liabilities	5,575	2.61%	6,346	1.73%	49.3	(13.3)
Other funds with cost (*)	59,158	2.48%	63,366	2.14%	201.0	(90.0)
Other funds	45,559	-	44,446	-	-	(6.0)
<b>Total average funds (d)</b>	<b>372,905</b>	<b>0.60%</b>	<b>383,801</b>	<b>0.53%</b>	<b>273.2</b>	<b>(87.2)</b>
<b>Customer spread (a-c)</b>		<b>2.16%</b>		<b>2.23%</b>		
<b>Balance sheet spread (b-d)</b>		<b>1.27%</b>		<b>1.28%</b>		

(\*) These include the Group's life savings insurance activity.

To help readers interpret the information contained in this report, the following aspects should be taken into account:

According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being TLTRO II income. Conversely, the heading financial intermediaries on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.

Other assets with returns and Other funds with cost relate largely to the Group's life insurance activity.

## Fees and commissions

Fee income **has risen to EUR 2,583 million**, +3.4% from the previous year:

- **Banking services, securities and other fees** ascend to EUR 1,488 million and include income from securities transactions, transactions fees, and charges related to risk, deposit management, payment methods, and investment banking.

The evolution compared with the 2017 financial year (2.2%) has been influenced by higher commissions paid through distribution agreements linked to consumer financing, and also by lower commissions in investment banking.

- **Commissions from mutual funds, managed accounts and SICAVs** stand at EUR 552 million (+12.6%) due to the increase in managed assets during the first nine months of the financial year. However, the volatility of the markets has negatively affected the evolution of assets in the fourth quarter, during which time commissions fell by 2.8%.
- **2.0% increase in pension plan management fees** amounting to EUR 217 million through a wide range of products.
- Due to heightened commercial activity, **fees on insurance sales** have risen to EUR 326 million (+19.0%).

	millions of euros	2017	2018
Banking services, securities and other fees		1,521	1,488
Mutual funds, managed accounts and SICAVs		491	552
Pension plans		213	217
Sale of insurance products		274	326
<b>Net fee and commission income</b>		<b>2,499</b>	<b>2,583</b>

### Income from equity investments

**The income from equity investments stands at EUR 972 million.** This heading shows earnings from entities accounted for using the equity method, as well as dividend income.

The share of profit/(loss) of entities accounted for using the equity method (+57.0%) stands out year after year for the good evolution of its business, and, in particular, for the greater contribution related to BFA, marked by extraordinary impact in both financial years:

- In January 2017, prior to the takeover of BPI by CaixaBank, the recognition of the attributable profit/(loss) derived from BPI selling 2% of its stake in BFA (EUR -97 million), primarily caused by the valuation adjustments due to the conversion differences in the statement of profit and loss of BPI, previously recognised in its assets.
- Recognition of EUR -68 million in the fourth quarter of 2017 (which included extraordinary impacts of EUR -119 million), partly because of the need to reflect (in accordance with IAS 29) the estimated impact of Angola's inflationary economy on BFA's financial statements.
- In 2018, the recognition of EUR 155 million corresponding to the one-off impacts on results derived from the devaluation of the Angolan currency, among other elements.
- BFA's net attributable income in 2018 after deducting the effects of the accounting reclassification, taxes and minority shareholders, stands at EUR 51 million.

The dividend income in the second quarter of both financial years stands at EUR 104 million corresponding to Telefónica S.A. In the fourth quarter of 2018, a dividend of EUR 23 million was recognised for the remaining investment in Repsol.

	millions of euros	2017	2018
Dividend income		127	146
Share of profit/(loss) of entities accounted for using the equity method		526	826
<b>Income from equity investments</b>		<b>653</b>	<b>972</b>

### Gains/(losses) on financial assets and liabilities and others

The gains/(losses) on financial assets and liabilities and others stand at EUR 278 million (-1.7%) and include, among others, the appearance of hidden reserves of financial assets available for sale.

### Income and expense under insurance and reinsurance contracts.

Sustained growth of income derived from the life risk insurance activity reaching EUR 551 million (+16.7% in the year).

### Other operating income and expense

The year-to-year evolution of "Other operating income and expense" is affected by minor real estate expenses and the recognition, in the 2017 financial year, of income resulting from individual contracts for EUR 115 million.

At year-end 2018, the classification "Other operating income and expense" stood at EUR -524 million and included, among others, income and charges of non-real estate subsidiaries, rental income and management expenses for foreclosed properties, as well as taxes and contributions.

After the acquisition of Servihabitat and until the formalisation of the sale of the real estate firm, the portfolio management and administration costs have been reclassified in the consolidated statement, expressed as the net income and expenses in the discontinued activities line.

millions of euros	2017	2018
Contribution to the Single Resolution Fund / Deposit Guarantee Fund	(304)	(325)
Other real estate operating income and expense (including Spanish Property Tax)	(200)	(147)
Other	74	(52)
<b>Other operating income and expenses</b>	<b>(430)</b>	<b>(524)</b>

### Administrative expenses, depreciation and amortisation

The recurring administrative expenses, depreciation and amortisation stand at EUR 4,634 million (+3.7%). Growth in expenditure at a slower pace than the total income (gross income +6.6%) and core income (+4.2%).

The general expenses increase year by year, mainly due to the transformation of the distribution model (store branches, InTouch), greater expenditure on technology, and new regulatory requirements.

Amortisation was down, partly due to the write-downs of intangible assets carried out in the fourth quarter of 2017.

The extraordinary charges are associated with the integration of BPI (EUR 24 million in 2018 and EUR 110 million in 2017).

millions of euros	2017	2018
<b>Gross income</b>	<b>8,222</b>	<b>8,767</b>
Personnel expenses	(2,875)	(2,937)
General expenses	(1,165)	(1,292)
Depreciation and amortisation	(427)	(405)
<b>Recurring administrative expenses, depreciation and amortisation</b>	<b>(4,467)</b>	<b>(4,634)</b>
Extraordinary expenses	(110)	(24)

### Allowances for insolvency risk and other charges to provisions

Smaller **loan loss provisions** (-87.9%) in the normalisation process of the asset quality indicators and unique aspects, such as the reversal of provisions of approximately EUR 275 million, associated with the updating of the recoverable value of the exposure of a significant borrower.

**The cost of risk (12 months) falls to 0.04% (0.16% without taking into account the aforementioned reversion).**

**Other charges to provisions** mainly includes the coverage of future contingencies and impairment of other assets.

The second quarter of 2018 includes the recognition of EUR 152 million resulting from the difference between the repurchase price from TPG for 51% of the service and the fair value assigned to this holding. In the fourth quarter, recognition of EUR -53 million associated with early retirement and, among others, impairments as a result of the revision of the recoverable value of certain assets.

2017 included, among other, the recognition of EUR -455 million associated with early retirements and EUR -154 million for the write-down of the exposure in Sareb.

	millions of euros	2017	2018
Allowances for insolvency risk		(799)	(97)
Other charges to provisions		(912)	(470)
<b>Allowances for insolvency risk and other charges to provisions</b>		<b>(1,711)</b>	<b>(567)</b>

### Gains/(losses) on disposal of assets and others

Gains/(losses) on disposal of assets and others includes, essentially, the results of individual operations resulting from the sales of assets and write-downs. The change here was a result of:

- Real estate results affected in 2018 by the sale of the real estate business. Impact of EUR -60 million resulting from the formalisation of this sale (including expenses, taxes and other costs) and EUR -52 million due to the impairment of 49% of shares previously held in Servihabitat to adjust its book value to the new fair value.
- In the "Other" category, there is an impact of EUR -154 million resulting from the change in accounting classification of the equity holding in BFA.
- Recognition of the negative result derived from the sales agreement of the equity holding in Repsol (EUR -453 million), as well as the profit from the sale of the acquirer business (POS) of BPI to Comercia Global Payments (EUR +58 million).

It is important to highlight the result derived from the business combination with BPI in the first quarter of 2017 (EUR +256 million) and impaired asset write-downs in the fourth quarter.

	millions of euros	2017	2018
Real estate results		6	(117)
Others		158	(618)
<b>Gains/(losses) on disposal of assets and others</b>		<b>164</b>	<b>(735)</b>

### Unique aspects of 2018

- EUR 60 million profit for the sale of the holding in Viacer as part of disinvestment → [Note 12 of the consolidated annual financial statements](#).
- Appearance of hidden reserves in the fixed-income portfolio amounting to EUR 127 million, including the result linked to the cancellation of the associated coverage → [Note 13 of the consolidated annual financial statements](#).
- Result derived from the cancellation of coverage for subordinated debentures amounting to EUR 110 million → [Note 15 of the consolidated annual financial statements](#).
- Agreement of sale of the acquirer business of BPI to Comercia with a margin of EUR +58 million. → [Note 41 of the consolidated annual financial statements](#).
- Agreement of sale of holdings in Repsol with gross margin of EUR -453 million → [Note 16 of the consolidated annual financial statements](#).
- Repurchase agreement for 51% of Servihabitat Servicios Inmobiliarios with an impact of EUR -204 million → [Note 1 of the consolidated annual financial statements](#).
- Agreement of sale to Lone Star of 80% of Coral Homes, a company that has been provided with real estate assets, and the stake in Servihabitat Property Services, with a net total impact of EUR -48 million in expenses and taxes → [Note 1 of the consolidated annual financial statements](#).
- Early retirement agreement with an impact of EUR -67 million → [Note 23 of the consolidated annual financial statements](#).
- Loss of significant influence over BFA and reclassification of the stage into a financial instrument with an impact of EUR -154 million → [Note 16 of the consolidated annual financial statements](#).
- In addition, albeit with no impact on the income statement, in 2018, the following operations with an impact on assets of the company were recognised:**
- 1st application of IFRS 9 with a recognised net impact of EUR -561 million paid out of reserves → [Note 1 of the consolidated annual financial statements](#).
- Reduction of the minority interests as a result of the acquisition of the uncontrolled stake in BPI in order to obtain 100% by means of the agreement with Allianz and exercising the right of compulsory purchase. → [Note 24 of the consolidated annual financial statements](#).

## Business performance

The **total assets of the Group stand at EUR 386,622 million** as of 31 December 2018 (+1.0% as compared to the opening balance sheet after the implementation of IFRS 9 on 1 January 2018).

millions of euros	01-01-18	31-12-18 (breakdown by business)				
	Group	Group	Banking and insurance	Non-core property	Investments	BPI
Total assets	382,638	386,622	345,122	5,737	4,685	31,078
Total liabilities	358,511	362,564	325,497	5,057	3,653	28,357
Shareholders' equity	23,665	24,836	20,437	680	1,032	2,687
Assigned capital	100%	100%	82%	3%	4%	11%

### Loans and advances to customers

The **gross loan to customers stands at EUR 224,693 million**, +0.3% in the year with a 1.8% growth in the **healthy loan portfolio**.

millions of euros	31-12-17	31-12-18 (breakdown by business)		
	Group	Group	of which: banking and insurance	of which: BPI
Loans to individuals	128,490	127,046	114,403	12,643
Home purchases	94,187	91,642	80,472	11,170
Other	34,303	35,404	33,931	1,473
Loans to business	83,463	85,785	75,793	8,972
Public sector	11,998	11,862	10,201	1,661
<b>Loans and advances to customers, gross</b>	<b>223,951</b>	<b>224,693</b>	<b>200,397</b>	<b>23,276</b>
(Provisions for insolvency risk)	(6,832)	(5,728)	(4,629)	(814)
<b>Loans and advances to customers (net)</b>	<b>217,119</b>	<b>218,965</b>	<b>195,768</b>	<b>22,462</b>
Contingent liabilities	13,983	14,588	12,719	1,636

Highlight changes by segment include:

- **Loans for home purchases** (-2.7% in the year) continues to be marked by the deleveraging of households. However, indicators for 2018 showed positive growth in new loans.
- **Loans to individuals – Other** has increased by 3.2% during the year, boosted mainly by consumer credit in Spain (+18.7% in the year).
- Financing to **the productive sector ex-real estate developers** increased by +3.4% during the year.
- **Lending to real estate developers** fell by 3.8% during the year, accounting for 3.0% of total lending at 31 December 2018.
- The exposure to the **public sector** has slightly decreased during the year, although its evolution has been affected by extraordinary transactions.

## Customer funds

**Customer funds stand at EUR 358,482 million**, with a +2.6% growth in the year, affected by the negative evolution of the markets, especially in the third quarter.

millions of euros	31-12-17	31-12-18 (breakdown by business)		
	Group	Group	of which: banking and insurance	of which: BPI
Customer funds	196,611	204,980	182,862	22,0
Demand deposits	158,772	174,256	160,851	13,3
Term deposits	35,793	30,724	22,011	8,70
Subordinated liabilities (retail)	2,046	-	-	-
Insurance contract liabilities	49,965	52,383	52,383	-
Reverse repurchase agreement and other	968	2,060	2,044	16
<b>On-balance sheet funds</b>	<b>247,544</b>	<b>259,423</b>	<b>237,289</b>	<b>22,052</b>
Mutual funds, managed accounts and SICAVs	66,882	64,542	59,455	5,08
Pension plans	29,669	29,409	29,408	-
<b>Assets under management</b>	<b>96,551</b>	<b>93,951</b>	<b>88,863</b>	<b>5,08</b>
<b>Other accounts</b>	<b>5,363</b>	<b>5,108</b>	<b>3,156</b>	<b>1,95</b>
<b>Total customer funds</b>	<b>349,458</b>	<b>358,482</b>	<b>329,308</b>	<b>29,087</b>

The funds in the balance sheet stand at EUR 259,423 million (+4.8% in 2018):

9.8% growth in **demand deposits** to EUR 174,256 million.

**Term deposits** stand at EUR 30,724 million (-14.2% in the year), in an environment of rock-bottom interest rates on renewal of maturities.

Increase in **liabilities under insurance contracts**<sup>1</sup>(+4.8% in the year) after the intense trading activity.

The **assets under management stand at EUR 93,951 million**. Their evolution (-2.7% in the year) is affected mainly by market value fluctuations, especially during the fourth quarter. Excluding the effect of market trends, the assets under management have increased 2.4% during the year.

- The assets managed in **mutual funds, managed accounts and SICAVs** stand at EUR 64,542 million (-3.5% in 2018).
- **Pension plans** stand at EUR 29,409 million (-0.9% in the year).

[1] This does not include the impact of the change in value of associated financial assets, with the exception of unit-linked assets.

## Asset quality

Non-performing loans have gone down to EUR 11,195 million following the active management of non-performing loans, including the sale of portfolios, in addition to the standardisation of the asset's quality indicators. **EUR 3,110 million reduction in the year.** The **non-performing loan ratio fell to 4.7%** (6.0% in December 2017):

(%)	31-12-17	31-12-18 (breakdown by business)			
	Group	Group	of which: banking and insurance	of which: Non-core real estate	of which: BPI
Loans to individuals	5.2%	4.7%			
Home purchases	4.2%	3.8%			
Other	7.9%	7.2%			
Loans to businesses	8.3%	5.4%			
Corporate and SMEs	7.1%	4.7%			
Real estate developers	21.7%	13.7%			
Public sector	1.4%	0.4%			
<b>NPL ratio (loans + contingent liabilities)</b>	<b>6.0%</b>	<b>4.7%</b>	<b>4.4%</b>	<b>66.0%</b>	<b>4.2%</b>
<b>NPL coverage ratio</b>	<b>50%</b>	<b>54%</b>	<b>51%</b>	<b>41%</b>	<b>87%</b>

On 31 December, provisions for insolvency risk stood at EUR 6,014 million. Its evolution in comparison with the previous year-end reflects the entry into force of the IFRS 9 on 1 January 2018, which produced an increase of EUR 791 million for credit loss allowances. Furthermore, its evolution is influenced by the recoverable value adjustments to the loan exposures, the cancellation of the debt derived from the purchase and foreclosure of real estate, and the derecognition and write-off of assets.

## Foreclosed real estate assets

After the formalisation of the sales transaction of the real-estate business during the fourth quarter and the intense commercial activity this year:

- The portfolio of net **foreclosed assets available for sale** <sup>1</sup> **decreased to** EUR 740 million (**EUR -5,138 million in 2018**) with a **coverage ratio** with write-downs of 39%.
- The **rental property** portfolio stands at EUR 2,479 million (net) of provisions, EUR -551 million in the year, which includes the sale of a portfolio of real-estate leasing assets during the second quarter for EUR 226 million.

The **total sales<sup>2</sup> of real-estate in 2018 stands at EUR 2,060 million**, +28% as compared with the same period in 2017 (+14% not including the aforementioned sale of rental assets).

[1] This does not include foreclose rights for auctioned properties (EUR 213 million and EUR 275 million (net) on 31 December and 31 December 2017, respectively)

[2] At selling price. This excludes the transfer of real estate to Lone Star at the closing of the real estate transaction.



## Liquidity and financing structure

€ million and %	31-12-17	31-12-18
Total liquid assets	72,775	79,530
Of which: available balance in ECB policy	19,165	22,437
Of which: HQLA	53,610	57,093
Institutional Financing	28,691	29,453
Loan to deposits	108%	105%
Liquidity coverage ratio	185%	196%

The **total liquid assets stands at EUR 79,530 million** on 31 December 2018, with a growth of EUR 6,755 million over the year.

The average **Liquidity Coverage Ratio** of the Group (LCR) on 31 December 2018 stands at **196%**, well above the minimum required level of 100% starting from 1 January 2018.

Solid retail financing structure with a **loan-to-deposits ratio of 105%**.

The **drawn balance** of the ECB policy on 31 December 2018 stands at **EUR 28,183 million** corresponding to the TLTRO II financing (EUR -637 million in the year related to the maturity of TLTRO I funding of BPI).

**Institutional financing** of EUR 29,453 million with **CaixaBank's successful access** to the markets during 2018 by issuing different debt instruments:

millions of euros	Amount	Maturity	Cost	Demand	Issuer
Mortgage covered bonds	1,000	10 years	1.116% (mid-swap +0.22%)	1,350	CaixaBank
Mortgage covered bonds	125	14 years	1.747% (mid-swap +0.31%)	Private	CaixaBank
Mortgage covered bonds	50	14 years	1.744% (mid-swap +0.31%)	Private	CaixaBank
Mortgage covered bonds	75	14 years	1.754% (mid-swap +0.30%)	Private	CaixaBank
Mortgage covered bonds	375	14 years	1.559% (mid-swap +0.32%)	Private	CaixaBank
Mortgage covered bonds	160	15 years	1.64% (midswap+0.35%)	400	CaixaBank
Senior debt	1,000	5 years 3 months	0.836% (mid-swap +0.48%)	2,200	CaixaBank
Additional Tier 1	1,250	Perpetual	5.345%	3,500	CaixaBank
Tier 2 subordinated debt	1,000	12 years	2.323% (mid-swap +1.68)	2,299	CaixaBank
Mortgage covered bonds	250	7 years	6-month Euribor +0.30%	Private	BPI
Mortgage covered bonds	300	4 years	6-month Euribor +0.30%	Private	BPI
Senior debt non preferred	1,000	5 years	1.83% (mid-swap +1.45)	2,250	CaixaBank

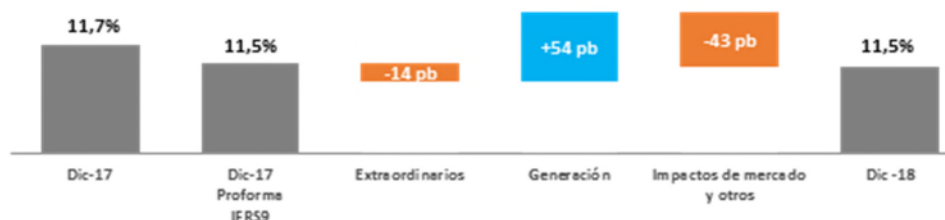
The public sector and mortgage covered bond issuance capacity of CaixaBank, S.A. reaches EUR 2,288 million at the end of December 2018.

Since year-end 2018, CaixaBank has issued EUR 1,000 euros in 5-year senior non-preferred debt with an annual return of 2.47%, equivalent to mid-swap +225 basis points. The issuance has had a demand of almost EUR 2,200 million.

## Capital management

	€ million and %	31-12-17	31-12-18
Common Equity Tier 1 (CET1), fully loaded		11.7%	11.5%
Tier 1, fully loaded		12.3%	13.0%
Total capital, fully loaded		15.7%	15.3%
Risk-weighted assets (RWAs) fully-loaded		148,626	145,942
Leverage ratio, fully loaded		5.3%	5.5%

The **Common Equity Tier 1 capital (CET1) "fully loaded" ratio stood at 11.5% on 31 December 2018**. Excluding the -15 basis points, the impact of the first application of the IFRS 9 accounting standard and -14 basis points for extraordinary transactions during the year (i.e. the purchase of minority shares in BPI and the sale of 80% of the real estate business), the evolution has involved +54 basis points through the organic generation of capital and -43 basis points, primarily, due to the volatility of markets and other impacts, including the adjustment of requirements due to the credit risk of the doubtful mortgage portfolio during the third quarter, resulting from the TRIM process (Targeted Review of Internal Models) of the European Central Bank:



The **Tier 1 fully-loaded ratio reaches 13.0%**. Since the first quarter of 2018, the Group has maintained 1.5% of AT1 instruments, in accordance with the provisions of Pillar 1 of the equity regulations, previously totally or partially covered with CET1.

The fully-loaded total capital stands at 15.3%. This ratio includes the issuance of 1,000 million Tier 2 instruments in April 2018, the amortisation of an issuance of Tier 2 instruments for EUR 2,072 million in May (of which EUR 1,574 million are eligible) and the amortisation of another issuance of Tier 2 instruments for EUR 750 million in November (of which EUR 738 million are eligible).

The fully-loaded leverage ratio reaches 5.5%.

Regarding the subordinated instruments to comply with the future MREL requirements, in October, EUR 1,000 million were issued as senior non-preferred debt. The APR ratio for subordinated instruments including, mainly, Total Capital and Senior non-preferred debt is 16.9% fully loaded<sup>1</sup>.

According to the criteria in force in 2018 for phased-in implementation, regulatory capital and leverage were: **11.8% CET1, 13.3% Tier 1, 15.6% total capital and 5.6% leverage ratio**.

Similarly, **CaixaBank is subject to minimum capital requirements** on an individual basis. The regulatory CET1 ratio under this scope is 13.3%, with risk-weighted assets (RWAs) totalling EUR 132,684 million.

Likewise, BPI also complies with its minimum capital requirements. The bank's regulatory and fully-loaded CET1 ratios have converged in 2018 at a sub-consolidated level, standing at 13.2% at the end of September 2018.

The decisions of the European Central Bank (ECB) and the national supervisor required the Group to maintain, at 31 December 2018, regulatory CET1, Tier1 and Total Capital ratios of 8.063%, 9.563% and 11.563%, respectively (including the progressive application of systemic conservation measures), which would increase to 8.75%, 10.25% and 12.25% when fully loaded. For 2019, these regulatory requirements converge with fully loaded.

The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions of the provision of the capital adequacy regulations regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities (there is a margin of 372 basis points, equating to EUR 5,433 million, until the Group's regulatory MDA<sup>1</sup> trigger).

[1] Proforma with the issuance of EUR 1,000 million in senior non-preferred debt in January 2019, the ratio would rise to 17.8%.

[2] The relevant MDA buffer is either the non-consolidated or the consolidated, whichever is lower.

## Other information



## Acquisition and disposal of shares held in treasury

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Operations involving the purchase and sale of treasury shares by the Company or its controlled companies, will conform to the provisions of the regulations in force and in the agreements of the general shareholders' meeting in this regard.

Information on the acquisition and disposal of shares held in treasury during the period is included in Note 25 "Equity" to the Financial Statements.

## Events after the reporting period

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From 1 January of 2018 to date of issue of the accompanying Financial Statements, no other events have occurred that have not been previously mentioned in the notes to the accompanying Financial Statements, that significantly affect the results of the Group or the situation of equity of the same at their issue date.

## Framework for the preparation of the consolidated management report

The 2018 consolidated management report of the CaixaBank Group is a response to the obligation to draft a non-financial information statement in accordance with Act 11/2018, of 28 December, including the necessary information to understand the performance, results and situation of the CaixaBank Group, and the impact of its activity related to environmental and social matters, and also related to personnel, human rights, and the fight against corruption and bribery. CaixaBank integrates its financial and non-financial information within this framework in line with the recommendations of the “Conceptual Framework for the preparation of Integrated Reports” of the International Integrated Reporting Council (IIRC), the CNMV’s “Management Report Preparation Guide for Listed Companies”, and the European Commission’s non-binding Directives regarding the presentation of non-financial information.

The forward-looking information contained in the different sections of this document reflects the plans, predictions or estimates of the management of the Group on the date of publication. This information is based on assumptions that are deemed to be reasonable. However, the information presented herein should not be interpreted as a guarantee of CaixaBank’s future performance. Indeed, any plans, predictions and estimates are subject to numerous risks and uncertainties and, therefore, CaixaBank’s future performance may not necessarily coincide with its initial projections.

This report should be read together with the 2018 Consolidated Financial Statements, which have been subjected to independent auditing.

### Framework to prepare the financial information

The profit and loss account, the consolidated balance sheet, and the various breakdowns of the information contained in this financial report are presented in accordance with management criteria, in addition to having been drafted in line with the International Financial Information Standards of the United Nations through EU Regulations. Circular 4/2017 of the Bank of Spain and its successive modifications have been taken into account when preparing the presented information.

This information has been prepared from the accounting records by CaixaBank, S.A. and its Subsidiary Corporations, and includes specific adjustments and reclassifications in order to homogenise the principles and criteria followed by the companies integrated with the companies of CaixaBank. For this reason, and specifically in the case of BPI, the information contained in this document does not coincide with certain aspects presented in BPI’s publication of financial information. Likewise, the financial information regarding investees has been prepared primarily on the basis of estimates made by the Company.

Figures are presented in millions of euros unless the use of another monetary unit is stated explicitly, and may be expressed as either million euros or € million.

### Framework for preparing non-financial information

The non-financial information corresponding to the sustainability indicators are presented in line with Global Reporting Initiative (GRI) Guidelines, based on the “exhaustive” option. Appendix “Index of GRI Contents” contains a list of the indicators that are included throughout the report, in other public reports, or mentioned in Appendix “GRI Indicators”. The sustainability figures and indicators have been calculated in accordance with the corporate standards which establish the criteria and common methodology to be applied in the areas of labour, environment, human rights, and social matters. Each area is described specifically in each of its sections. This information has been completed following the basic principles of inclusivity, materiality and response capacity, and is verified by the ISAE 3000 standard.

Furthermore, the Ten Principles of the UN Global Compact have also been considered to prepare this information.

## Glossary

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### Non-financial information

This glossary contains definitions of the indicators and other terms related to the non-financial information presented in the consolidated management report:

**First-time access to managerial positions (women) (%):** *Percentage of women who have accessed a managerial position for the first time.*

**Energy consumption savings (%):** *Percentage change in energy consumption bills from one year to another.*

**Contribution to Gross Domestic Product (%):** *CaixaBank's total contribution (direct and indirect) to the GDP is measured by dividing the Gross Value Added (GVA) by the GDP. The GVA of CaixaBank Group's businesses in Spain and Portugal is calculated as the gross income (excluding gains/(losses) on financial assets and liabilities and others) minus general expenses. The GVA for the businesses (excluding shareholdings) is multiplied by the fiscal multiplier to include indirect contributions. Source: CaixaBank Research.*

**Wage gap (%):** *Quotient of the coefficient that estimates the impact of gender on salary (determined through a model of multiple linear regression of salary, calculated as the sum of the fixed and variable remuneration, on gender and other relevant factors – age, longevity, longevity in their duty, professional duty and level –, by country – Spain and Portugal – and by companies that make up 97% of the workforce) and average salary of the company. The sample excludes duties (homogenous groups) of fewer than 50 observations (people) in CaixaBank, S.A. due to the fact that there are insufficient samples to infer statistically solid conclusions, although this aspect has not been passed on to the subsidiaries due to the model's loss of predictive power.*

**Carbon Neutral:** *This is based on calculating the carbon footprint (total emissions resulting from CaixaBank's activity) and implementing technological improvements to reduce CaixaBank's footprint and purchase carbon offset credits to support clean energy projects in developing countries.*

**Digital customers (%):** *Private customers, aged 20 and 74 years, who have been active in the last 12 months, divided by the total number of customers.*

**Contracts with environmental criteria over the total number of contracts with a significant environmental impact (%):** *The percentage of contracts with established environmental criteria is calculated based on the volume of contracts with an environmental impact.*

**Market share in credit to companies (%):** *Data produced by CaixaBank based on official data (Bank of Spain). Lending to non financial resident companies.*

**Market share in BPI credit (%):** *Total credit (including securitised credit). Source: Bank of Portugal - Monetary and Financial Statistics*

**Market share in credit to BPI companies (%):** *Total credit to non-financial resident companies. Including securitised credit (not including non-resident companies). Source: Bank of Portugal/Statistical Bulletin*

**Market share in BPI consumer credit (%):** *Non-accumulated contracts during the year according to instruction no. 14/2013 of the Bank of Portugal. Source: Bank of Portugal/Bank Customer Website.*

**Market share in BPI mortgage loans (%):** *Total resident mortgage loans*

**Market share in BPI deposits (%):** *Demand deposits and term deposits. Data prepared in house based on official data (Bank of Portugal - Monetary and Financial Statistics).*

**Market share in BPI investment funds (%):** *APFIPP (Portuguese Association of Investment Funds, Pension Funds and Asset Management) - Mutual Funds.*

**Market share in leasing (%):** *Data produced by CaixaBank based on official data (Bank of Spain).*

**Market share in salary direct deposits (%):** *Quotient between the number of customers with salary direct deposits and customers covered by Social Security (not including self-employed workers and domestic employees), multiplied by a correction factor of 95%.*

**Market share in BPI salary direct deposits (%):** Number of salary direct deposits corrected by a correction factor of 95% due to unavailable information on the Portuguese market. It is considered that 95% of salaried employees receive their salary by direct deposit. Source: APFIPP (Portuguese Association of Investment Funds, Pension Funds and Asset Management)

**Market share in BPI insurance (%):** APS (Portuguese Association of Insurers).

**Market share in POS (%):** Data produced by CaixaBank based on official data (Bank of Spain, Cards and payment systems).

**Penetration of private customers in Spain (%):** Percentage of the market dominated by CaixaBank in terms of customers. The universe comprises bank account holders over the age of 18 years living in towns of more than 2,000 inhabitants. Source: FRS Inmark.

**Digital market penetration (%):** 12-month average of digital customers divided by the total number of customers. Source: ComScore.

**Market share in trade (%):** remittances, documentary credits, and guarantees. Source: Swift – Traffic Watch.

**Appointments / Applications to fill positions (Men / Women) (%):** Percentage of appointments over the total number of applications to fill positions by gender.

**Female appointments / Total appointments to fill vacancies (%):** Percentages of women appointed over the total number of appointments during the year to fill positions.

**Reduced carbon emissions (%):** Percentage change in carbon footprint between two different financial years.

**Trained employees (%):** Quotient between the total number of staff that have carried out training at year-end and the total number of staff at year-end.

**Spanish companies that are CaixaBank customers (%):** Percentage of Spanish companies that are CaixaBank customers and turn over between 1 and 100 million euros. Source: FRS Inmark.

**eNPS:** The Net Promoter Score employee satisfaction 10-point scale in response to the following question: Would you recommend your company as a place to work? The results are displayed on the following scale (Promoters respond 9-10, Detractors respond 0-6). The calculation: % of Promoters (respond 9 or 10) - % of Detractors (respond 0 to 6).

**Free Float (%):** The number of shares available for the public, calculated as the number of issued shares minus the shares held in the treasury, advisers, and shareholders represented on the Board of Directors. The Annual Corporate Governance Report specifies a different free float calculation to that used for management purposes, calculated according to the current regulations for the report.

**Generation Y (Millennials) (%):** Percentage of employees born between 1982 and 1992.

**Hours of training per employee:** Quotient between the total hours of training taken by CaixaBank employees at the start and end of the financial year.

**HR Effort:** Index of the company's effort to improve the experience of its employees. The following question is rated from 1 to 10: Do you think your company makes an effort to improve your experience as an employee?

**General absenteeism index:** The number of days missed divided by the total number of days for an average annual workforce.

**Accident rate:** The number of accidents resulting in sick leave divided by the total hours worked, multiplied by 10 to the power of 6. The rate does not include accidents which happen on an employee's way to or from work, as they are outside of work hours. In addition, it includes all real hours of work and excludes any permitted forms of absence, holidays, and sick leave.

**Customer satisfaction index (CSI):** Synthetic index composed of the indices of the 6 main businesses: ISP (Retail), ISBPE (Premier), ISPBR (Private), ISE (Companies), ISI (Institutions), ISCorp (Corporate), and their contribution to the ordinary income.

**Individual customer satisfaction index:** Index made up of individual customers' ratings of 7 items (10-point scale).

**Investment in development and technology:** Total amount invested in development and technology including capitalisable and non-capitalisable elements.

**Investment in employee training (%):** Quotient between the investment made in training and staff at year-end.

**Women in managerial positions (%):** Percentage of women in assistant management positions of A or B branches (or above) over the total number of employees in managerial positions.

**Businesses created with the support of microcredits:** *The start of business is considered when the application for the microloan is made between 6 months before and 2 years after the start of the activity.*

**Net Promoter Score (NPS) Private Customers:** *The percentage of promoters minus the percentage of detractors (Promoters respond 9-10, Detractors respond 0-6).*

**Level of empowerment:** *Total positive responses ("completely agree" and "somewhat agree") regarding the area of empowerment.*

**Number of digital customers:** *Number of digital customers between the age of 20 and 74 years who have been active in the last 12 months.*

**Number of work-related accidents:** *Total number of accidents with and without sick leave.*

**Number of supplier audits:** *Voluntary audits of suppliers of goods to PromoCaixa in compliance with human rights.*

**Number of digital customers:** *Private customers, aged 20 and 74 years, who have been active in the last 12 months, divided by the total number of customers.*

**Number of microcredits issued:** *Loans up to EUR 25,000 (some facilities can reach EUR 50,000) set aside for people that may have difficulties accessing the traditional loan system and with specific purposes are considered.*

**Number of dismissals:** *Total number of permanent staff contract terminations due to "Dismissals" in the financial year.*

**Number of employees with disabilities:** *Employees working at the Company with a recognised degree of disability equal to or greater than 33%.*

**Number of training hours:** *Total number of hours of training of active employees at year-end.*

**Number of new hires by sex:** *Total number of hires in the financial year*

**Number of certified professionals:** *Number of employees who have passed the Financial Advice Information Course. Other related courses officially recognised by the National Securities Market Commission (CNMV) are also included in this calculation.*

**Number of jobs created due to the contribution of microcredits:** *Based on a survey conducted by STIGA on entrepreneurs that have applied to MicroBank for a microloan to open or consolidate a business during 2018.*

**Number of job positions generated through the multiplier effect of purchases from suppliers:** *Indicator estimated based on the VAB of CaixaBank, the Spanish and Portuguese GDP, the % of employment and productivity per worker according to National Accounting, and based on the input/output tables of the National Statistics Institutes of both countries with 4th-quarter data. Source: CaixaBank Research.*

**Total number of employees:** *Active staff at year-end.*

**Accessible branches (%):** *A branch is deemed to be accessible when its features enable all types of people, regardless of their abilities, to enter, move around, navigate, identify, understand and make use of the available services and facilities, and to communicate with staff. In addition, the branch must comply with current regulations.*

**Recycled paper:** *Percentage of recycled paper purchased compared to the total amount of paper purchased during the year.*

**Professionals certified in key skills/segments (%):** *Quotient between the certified number of employees and the total of employees that form part of the core business group: Retail Banking, Premier Banking, Private Banking, and Corporate Banking*

**Critical suppliers:** *Critical or strategic suppliers are high-risk suppliers according to the parameters defined in the supplier portal based on the service they provide*

**Average remuneration of board members:** *Average remuneration of the board of directors, including variable remuneration, allowances, severance, long-term savings provisions, and other income.*

**Average remuneration:** *Annualised average total remuneration (fixed plus variable)*

**Talent retention (%):** *Percentage of staff still working at the company two years after being hired. This does not include internship employment contract terminations.*

**Professional Development Satisfaction (%):** *Percentage of total positive responses ("completely agree" and "somewhat agree") regarding the area of professional development in the Commitment Study.*



**Commitment Study Overall Satisfaction (%):** *Percentage of total positive responses ("completely agree" and "somewhat agree") in the Commitment Study.*

**Salaries, Wages and other employee benefits:** *2018 account balance excluding Social Security contributions (included in tax contribution).*

**Assessment of training (s/10):** *Average rating of the training in terms of Satisfaction and Applicability. Calculation based on a 10-point scale.*

**Assessment in 180<sup>º</sup> evaluation:** *Score of the group of "People" in the 180<sup>º</sup> evaluations.*

## Financial information

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA Guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the company's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS:

### Profitability and Efficiency

**a) Customer spread:** this is the difference between:

- average rate of return on loans (annualised income for the quarter from loans and advances divided by the net average balance of loans and advances for the quarter); and
- average rate for retail deposits (annualised quarterly cost of retail deposits divided by the average balance of those same retail deposits for the quarter, excluding subordinated liabilities).

**b) Balance sheet spread:** this is the difference between:

- average rate of return on assets (annualised interest income for the quarter divided by total average assets for the quarter); and
- average cost of funds (annualised interest expenses for the quarter divided by total average funds for the quarter).

**c) ROE:** Profit attributable to the Group (adjusted by the amount of the *Additional Tier 1* coupon after tax, reported in equity) divided by average shareholder equity for the last 12 months.

**d) ROTE:** Quotient between:

- Profit attributable to the Group (adjusted by the amount of the *Additional Tier 1* coupon after tax reported in equity), and
- 12-month average shareholder equity deducting intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet).

**e) ROA:** Quotient between net profit (adjusted by the amount of the *Additional Tier 1* coupon after tax reported in equity) divided by average total assets for the last 12 months.

**f) RORWA:** Quotient between the net profit (adjusted by the amount of the *Additional Tier 1* coupon after tax reported in equity) divided by average total risk-weighted assets for the last 12 months.

**g) Cost-to-income ratio:** operating expenses (administrative expenses, depreciation and amortisation) divided by gross income for the last 12 months.

### Risk management

- a) **Cost of risk (CoR):** quotient between the total allowances for insolvency risk (12 months) divided by average lending, gross, plus contingent liabilities, using management criteria.
- b) **Non-performing loan ratio** quotient between the non-performing loans and advances to customers and contingent liabilities, using management criteria, and the total gross loans to customers and contingent liabilities, using management criteria.
- c) **Coverage ratio:** quotient between the total credit loss provisions for loans to customers and contingent liabilities, using management criteria, and non-performing loans and advances to customers and contingent liabilities, using management criteria.
- d) **Real estate available for sale coverage ratio:** quotient between the gross debt cancelled at the foreclosure or surrender of the real estate asset minus the present net book value of the real estate asset; and the gross debt cancelled at the foreclosure or surrender of the real estate asset.
- e) **Real estate available for sale coverage ratio with accounting provisions:** quotient between accounting coverage: the accounting provisions for foreclosed real estate assets, and the gross book value of the foreclosed asset: sum of net carrying amount and the accounting provision.

### Liquidity

- a) **Total liquid assets:** sum of HQLAs (*High Quality Liquid Assets* within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA).
- b) **Loan to deposits:** quotient between net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions), and customer deposits on the balance sheet.

### Other relevant indicators

**MDA (Maximum Distributable Amount) Buffer:** *the capital threshold below which limitations exist on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments. It is defined as Pillar 1 + Pillar 2 capital requirements + capital buffers + possible AT1 and T2 deficits.*

**Market capitalisation:** *share price multiplied by the number of issued shares minus the number of treasury shares held at the end of the period.*

**Average number of shares outstanding:** *Average shares issued less the average number of treasury shares.*

## Adjustment of the structure of the public income statement to the management format

**Net fee and commission income.** Includes the following line items:

- Fee for commission income.
- Fee for commission expense.

**Gains/(losses) on financial assets and liabilities and others.** Includes the following line items:

- Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets not designated for trading that must be designated at fair value through profit or loss (net).
- Gains/(losses) on financial assets and liabilities held for trading (net).
- Gains/(losses) from hedge accounting (net).
- Exchange differences (net).

**Operating expenses.** Includes the following line items:

- Administrative expenses.
- Amortisation.

**Pre-impairment income.**

- (+) Gross income.
- (-) Operating expenses.

**Impairment losses on financial assets and other provisions.** Includes the following line items:

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss and net gains/(losses) on adjustments.
- Provisions/(reversal) of provisions.

*Of which: Allowances for insolvency risk.*

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

*Of which: Other charges to provisions.*

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

**Gains/(losses) on derecognition of assets and others.** Includes the following line items:

- Impairment/(reversal) of impairment on investments in joint ventures or associates.
- Impairment/(reversal) of impairment on non-financial assets.
- Gains/(losses) on derecognition of non-financial assets and investments (net).
- Negative goodwill recognised in profit or loss.
- Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net).

**Profit/(loss) attributable to minority interests and others.** Includes the following line items:

- Profit/(loss) for the period attributable to minority interests (non-controlling interests).
- Profit/(loss) after tax from discontinued operations.

## Reconciliation of activity indicators using management criteria

### Loans and advances to customers, gross

December 2018	
€ million	
Financial assets at amortised cost - Customers (Public Balance Sheet)	217,967
Reverse repurchase agreements (public and private sector)	(320)
Clearing Houses	(1,003)
Other, non-retail, financial assets	(475)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	327
Other, non-retail, financial assets	(273)
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	2,096
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	646
Provisions for insolvency risk	5,728
<b>Loans and advances to customers (gross) using management criteria</b>	<b>224,693</b>

### Liabilities under insurance contracts

December 2018	
€ million	
Liabilities under the insurance business (Public Balance Sheet)	60,452
Capital gains/(losses) under the insurance business (excluding unit linked)	(8,069)
<b>Liabilities under the insurance business, using management criteria</b>	<b>52,383</b>

### Customer funds

December 2018	
€ million	
Financial liabilities at amortised cost - Customers deposits (Public Balance Sheet)	210,200
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customers deposits)	(3,903)
Multi-issuer covered bonds and subordinated deposits	(2,987)
Counterparties and other	(916)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	743
Retail issues and other	743
Liabilities under insurance contracts, using management criteria	52,383
<b>Total on-balance sheet customer funds</b>	<b>259,423</b>
Assets under management	93,951
Other accounts <sup>1</sup>	5,108
<b>Total customer funds</b>	<b>358,482</b>

[1] Includes, among others, transitional funds associated with transfers and collection activity, as well as other customer funds distributed by the Group.

### Institutional issuances for banking liquidity purposes

#### December 2018

€ million

<b>Financial liabilities at amortised cost - Debt securities (Public Balance Sheet)</b>	<b>29,244</b>
<b>Institutional financing not considered for the purpose of managing bank liquidity</b>	<b>(2,777)</b>
Securitised bonds	(1,820)
Value adjustments	(331)
Retail	(743)
Issues acquired by companies within the group and other	117
<b>Customer deposits for the purpose of managing bank liquidity<sup>2</sup></b>	<b>2,986</b>
<b>Institutional financing for the purpose of managing bank liquidity</b>	<b>29,453</b>

[2] A total of €2,953 million in multi-issuer covered bonds (net of retained issues) and €33 million in subordinated deposits.

### Foreclosed real estate assets (available for sale and held for rent)

#### December 2018

€ million

<b>Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)</b>	<b>1,239</b>
Other assets	(514)
<b>Inventories in the heading - Other assets (Public Balance Sheet)</b>	<b>15</b>
<b>Foreclosed available for sale real estate assets</b>	<b>740</b>
<b>Tangible assets (Public Balance Sheet)</b>	<b>6,022</b>
Tangible assets for own use	(3,209)
Other assets	(334)
<b>Foreclosed rental real estate assets</b>	<b>2,479</b>



## **Appendix: Materiality Analysis & GRI Content**

*2018 CONSOLIDATED MANAGEMENT REPORT OF THE CAIXABANK GROUP*

**APPENDIX: MATERIALITY ANALYSIS & GRI CONTENT**

## 1. CRITERIA AND SCOPE OF THE REPORT

### Criteria and principles used to prepare the report

The content of this indicator index is part of the 2018 CaixaBank Group Consolidated Management Report.

This report will also be included in CaixaBank's Progress Report in accordance with the Memorandum of Understanding between GRI and the UN Global Pact, which details the connections between the indicators and the 10 Principles of the Global Compact.

This report has been prepared in line with the following principles to guarantee the transparency, reliability and exhaustiveness of the information:

- the Global Reporting Initiative (GRI), specifically the *GRI Standards*, under the exhaustive option, in accordance with the criteria and principles set out in this guide, and, in particular, the involvement of stakeholders, sustainability, materiality, and exhaustiveness. The GRI principles have also been adopted to ensure the quality of the report: balance, comparability, accuracy, timeliness, clarity and reliability.
- International Integrated Reporting Council (IIRC) framework for Integrated Reports in the following key areas: strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability.
- Principles established in the AA1000 Accountability Principles Standard (AA1000APS) 2008 on **inclusivity**, in accordance with the indicators GRI 102-42 and GRI 102-43, **relevance**, according to the Materiality Analysis included in this report; and **response**, including codes, policies and performance indicators detailed in this report.

## 2. MATERIALITY ANALYSIS

CaixaBank uses materiality analysis to identify relevant topics. This process has identified specific priority topics for the company and its stakeholders. The company publicly reports and is accountable for these topics in particular. Relevant topics include social, environmental and economic issues that present a high probability of generating a significant impact on the business and also on stakeholder's opinions and decisions.

- Commitment to the Ten Principles of the UN Global Compact and Sustainable Development Goals (SDGs), as part of the 2030 Agenda.

### Scope and coverage

This report contains performance data for CaixaBank and its subsidiary companies, which together form the CaixaBank Group.

Based on the nature of the information, certain subsidiary companies have been excluded from the scope of this report. This exclusion applies primarily to the companies incorporated into the CaixaBank Group during the merger with Banca Cívica, and other companies of the BPI Subgroup. However, the performance data coverage exceeds 97%. This report clearly states to which entities the different GRI indicators refer.

In addition, the presented economic and financial information has been obtained from the Consolidated Annual Accounts of the CaixaBank Group for the 2018 financial year.

### Definition of content

This report covers the material topics for CaixaBank and its stakeholders according to the Materiality Analysis detailed in this Appendix.

\* The 2018 Consolidated Annual Accounts and Management Report were formulated by the Board of Directors on 21 February of 2019. These documents can be accessed on the CaixaBank website and the website of the National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)).

As a new feature, in addition to reviewing the relevant topics and their priority, the 2018 Materiality Analysis includes the evolution of the importance of topics as compared to 2017.



## Materiality Analysis Methodology

### 1. Initial identification of relevant topics

Documentary analysis to align the material topics with the business and the needs of stakeholders, to obtain a preliminary list of relevant topics

**15 relevant topics and 69 subtopics identified, assessed and prioritised**

#### Analysed information sources

##### Strategy and priorities for CaixaBank

CaixaBank's Strategy, Action Lines, and Objectives  
 CSR Master Plan: CaixaBank Socially Responsible Banking  
 Corporate Risk Catalogue  
 2018 Materiality Analysis and 2017 Socio-Economic Impact Report  
 CaixaBank website  
 Customer, employee and shareholder enquiries

##### Requirements of sustainability agents

Reference indices, ratings and rankings (DJSI, FTSE4Good, CDP, Merco, Reptrak)

##### Sustainable Development Goals – SDGs

Analysis of the key issues related to the SDGs most impacted by CaixaBank

##### Good reporting practices

Good practices of three financial institutions on the national and international level  
 Priority issues for the Financial Sector according to the Sustainability Accounting Standards Board (SASB)

##### Social challenges and trends in the financial sector

Studies and publications of global trends and social requirements based on CANVAS RADAR

##### Monitoring media and social networks

2018 assessment of communication; Media presence of the material topics for CaixaBank (BuzzSumo tool)

Semantic review of the list of relevant topics through CaixaBank's strategy and responsible business approach  
 Classification and integration of the topics according to CaixaBank's corporate values

### 2. Assessment and prioritisation of topics

Specific internal and external enquiries to assess the relevant topics

#### Assessment and prioritisation variables

##### Relevance for CaixaBank's business

##### Relevance for stakeholders

501 questionnaires taken by CaixaBank Employees

9 in-depth interviews with financial, CSR, and media experts

894 opinions of private customers about the CSR of CaixaBank

1.709 surveys for shareholders and customers of CaixaBank

13 questionnaires taken by different areas of CaixaBank responsible for interactions with stakeholders

### 3. Materiality matrix

Creation of the materiality matrix for the business and stakeholders

#### Relevant topic matrix

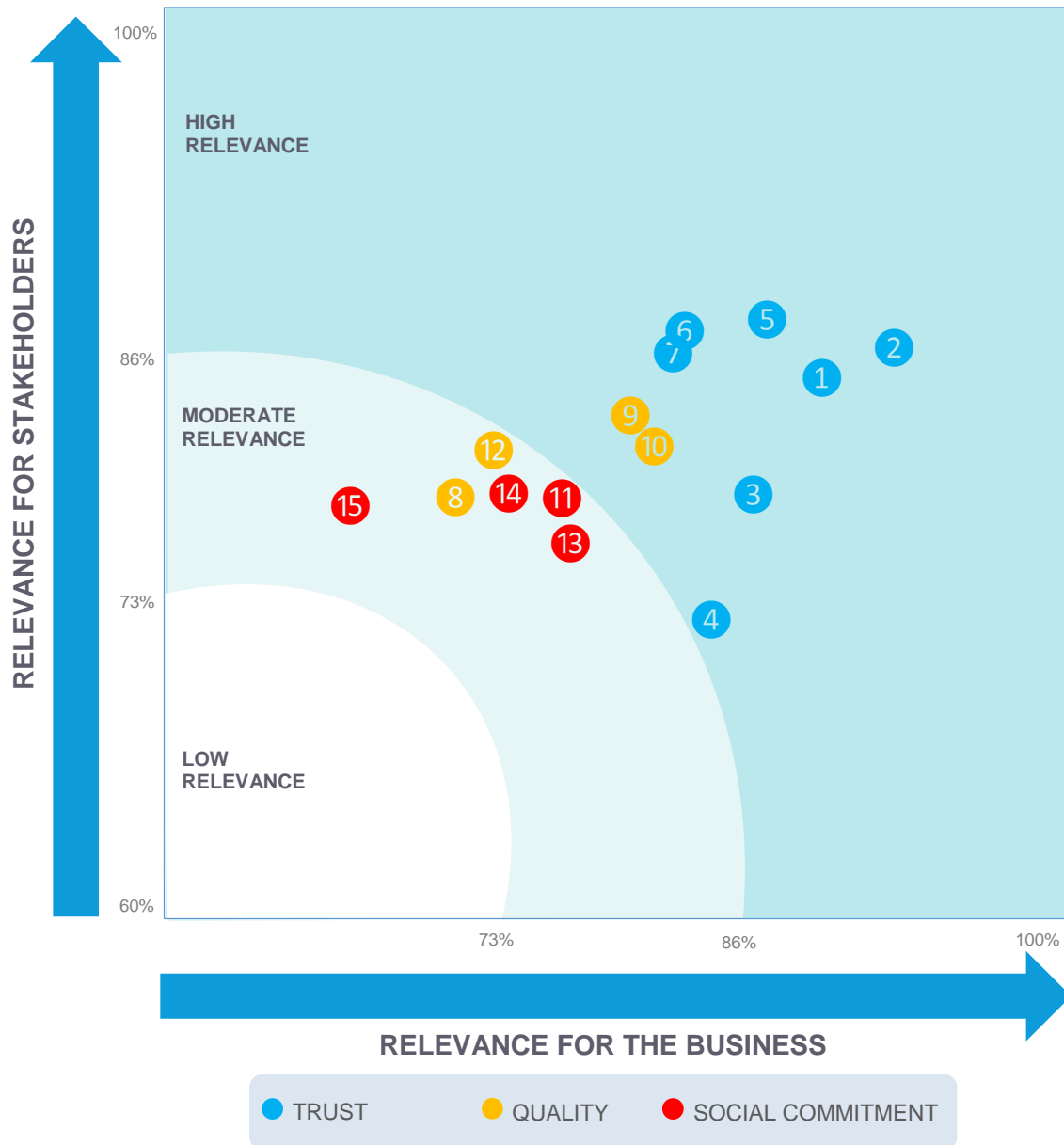
Relevant topics score over **68%** on both assessment axes

Analysis of the evolution of the relevant topics identified in the 2017 materiality analysis

### 4. Relationship with the CSR Plan, GRI Standards, and SDGs

Connection of the material topics with the Sustainable Development Goals (SDGs), the core aspects of the CSR Management Plan, and the GRI Standards presented in the 2018 Consolidated Management Report

Materiality matrix for CaixaBank



Evolution of the relevant topics identified in 2017

- 1 Profitability, solvency and stability ▼
- 2 Corporate governance ▲
- 3 Risk management and compliance ▼
- 4 Environmental and social criteria in business ▲
- 5 Ethical and responsible culture =
- 6 Transparency and responsible marketing ▲
- 7 Security and data protection =
- 8 Solutions tailored to customer needs ▼
- 9 Proximity, accessibility and digitalisation ▲
- 10 Attracting and developing talent =
- 11 Diversity, equality and work-life balance ▲
- 12 Open innovation and technology ▼
- 13 Financial inclusion ▲
- 14 Boosting economic and business activity ▼
- 15 Social and volunteering commitment =

▲ ▼ = **Evolution of topics:** This demonstrates whether the positions of the relevant topics have risen, fallen or remained stable in the list of relevant topics, as compared to 2017.

Material topics, stakeholders, and CSR of CaixaBank

	Evolution of material topics	Material topic	Strategic Plan Lines	CSR Master Plan core components
Trust	▼	Profitability, solvency and stability	Recurring profitability Active capital management	
	▲	Corporate governance	Customer focus	Governance
	▼	Risk management and compliance	Customer focus Recurring profitability	Governance Integrity, transparency and diversity
	▲	Environmental and social criteria in business	Customer focus	Environmental issues
	=	Ethical and responsible culture	Customer focus Recurring profitability	Integrity, transparency and diversity Governance
	▲	Transparency and responsible marketing	Customer focus Skilled and dynamic team	Integrity, transparency and diversity
	=	Security and data protection	Customer focus Digitalisation leadership	Integrity, transparency and diversity
Quality	▼	Solutions tailored to customer needs	Customer focus Skilled and dynamic team	Integrity, transparency and diversity Financial inclusion
	▲	Proximity, accessibility and digitalisation	Customer focus Digitalisation leadership Skilled and dynamic team	Financial inclusion
	=	Attracting and developing talent	Skilled and dynamic team	Integrity, transparency and diversity
	▼	Open innovation and technology	Digitalisation leadership Skilled and dynamic team	
Social commitment	▲	Diversity, equality and work-life balance	Skilled and dynamic team	Integrity, transparency and diversity
	▲	Financial inclusion	Customer focus	Financial inclusion
	▼	Boosting economic and business activity	Customer focus Recurring profitability	Financial inclusion
	=	Social and volunteering commitment	Customer focus	Social action and volunteering

▲ ▼ = **Evolution of topics:** This demonstrates whether the positions of the relevant topics have risen, fallen or remained stable in the list of relevant topics, as compared to 2017.

**Relative significance:** same materiality criteria used in the preparation of financial statements.

		Material topic	GRI Standards	Chapters of: the Consolidated Management Report of the CaixaBank Group (hereinafter, "CMR"), Consolidated Financial Statements (hereinafter, "CFS") and Annual Corporate Governance Report (hereinafter, "ACGR") for 2018	
Corporate values	Trust	Profitability, solvency and stability	GRI 103: Management approach GRI 201: Economic performance GRI 203: Indirect economic impacts GRI 204: Procurement practices	Consolidated balance sheets (CFS 2018)	
		Corporate governance	GRI 103: Management approach	Our identity – Corporate Governance (CMR 2018) ACGR (2018)	
		Risk management and compliance	GRI 103: Management approach GRI 415: Public policy GRI 419: Socio-economic compliance	Risk management (CMR 2018) Risk management (CFS 2018)	
		Environmental and social criteria in business	GRI 103: Management approach GRI 307: Environmental compliance GRI 308: Supplier environmental assessment GRI 412: Human rights assessment GRI 414: Supplier social assessment	Our identity – Responsible and ethical behaviour: policies, codes and internal standards (CMR 2018) Sustainability (CMR 2018)	
		Ethical and responsible culture	GRI 103: Management approach GRI 205: Anti-corruption GRI 201: Unfair competition	Our identity – Responsible and ethical behaviour: policies, codes and internal standards (CMR 2018)	
		Transparency and responsible marketing	GRI 103: Management approach GRI 417: Marketing and labelling	Our identity – Responsible and ethical behaviour: policies, codes and internal standards (CMR 2018)	
		Security and data protection	GRI 103: Management approach GRI 418: Customer privacy	Our identity – Responsible and ethical behaviour: policies, codes and internal standards (CMR 2018)	
	Quality	Solutions tailored to customer needs	GRI 103: Management approach	Customer experience (CMR 2018)	
		Proximity, accessibility and digitalisation	GRI 103: Management approach	Customer experience (CMR 2018) Sustainability – Social responsibility (CMR 2018) Innovation (CMR 2018)	
		Attracting and developing talent	GRI 103: Management approach GRI 401: Employment GRI 402: Employee-company relations GRI 403: Occupational health and safety GRI 404: Training and teaching	Our People (CMR 2018)	
		Open innovation and technology	GRI 103: Management approach	Innovation (CMR 2018)	
		Social commitment	Diversity, equality and work-life balance	GRI 103: Management approach GRI 405: Diversity and equal opportunity	Our People – Diversity, equal opportunities and work-life balance (CMR 2018)
			Financial inclusion	GRI 103: Management approach	Sustainability – Social responsibility (CMR 2018)
			Boosting economic and business activity	GRI 103: Management approach	Our identity – Contribution to society (CMR 2018)
			Social and volunteering commitment	GRI 103: Management approach GRI 413: Local communities	Sustainability – Social responsibility (CMR 2018)




Material topics and subtopics

● TRUST     
 ● QUALITY     
 ● SOCIAL COMMITMENT

CaixaBank groups the relevant topics into subtopics for practical purposes.

<b>Profitability, solvency and stability</b>	<b>Corporate governance</b>	<b>Risk management and compliance</b>	<b>Environmental and social criteria in business</b>
<ul style="list-style-type: none"> <li>Economic and financial results</li> <li>High and stable dividend</li> <li>Capital optimisation</li> <li>Financial stability and solidity</li> </ul>	<ul style="list-style-type: none"> <li>Governance structure</li> <li>Ethical and responsible leadership culture</li> <li>Composition of committees</li> <li>Professional credibility of Senior Management</li> <li>Remuneration of Executives and Board Members</li> <li>Clear information, transparency, and proximity to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Active risk management</li> <li>Regulatory compliance</li> <li>Culture of internal control and compliance</li> <li>Behavioural risk awareness</li> <li>Political risk</li> <li>Stable and trustworthy relationships</li> <li>Business diversification</li> <li>External standards to inform the risk management system</li> </ul>	<ul style="list-style-type: none"> <li>Developing the environmental plan and managing social and environmental impacts</li> <li>Socially responsible investment</li> <li>Incorporation of environmental criteria in products and services</li> <li>Responsible purchases</li> <li>ESG* risk-specific management</li> </ul>
<b>Ethical and responsible culture</b>	<b>Transparency and responsible marketing</b>	<b>Security and data protection</b>	<b>Solutions tailored to customer needs</b>
<ul style="list-style-type: none"> <li>Respecting human rights and the consumer</li> <li>Adaptation and development of responsible policies</li> <li>Responsible selling policies</li> <li>Alliances and adherence to different sustainability initiatives</li> <li>Secure, reliable and high-quality financial products</li> </ul>	<ul style="list-style-type: none"> <li>Simple, clear and transparent language</li> <li>Transparent and responsible advertising activity in accordance with standards</li> <li>Stakeholder dialogue and engagement</li> </ul>	<ul style="list-style-type: none"> <li>Customer privacy and cybersecurity</li> <li>Appropriate use of technology</li> <li>Data protection</li> </ul>	<ul style="list-style-type: none"> <li>Personalised customer service model</li> <li>Financial and non-financial solutions</li> <li>Extensive network of qualified and specialised experts</li> <li>Simple, useful, innovative and unique solutions</li> <li>Mobility solutions</li> <li>Diversification, innovation and differential value proposition</li> </ul>
<b>Proximity, accessibility and digitalisation</b>	<b>Attracting and developing talent</b>	<b>Open innovation and technology</b>	<b>Diversity, equality and work-life balance</b>
<ul style="list-style-type: none"> <li>Quality of customer experience and satisfaction</li> <li>Extensive omnichannel distribution network</li> <li>Usability of products and services</li> <li>Highly flexible business network</li> <li>Digitalisation of the customer experience</li> </ul>	<ul style="list-style-type: none"> <li>High level of training and commitment</li> <li>Training in critical professional team skills</li> <li>Merit-based culture: competency assessment</li> <li>Well-being of employees: social benefits, employment security and healthy habits</li> </ul>	<ul style="list-style-type: none"> <li>Investing in technology and innovation leadership skills</li> <li>Internal drives towards innovation and process improvement</li> <li>Promoting collective intelligence and co-creation models</li> <li>Collaboration with new entrants to the market</li> </ul>	<ul style="list-style-type: none"> <li>Culture of diversity and integration</li> <li>Promoting equal opportunities and conditions</li> <li>Empowerment of women and equality</li> <li>Reconciliation of work and family life for all employees</li> </ul>
<b>Financial inclusion</b>	<b>Boosting economic and business activity</b>	<b>Social and volunteering commitment</b>	
<ul style="list-style-type: none"> <li>Promoting MicroBank microfinances</li> <li>Responsible financial culture and promoting long-term saving</li> <li>Solutions for customers with financial difficulties</li> <li>Products and services for people with different abilities</li> <li>Affordable products and services for more people</li> </ul>	<ul style="list-style-type: none"> <li>Fostering entrepreneurship and social innovation</li> <li>Support for SMEs and self-employed professionals</li> <li>Creation of employment and self-employment</li> <li>Contribution to the economy and public finances</li> </ul>	<ul style="list-style-type: none"> <li>Active collaboration through the Social Project of the "la Caixa" Banking Foundation</li> <li>Corporate volunteering</li> <li>Helping to solve the most urgent social challenges</li> <li>Active housing benefit policy</li> <li>Community investment in specific areas aligned with the strategy</li> </ul>	

### 3. 2018 CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

SDG PRIORITIES	KEY INITIATIVES	RELATED MATERIAL TOPICS
	<ul style="list-style-type: none"> <li>• Microloans issued - MicroBank</li> <li>• "la Caixa" Social Project</li> <li>• Proximity and accessibility of local ATMs and branches</li> <li>• Corporate Volunteering Programme; finance workshops</li> <li>• Financial education</li> <li>• Charity crowdfunding</li> <li>• Social Initiatives Weeks at CaixaBank:</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental and social criteria in business</li> <li>• Solutions tailored to customer needs</li> <li>• Proximity, accessibility and digitalisation</li> <li>• Financial inclusion</li> <li>• Social and volunteering commitment</li> </ul>
	<ul style="list-style-type: none"> <li>• Microloans granted to entrepreneurs and self-employed workers</li> <li>• Jobs created from microcredits granted to entrepreneurs and businesses</li> <li>• CaixaBank Group investments in development and technology</li> <li>• Jobs generated indirectly through procurement contracts with suppliers</li> <li>• Jobs opportunities generated through the Incorpora Programme under the "la Caixa" Social Project</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability, solvency and stability</li> <li>• Solutions tailored to customer needs</li> <li>• Open innovation and technology</li> <li>• Attracting and developing talent</li> <li>• Financial inclusion</li> <li>• Boosting economic and business activity</li> <li>• Social and volunteering commitment</li> </ul>
	<ul style="list-style-type: none"> <li>• Strategic alliance with the "la Caixa" Social Project</li> <li>• Spanish Network Chair of the UN Global Compact and Seat on the Board of the Spanish Green Growth Group</li> <li>• Board Member of the Spanish Green Growth Group</li> <li>• Adherence to the UNEP FI global partnership and the Principles for Responsible Banking</li> <li>• Collaboration with social entities through MicroBank, the "la Caixa" Volunteer Association, among others</li> </ul>	<ul style="list-style-type: none"> <li>• Financial inclusion</li> <li>• Social and volunteering commitment</li> </ul>

KEY SDGs	KEY INITIATIVES	RELATED MATERIAL TOPICS
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- Equality plan and Wengage programme
- Promotion of female managers
- Adherence to the UN Women's Empowerment Principles
- Credit line for female entrepreneurs through the European Investment Fund
- Awards and sponsorships to provide visibility to women

- Corporate governance
- Attracting and developing talent
- Diversity, equality and work-life balance
- Financial inclusion
- Social and volunteering commitment



- Microloans granted to entrepreneurs and self-employed workers
- Investing in development, technology and information security
- Investing in digitalisation and innovation

- Solutions tailored to customer needs
- Open innovation and technology



- 2016-2018 Environmental Plan
- Inclusion in the CDP (*Carbon Disclosure Project*)
- 100% carbon offset
- Reduced generation of paper and cardboard
- Eco-financing lines

- Environmental and social criteria in business
- Solutions tailored to customer needs



- Signatories of the Equator Principles
- Board Members of the Spanish Green Growth Group
- Eco-financing lines and financing for renewable energies
- Renewable energy consumption
- 100% carbon offset

- Environmental and social criteria in business
- Social and volunteering commitment

COMPLEMENTARY SDGs	KEY INITIATIVES	RELATED MATERIAL TOPICS
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- Collaboration with Gavi The Vaccine Alliance through the "la Caixa" Banking foundation to vaccinate children in developing countries

- Social and volunteering commitment



- Basic finance training for vulnerable groups (adults and young people) through MicroBank and "la Caixa" Volunteers
- The Aula shareholder training programme.
- DialogA and CaixaFuture financial education initiatives
- CaixaBank Research and Chairs

- Social and volunteering commitment



- Financing renewable energies
- Adherence to the global Renewable Energy 100 initiative
- Reduced energy consumption

- Environmental and social criteria in business



- Granting microcredits - MicroBank
- Strategic alliance with the "la Caixa" Social Project
- Social housing
- Financial education workshops in collaboration with volunteers from "la Caixa", MicroBank and social entities

- Environmental and social criteria in business
- Solutions tailored to customer needs
- Proximity, accessibility and digitalisation
- Financial inclusion
- Social and volunteering commitment



- Anti-corruption Policy
- Human Rights Policy
- Tax Risk Control and Management Policy
- Adherence to Autocontrol (Association for Advertising Self-Regulation) and good advertising practices

- Corporate governance
- Risk management and compliance
- Ethical and responsible culture
- Transparency and responsible marketing
- Environmental and social criteria in business



## 4. GRI CONTENT INDEX

### Option for conformity with the GRI Standards: Exhaustive option

Based on the results of the 2018 materiality analysis, some indicators have been considered as non-material or non-relevant for CaixaBank.

### GENERAL CONTENT

GRI Standard	Content	Section / Omission
<i>GRI 101: Foundations</i>		
<i>General Content</i>		
<i>Organisational profile</i>		
GRI 102: General Content	102-1 Name of the organisation	Note 1.1 CFS 2018
	102-2 Activities, brands, products and services	“Business model” section CMR 2018
	102-3 Location of headquarters	Note 1.1 CFS 2018
	102-4 Location of transactions	“Business model” section CMR 2018
	102-5 Ownership and legal form	Note 1.1 CFS 2018 Section “Our identity - Shareholder structure – Shareholder base structure chart” CMR 2018
	102-6 Markets served	“Business model” section CMR 2018
	102-7 Scale of the organisation	“CaixaBank in 2018” section CMR 2018 Consolidated balance sheet CFS 2018
	102-8 Information on employees and other workers	“Our People – Introduction” section CMR 2018 “Indicators Law 11/2018, of 28 December – Our People” CMR 2018
	102-9 Supply chain	<p>CaixaBank is an integrated banking and insurance group. The value chain comprises the goods and services that enable professionals to carry out their work. Its suppliers include companies that provide spaces, office equipment, advertising, IT equipment, technology and telecommunication services, security services, and other services.</p> <p>The Group bases its actions on the values of quality, trust and social commitment. Accordingly, when acquiring products and services, the Group strives to work with suppliers that guarantee high quality and safety standards in accordance with responsible social and environmental conditions.</p> <p>The payments made to CaixaBank’s suppliers are detailed in Note 33 of the 2018 Financial Statements (hereinafter, “FS”).</p> <p>The payments made to suppliers of the CaixaBank Group, except for those corresponding to the businesses of BPI, are specified in Note 35 of CFS 2018.</p> <p>The payments made by BPI stand at EUR 376 million with an average payment period of 30 days.</p> <p>Further information: <a href="#">Suppliers portal</a></p>

GRI Standard	Content	Section / Omission
	102-10 Significant changes in the organisation and its supply chain	“Milestones and Significant Events in 2018” section of CMR 2018
	102-11 Precautionary principle or approach	“Our identity - Responsible and ethical behaviour: policies, codes and internal standards - Main alliances and adherence” CMR 2018, with reference to the adherence to the CDP – Climate Change ( <a href="http://www.cdp.net">www.cdp.net</a> ). “Sustainability – Environmental sustainability” section CMR 2018 CaixaBank's Corporate social responsibility policy.
	102-12 External initiatives	“Our identity - Responsible and ethical behaviour: policies, codes and internal standards - Main alliances and adherence” section CMR 2018 “Our People – Management principles – Diversity, equal opportunities and work-life balance – Adherence table” CMR 2018 Plus: Corporate Responsibility Initiatives and Adherence Subsection on the <a href="http://CaixaBank corporate website">CaixaBank corporate website</a> .
	102-13 Membership of associations	“Environment and strategy – Regulatory context” section CMR 2018
<b>Strategy</b>		
	102-14 Statement from senior decision-makers	“Letter from the Chairman” and “Letter from the CEO” sections CMR 2018
GRI 102: General Content	102-15 Key impacts, risks and opportunities	“Environment and strategy – Economic context” section CMR 2018 “Environment and strategy – Competitive and social context” section CMR 2018 “Environment and strategy – Regulatory context” section CMR 2018 “Risk management” section CMR 2018 Appendix: Materiality analysis CMR 2018
<b>Ethics and integrity</b>		
GRI 102: General Content	102-16 Values, principles, standards and codes of conduct	“Our identity - Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	102-17 Advice and ethical concerns mechanisms	“Our identity - Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
<b>Governance</b>		
	102-18 Governance structure	“Corporate Governance – Corporate governance structure” CMR 2018

GRI Standard	Content	Section / Omission
GRI 102: General Content	102-19 Delegating authority	<p>See Article 4.2 of the Board Regulations requiring CaixaBank, in connection with stakeholders, to comply with current legislation, act in good faith in their implicit and explicit obligations and contracts, respect the usage and good practices of the sectors and territories where they operate, and observe any additional social responsibility principles that the Company decides to adopt voluntarily.</p> <p>In addition, in accordance with the above-referenced article, amongst other duties the Board may not delegate, the Board is solely entrusted with approving the corporate social responsibility policy.</p> <p>In addition, Article 15 specifies that the Appointments Committee is responsible for overseeing the Company's activity related to matters of corporate social responsibility and for submitting any relevant proposals related to this area to the Board of Directors.</p> <p>The Company also has a Risks Committee which is responsible for reputational risk management, among other duties.</p> <p>“Corporate Governance – Corporate Governance Structure” section CMR 2018                      “Corporate Governance – Senior Management” section CMR 2018                      Note 3.2 CFS 2018.                      Section C.1.9 ACGR 2018.</p>
	102-20 Executive-level responsibility for economic, environmental, and social topics	“Corporate Governance – Senior Management – Main Committees Chart” CMR 2018
	102-21 Consulting stakeholders on economic, environmental, and social topics	<p>According to articles 34, 35 and 36 of the <a href="#">Regulations of the Board of Directors</a>, the Board will arbitrate the suitable channels to receive any proposals formulated by shareholders related to the management of CaixaBank.</p> <p>“Our identity – Shareholder structure - Transparency and openness in the shareholder relations” CMR 2018                      Appendix: Materiality analysis CMR 2018.</p>
	102-22 Composition of the highest governing body	<p>“Corporate Governance – Corporate Governance Structure” section CMR 2018                      Sections C.1.2, C.1.3, C.1.10, C.1.11 and C.1.12 ACGR 2018.</p>
	102-23 Chair of the highest governing body	<p>At CaixaBank, the Chairman and CEO have different yet complementary roles. There is a clear division of responsibilities between each position. The Chairman is the senior representative of the Company and leader of the Board of Directors. Meanwhile, the CEO is the top executive responsible for implementing the Group's strategy in accordance with the mandate established by the governing bodies. Similarly, the Coordinating Board Member, appointed from among the Independent Directors, is responsible for handling, coordinating and expressing the concerns of the other independent board members, as well as directing the periodic assessment of the Chairman, chairing the Board of Directors in the absence of the Chairman and Vice-Chairman, in addition to other assigned duties.</p> <p>“Corporate Governance – Corporate Governance Structure” section CMR 2018                      Sections C.1.2 and C.1.3 ACGR 2018.</p>

GRI Standard	Content	Section / Omission
	102-24 Nominating and selecting the highest governance body	<p>The Appointments Committee analyses and proposes the profiles of candidates to appoint as members of the Board of Directors, while also complying with the suitability requirements for credit institutions. Therefore, at all times, the selection process is based on the principle of diversity of knowledge, gender and expertise needed for the members to perform their duties. In addition, the process complies with the principle of non-discrimination and equal treatment.</p> <p>In September 2018, the Board of Directors approved a policy for the selection, diversity, and assessment of the suitability of directors, senior managers, and other key function holders of the CaixaBank Group.</p> <p>This policy includes the main aspects and commitments of CaixaBank and the CaixaBank Group related to the selection and appointment of directors. The procedure for selecting directors established in the Policy shall be complemented, as applicable, by the provisions of the Protocol on Procedures for Selecting and Assessing the Suitability of Posts, or any equivalent internal regulations prevailing at the time. The agreements adopted within the framework of the Policy shall respect, at all times, the current legislation, the corporate governance system and standards, and good governance recommendations and principles.</p> <p>“Corporate Governance” section CMR 2018 Section C.1.16 ACGR 2018.</p>
	102-25 Conflicts of interest	Note 9.3 CFS 2018
	102-26 Role of the highest governing body in selecting purpose, values, and strategy	<p>“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Corporate Governance – Corporate Governance Structure” section CMR 2018</p>
	102-27 Collective knowledge of the highest governing body	<p>In 2018, the training programme for directors consisted of 10 sessions, each lasting approximately 2 hours, given by CaixaBank senior managers on subjects related to their specific areas of responsibility. The sessions were aimed primarily at new executives.</p> <p>The training sessions were given by the Chief Risk Officer, the Managing Director of Insurance and Asset Management, the Executive Director of Financial Accounting, Control and Capital, the Executive Director of Finance, the Assistant General Manager of Compliance, the Corporate Director of Compliance, and the Managing Director of CaixaBank Payments.</p>
	102-28 Assessing the performance of the highest governing body	Sections C.1.17 and C.1.18 ACGR 2018
	102-29 Identifying and managing economic, environmental, and social impacts	<p>The Board Committees perform a supervisory role related to economic, environmental and social issues. This includes supervision of risks and opportunities, as well as compliance with international agreements, codes of conduct and guiding principles.</p> <p>To perform their duties, the Committees are supported by external independent advisers- They also have access to the information provided by the Company in meetings held with management.</p> <p>“Corporate Governance – Corporate governance structure” CMR 2018. <a href="#">CaixaBank’s corporate social responsibility policy.</a> Sections C y E ACGR 2018.</p>

GRI Standard	Content	Section / Omission
102-30	Effectiveness of risk management processes	“Risk Management – Key Elements of Risk Management” CMR 2018
102-31	Review of economic, environmental, and social topics	Note 3.2 CFS 2018. “Corporate Governance – Corporate Governance Structure” CMR 2018 “Corporate Governance – Senior Management” section CMR 2018 <a href="#">CaixaBank’s corporate social responsibility policy.</a>
102-32	Highest governing body’s role in sustainability reporting	The Executive Director of Financial Accounting, Control and Capital is responsible for preparing and coordinating the 2018 CMR, which includes the non-financial information statement. This report is subsequently reviewed by the Management Committee, the Appointments Committee, the Audit and Control Committee, and the Board of Directors of CaixaBank. The latter is responsible for formulating the Non-Financial Information Statement which contains the sustainability information deemed to be significant in accordance with the law and the Materiality Analysis.
102-33	Communicating critical concerns	“Corporate Governance – Corporate Governance Structure” CMR 2018 “Corporate Governance – Senior Management” section CMR 2018 Section E ACGR 2018. The Management Committee is entrusted with informing the Board of Directors about the annual operating plan, including any critical aspects considered to be relevant and appropriate.
102-34	Nature and total number of critical concerns	There are no critical concerns in the 2018 financial year. Sections C.1.5 and C.1.17 ACGR 2018.
102-35	Remuneration policies	Note 9.1 and 9.2 CFS 2018 Section A.1 of the 2018 Annual Remuneration Report.
102-36	Process for determining remuneration	Section A.1 of the 2018 Annual Remuneration Report. Section B of the 2018 Annual Remuneration Report.
102-37	Stakeholders’ involvement in remuneration	Sections A.4 and B.4 of the 2018 Annual Remuneration Report. The 2018 director remuneration report will be subject to an advisory vote by the Annual General Meeting. Further information: Section on the Annual General Meeting on the <a href="#">corporate website.</a> Appendix: Materiality analysis CMR 2018
102-38	Annual total compensation ratio	Note 9.1 CFS 2018 “Indicators Law 11/2018, of 28 December – Our People – Tables 7.12 / 7.13 / 7.14 / 7.15” section CMR 2018
102-39	Percentage increase in annual total compensation ratio	Note 9.1 CFS 2018 “Indicators Law 11/2018, of 28 December – Our People – Tables 7.12 / 7.13 / 7.14 / 7.15” section CMR 2018

**Stakeholder engagement**

GRI Standard	Content	Section / Omission
GRI 102: General Content	102-40 List of stakeholders	<a href="#">CaixaBank's corporate social responsibility policy</a> (Section 4.3)
	102-41 Collective bargaining agreements	"Our People – Management principles – Diversity, equal opportunities and work-life balance" CMR 2018 "Our People – Management principles – Security, health and corporate well-being" CMR 2018 "Our People – Freedom of association and representation" CMR 2018
	102-42 Identifying and selecting stakeholders	Stakeholders are identified and selected through a process of analysis and internal reflection carried out by the management team. The Corporate Responsibility department continually reviews identified stakeholders, as well as the related active listening, dialogue and monitoring processes, to understand and meet their expectations and needs. <a href="#">CaixaBank's corporate social responsibility policy</a> (Section 4.3)
	102-43 Approach to stakeholder engagement	"Customer experience – Customer centric model" section CMR 2018 "Customer experience – Customer services" section CMR 2018 "Our identity – Shareholder structure - Transparency and openness in the shareholder relations" CMR 2018 "Our People – Work environment" CMR 2018 "Sustainability – Environmental sustainability – Managing ESG and climate risks" section CMR 2018 Appendix: Materiality analysis CMR 2018
	102-44 Key topics and concerns raised	Appendix: Materiality analysis CMR 2018 - Material topics, stakeholders, and CSR of CaixaBank Section
<b>Practices for creating reports</b>		
GRI 102: General Content	102-45 Entities included in the consolidated financial statements	Note 2.1 and Appendices 1, 2 and 3 CFS 2018
	102-46 Defining report content and topic boundaries	Appendix: Materiality Analysis CMR 2018 (Material topics, stakeholders and CSR of CaixaBank) In addition, the requirements of Law 11/2018 have been taken into account to define the contents of the report.
	102-47 List of material topics	Appendix: Materiality Analysis CMR 2018 (Material topics, stakeholders and CSR of CaixaBank)
	102-48 Restatements of information	The information of previous years has not been reformulated.
	102-49 Changes in reporting	In 2018, there have been no significant changes related to the periods subject to previous reports in the list of material topics, except for the inclusion of the aspects resulting from the application of Law 11/2018.
	102-50 Reporting period	2018
	102-51 Date of most recent report	The 2017 Integrated Corporate Report prepared in accordance with the GRI standards framework was published in March 2018. Furthermore, the 2017 Consolidated Management Report, prepared in accordance with the Principles of the UN Global Compact, was published in February 2018.
	102-52 Reporting cycle	Annual.

GRI Standard	Content	Section / Omission
	102-53 Point of contact for questions about the report	The usual service channels for customers, shareholders, corporate investors, and media, are available on the <a href="#">corporate website</a> .
	102-54 Claims of reporting in accordance with the GRI Standards	“Other information - Regulatory framework” section CMR 2018
	102-55 GRI content index	Appendix: Materiality analysis CMR 2018
	102-56 External assurance	Independent review report

## MATERIAL TOPICS

GRI Standard	Content	Section / Omission
<i>Material issue: Profitability, solvency and stability</i>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Risk management” CMR 2018. “Financial reporting and results” CMR 2018
	103-2 The management approach and its components	“Risk management” CMR 2018. “Financial reporting and results” CMR 2018
	103-3 Evaluation of the management approach	“Financial reporting and results” CMR 2018
<i>GRI 201: Economic performance</i>		
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	“Our identity – Contribution to Society” section CMR 2018 “Indicators Law 11/2018, of 28 December – Contribution to society – Tables 1.1” section CMR 2018
	201-2 Financial implications and other risks and opportunities due to climate change	CaixaBank is currently in the process of defining which sectors present environment-related business opportunities.
	201-3 Obligations of the defined benefit plan and other retirement plans	“Financial reporting and results – Results – Unique aspects of 2018” section of CMR 2018 Note 23.1 CFS 2018.
	201-4 Financial assistance received from the government	“Our identity – Contribution to Society” section CMR 2018
<i>GRI 203: Indirect economic impacts</i>		
GRI 203: Indirect economic impacts	203-1: Infrastructure investments and services supported	“Sustainability – Social responsibility” section CMR 2018
	203-2 Significant indirect economic impacts	“Sustainability – Social responsibility” section CMR 2018
<i>GRI 204: Procurement practices</i>		

GRI Standard	Content	Section / Omission
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	<p>The payments made to CaixaBank's suppliers are detailed in Note 33 of FS 2018</p> <p>The payments made to suppliers of the CaixaBank Group, except for those corresponding to the businesses of BPI, are specified in Note 35 of CFS 2018.</p> <p>The payments made by BPI stand at EUR 376 million with an average payment period of 30 days.</p> <p>"Sustainability – Environmental sustainability – Minimising its impact on the environment" section CMR 2018</p>
<b>Material issue: Corporate governance</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Corporate Governance" section CMR 2018
	103-2 The management approach and its components	"Corporate Governance" section CMR 2018
	103-3 Evaluation of the management approach	"Corporate Governance" section CMR 2018
<b>Material issue: Risk management and compliance</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Risk management" section CMR 2018
	103-2 The management approach and its components	"Risk management" section CMR 2018
	103-3 Evaluation of the management approach	"Risk management" section CMR 2018 Note 3 CFS 2018.
<b>GRI 415: Public policy</b>		
GRI 415, Public policy	415-1 Political contributions	"Our identity – Responsible and ethical behaviour: policies, codes and internal standards" CMR 2018 includes qualitative information on political contributions.
<b>GRI 419: Socio-economic compliance</b>		
GRI 419, Socioeconomic compliance	419-1 Non-compliance with social and economic laws and regulations	<p>On 13 February 2018, a sanction was imposed (albeit not final), as published in the Spanish Official State Gazette (BOE) on 28 March 2018 (<a href="https://www.boe.es/boe/dias/2018/03/28/pdfs/BOE-A-2018-4383.pdf">https://www.boe.es/boe/dias/2018/03/28/pdfs/BOE-A-2018-4383.pdf</a>).</p> <p>At present, an appeal has been filed under contentious-administrative jurisdiction and the total amount of the sanction has been paid.</p> <p>Further information: Note 23 CFS 2018</p>
<b>Material issue: Environmental and social criteria in business</b>		
	103-1 Explanation of the material topic and its boundary	<p>"Our identity – Responsible and ethical behaviour: policies, codes and internal standards" CMR 2018</p> <p>"Sustainability – Environmental sustainability" section CMR 2018</p>



GRI Standard	Content	Section / Omission
GRI 103: Management approach	103-2 The management approach and its components	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Sustainability – Environmental sustainability” section CMR 2018
	103-3 Evaluation of the management approach	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Sustainability – Environmental sustainability” section CMR 2018
<b>GRI 307: Environmental compliance</b>		
GRI 307, Environmental compliance	307-1 Non-compliance with environmental laws and regulations	Note 42.1 CFS 2018. CaixaBank did not receive any relevant fines or sanctions related to compliance with environmental regulations in 2018
<b>GRI 308: Supplier environmental assessment</b>		
GRI 308, Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	“Sustainability – Environmental sustainability – Minimising its impact on the environment” section CMR 2018
	308-2 Negative environmental impacts in the supply chain and actions taken	“Sustainability – Environmental sustainability – Minimising its impact on the environment” section CMR 2018
<b>GRI 412: Human rights assessment</b>		
GRI 412, Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Indicators Law 11/2018, of 28 December – Complaints of cases of human rights violations” section CMR 2018
	412-2 Employee training on human rights policies or procedures	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	No significant investment agreements including human rights clauses existed because it is felt there are no risks that make them necessary. In 2016, a human rights risk due diligence process was initiated. CaixaBank’s Human Rights Policy affirms its commitment to this area in accordance with the United Nations Guiding Principles on Business and Human Rights
<b>GRI 414: Supplier social assessment</b>		
GRI 414, Supplier social assessment	414-1 New suppliers that were screened using social criteria	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Sustainability – Environmental sustainability – Minimising its impact on the environment” section CMR 2018
	414-2 Negative social impacts in the supply chain and actions taken	New suppliers must be registered in the Supplier portal: there, they must enter their credentials and certifications. The qualification system is unified, and takes into account technical and solvency aspects as well as safety, health and environmental issues. “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Sustainability – Environmental sustainability – Minimising its impact on the environment” section CMR 2018

GRI Standard	Content	Section / Omission
<b>Material issue: Ethical and responsible culture</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	103-2 The management approach and its components	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	103-3 Evaluation of the management approach	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
<b>GRI 205: Anti-corruption</b>		
GRI 205: Anti-corruption	205-1 Operations assessed for corruption-related risks	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards – Anti-corruption policy” section CMR 2018 In 2018, CaixaBank has continued to develop the action plan, involving the review and updating of the applicable policies, standards and procedures, including its Code of Ethics and Anti-Corruption Policy.
	205-2 Communication and training on anti-corruption policies and procedures	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	205-3 Confirmed incidents of corruption and actions taken	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
<b>GRI 206: Unfair competition</b>		
GRI 206: Unfair competition	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	On 14 February 2018 a sanction was imposed (albeit not final) and published on the website of the competition authority. At present, an appeal has been filed under contentious-administrative jurisdiction and the total amount of the sanction has been paid. Apart from the aforementioned case, in 2018, there were no other significant legal proceedings.
<b>Material issue: Transparency and responsible marketing</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Customer experience – Customer services” section CMR 2018
	103-2 The management approach and its components	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	103-3 Evaluation of the management approach	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
<b>GRI 417: Marketing and labelling</b>		
GRI 417, Marketing and labelling	417-1 Requirements for product and service information and labelling	“Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	417-2 Incidents of non-compliance concerning product and service information and labelling	In 2018, no significant sanctions were imposed due to non-compliance with laws or voluntary codes related to product and service advertising or information.

GRI Standard	Content	Section / Omission
	417-3 Incidents of non-compliance concerning marketing communications	In 2018, there have been no cases of non-compliance leading to the imposing of significant final sanctions, other than the aspects detailed in standard 419-1.
<b>Material issue: Security and data protection</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Note 3.8 CFS 2018 “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Risk management” section CMR 2018 “Innovation – Sustained investment in cybersecurity” section CMR 2018
	103-2 The management approach and its components	Note 3.8 CFS 2018 “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Risk management” section CMR 2018 “Innovation – Sustained investment in cybersecurity” section CMR 2018
	103-3 Evaluation of the management approach	Note 3.8 CFS 2018 “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018 “Risk management” section CMR 2018 “Innovation – Sustained investment in cybersecurity” section CMR 2018
CaixaBank Cyber Security Indicators	Training employees in matters of information security and cybersecurity	“Innovation – Sustained investment in cybersecurity” section CMR 2018
<b>GRI 418: Customer privacy</b>		
GRI 418, Customer privacy	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2018, no significant cases have been closed related to customer privacy and no significant sanctions have been received.
<b>Material issue: Solutions tailored to customer needs</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Customer experience – Customer centric model” section CMR 2018 “Business model” section CMR 2018
	103-2 The management approach and its components	“Customer Experience – Customer centric model” section CMR 2018
	103-3 Evaluation of the management approach	“Business model” section CMR 2018
<b>Material issue: Proximity, accessibility and digitalisation</b>		

GRI Standard	Content	Section / Omission
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Customer Experience – Omnichannel strategy” section CMR 2018 “Sustainability – Responsibility to society” section CMR 2018 “Innovation – Ecosystem of innovation + IT infrastructure” section CMR 2018
	103-2 The management approach and its components	“Customer Experience – Omnichannel strategy” section CMR 2018 “Sustainability – Responsibility to society” section CMR 2018 “Innovation – Ecosystem of innovation + IT infrastructure” section CMR 2018
	103-3 Evaluation of the management approach	“Customer Experience – Omnichannel strategy” section CMR 2018 “Sustainability – Responsibility to society” section CMR 2018 “Innovation – Ecosystem of innovation + IT infrastructure” section CMR 2018
CaixaBank Customer Satisfaction Indicators	Customer overall satisfaction index	“Customer Experience – Introduction” section CMR 2018
	NPS recommendation index	“Customer Experience – Introduction” section CMR 2018
CaixaBank Accessibility Indicators	Number of barrier-free branches	In 2018, barriers have been removed from 165 CaixaBank branches.
	Percentage of accessible branches and ATMs	“Sustainability – Responsibility to society” section CMR 2018
<b>Material issue: Open innovation and technology</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Innovation” section CMR 2018 “Risk management” section CMR 2018 “Environment and strategy – Competitive and social context” section CMR 2018
	103-2 The management approach and its components	“Innovation” section CMR 2018 “Risk management” section CMR 2018 “Environment and strategy – Competitive and social context” section CMR 2018
	103-3 Evaluation of the management approach	“Innovation” section CMR 2018 “Risk management” section CMR 2018 “Environment and strategy – Competitive and social context” section CMR 2018
CaixaBank Innovation and Technology Indicators	Total investment made in development and technology	“Innovation” section CMR 2018
<b>Material issue: Attracting and developing talent</b>		

GRI Standard	Content	Section / Omission
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	<p>“Our People – Management principles – Diversity, equal opportunities and work-life balance” CMR 2018</p> <p>“Our People – Management principles – Pay policy” CMR 2018</p> <p>“Our People – Management principles – Professional and talent development based on meritocracy” CMR 2018</p> <p>“Indicators Law 11/2018, of 28 December – Our People – Absenteeism hours” section CMR 2018</p>
	103-2 The management approach and its components	<p>“Our People – Management principles – Pay policy” CMR 2018</p> <p>“Our People – Management principles – Professional and talent development based on meritocracy” CMR 2018</p>
	103-3 Evaluation of the management approach	<p>“Our People – Management principles – Pay policy” CMR 2018</p> <p>“Our People – Management principles – Professional and talent development based on meritocracy” CMR 2018</p>
<b>GRI 401: Employment</b>		
GRI 401: Employment	401-1 New employee hires and employee turnover	<p>“Our People – Management principles – Diversity, equal opportunities and work-life balance – 2018 hires table” CMR 2018</p> <p>“Our People – Management principles – Professional and talent development based on meritocracy” CMR 2018</p> <p>“Indicators Law 11/2018, of 28 December – Our People – Tables 7.9 / 7.10 / 7.11” section CMR 2018</p>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Generally speaking, there are no differences in the social benefits received by employees based on the type of contract. However, some contracts contain specific requirements that must be met by employees in order to access the social benefits.
	401-3 Parental leave	“Our People - Management principles – Diversity, equal opportunities and work-life balance)” CMR 2018
<b>GRI 402: Employee-company relations</b>		
GRI 402: Employee-company relations	402-1 Minimum notice periods regarding operational changes	In 2018, CaixaBank has complied with the deadlines established in current labour law for different circumstances.
<b>GRI 403: Occupational health and safety</b>		
GRI 403: Occupational health and safety	403-1 Representation of employees in formal health and safety employee-company committees	“Our People – Management principles – Security, health and corporate well-being” CMR 2018
	403-2 Types of accidents and frequency rates of accidents, occupational illnesses, days lost, absenteeism and number of deaths due to work-related accidents or occupational illnesses	<p>“Indicators Law 11/2018, of 28 December – Our People – Accident rate” CMR 2018</p> <p>“Indicators Law 11/2018, of 28 December – Our People – Table 7.16” CMR 2018</p>
	403-3 Workers with high incidence rate or high risk of illnesses related with their activity	As a result of the Group's activities, there is not a high risk or incidence of serious illnesses for workers.
	403-4 Health and safety issues addressed in official agreements with trade unions	<p>“Our People - Management principles – Security, health and corporate well-being” section CMR 2018</p> <p>“Our People - Work environment – Freedom of association and representation” section CMR 2018</p>

GRI Standard	Content	Section / Omission
<b>GRI 404: Training and teaching</b>		
GRI 404: Training and teaching	404-1 Average number of hours of training per year per employee	“Our People – Introduction – Development of the professional capabilities table” CMR 2018 “Indicators Law 11/2018, of 28 December – Our People – Tables 7.17” section CMR 2018
	404-2 Programs for upgrading employee skills and transition assistance programs	“Our People – Management principles – Boosting training activities” section CMR 2018 “Our People – Management principles – Professional and talent development based on meritocracy” section CMR 2018
	404-3 Percentage of employees receiving regular performance and career development reviews	“Our People – Management principles – Professional and talent development based on meritocracy” section CMR 2018
<b>Material issue: Diversity, equality and work-life balance</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Our People – Management principles – Diversity, equal opportunities and work-life balance” CMR 2018 “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	103-2 The management approach and its components	“Our People – Management principles – Diversity, equal opportunities and work-life balance” CMR 2018 “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
	103-3 Evaluation of the management approach	“Our People – Management principles – Diversity, equal opportunities and work-life balance” CMR 2018 “Our identity – Responsible and ethical behaviour: policies, codes and internal standards” CMR 2018
<b>GRI 405: Diversity and equal opportunity</b>		
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	“Corporate governance – Corporate governance structure” section IGC 2018 “Our People – Management principles – Diversity, equal opportunities and work-life balance” CMR 2018 “Indicators Law 11/2018, of 28 December – Our People – Number of employees with disabilities” section CMR 2018 “Indicators Law 11/2018, of 28 December – Our People – Tables 7.1 / 7.2 / 7.3 / 7.4 / 7.5 / 7.6 / 7.7 / 7.8” section CMR 2018
	405-2 Ratio of basic salary and remuneration of women to men	“Indicators Law 11/2018, of 28 December – Our People – Salary gap” section CMR 2018 “Indicators Law 11/2018, of 28 December – Our People – Tables 7.12 / 7.13 / 7.14 / 7.15” section CMR 2018
<b>Material issue: Financial inclusion</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Sustainability – Responsibility to society” section CMR 2018
	103-2 The management approach and its components	“Sustainability – Responsibility to society” section CMR 2018
	103-3 Evaluation of the management approach	“Sustainability – Responsibility to society” section CMR 2018
CaixaBank Financial	Financing volume granted through microcredits	“Sustainability – Responsibility to society” section CMR 2018 “Our identity – Contribution to society” section CMR 2018

GRI Standard	Content	Section / Omission
Inclusion Indicators	Jobs created through microcredits	“Sustainability – Responsibility to society” section CMR 2018 “Our identity – Contribution to society” section CMR 2018
<b>Material issue: Boosting economic and business activity</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Our identity – Contribution to society” section CMR 2018
	103-2 The management approach and its components	“Our identity – Contribution to society” section CMR 2018
	103-3 Evaluation of the management approach	“Our identity – Contribution to society” section CMR 2018
CaixaBank Boosting economic activity indicators	No. of participants in the Entrepreneur XXI Awards	In 2018, a total of 962 people participated in the Entrepreneur XXI Awards.
	Volume of financing for small, medium and large companies	“Our identity – Contribution to society” section CMR 2018
	Volume of financing granted to self-employed persons	“Our identity – Contribution to society” section CMR 2018
<b>Material issue: Social and volunteering commitment</b>		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	“Sustainability – Responsibility to society” section CMR 2018
	103-2 The management approach and its components	“Sustainability – Responsibility to society” section CMR 2018
	103-3 Evaluation of the management approach	“Sustainability – Responsibility to society” section CMR 2018
<b>GRI 413: Local communities</b>		
GRI 413, Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	“Sustainability – Responsibility to society” section CMR 2018
	413-2 Operations with significant actual and potential negative impacts on local communities	“Sustainability – Responsibility to society” section CMR 2018



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## INDEPENDENT VERIFICATION REPORT

To the shareholders CaixaBank, S.A.,

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Non-Financial Information Statement (“NFIS”) for the year ended 31 December 2018 of CaixaBank, S.A. and subsidiaries (“CaixaBank” or “the Group”) which forms part of CaixaBank’s Consolidated Directors’ Report (“CDR”).

The content of the NFIS includes additional information to that required by current commercial legislation on non-financial reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the table included in the section “Indicators law 11/2018, of 28 December” in the accompanying NFIS.

Likewise, we have carried out a moderate assurance engagement of the application of the principles of inclusivity, materiality and responsiveness, as described in the information included in the section “Criteria and principles used to prepare the report” of the “Appendix: Materiality Analysis & GRI Content” of the accompanying 2018 CDR in accordance with the provisions of the 2008 Accountability Principles Standard AA1000 (AA1000APS) issued by AccountAbility.

### Responsibility of the Directors

The preparation of the NFIS included in CaixaBank’s CDR and the content thereof are the responsibility of the Board of Directors of CaixaBank, S.A. The NFIS has been drawn up in accordance with the provisions of current commercial legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) in accordance with the Comprehensive Option, in line with the details provided for each matter in the table included in the section “Indicators law 11/2018, of 28 December” of said NFIS and in the table titled “GRI Content Index” included in CDR’s Annex.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure NFIS is free from material misstatement, due to fraud or error.

The directors of CaixaBank, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained, and for the application of AA1000APS (2008) principles

### Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.





Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

### **Our responsibility**

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out in relation solely to fiscal year 2018. The data relating to previous years were not subject to the verification envisaged in current commercial legislation. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors (“Instituto de Censores Jurados de Cuentas de España”). We have also carried out our moderate assurance engagement (type 2) in accordance with the 2008 AA1000 Assurance Standard (AA1000AS) issued by AccountAbility.

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are more restricted than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several CaixaBank’s units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with CaixaBank personnel to ascertain the business model, policies and management approaches applied and the main risks related to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS based on the materiality analysis carried by CaixaBank and described in the “Materiality analysis” section of the “Appendix: Materiality Analysis & GRI Content” of the 2018 CDR, and considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in NFIS for 2018.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2018.
- Analysis of the documentation and actions related to the application of the inclusivity, materiality and responsiveness principles of the AA1000APS (2008).
- Verification, through sample testing, of the information relating to the content of the NFIS for 2018 and its adequate compilation using data supplied by CaixaBank’s information sources.
- Obtainment of a management representation letter from the Directors and Management.



## **Conclusions**

Based on the procedures performed and the evidence we have obtained, no matters have come to our attention which may lead us to believe that:

- CaixaBank's NFIS for the year ended 31 December 2018 has not been prepared, in all of their significant matters, in accordance with the provisions of current commercial legislation and with the GRI Standards in accordance with the Comprehensive Option, in line with the details provided for each matter in the table included in the section "Indicators law 11/2018, of 28 December" of said NFIS and in the table titled "GRI Content Index" included in CDR's Annex.
- the information included in the section "Criteria and principles used to prepare the report" of the "Appendix: Materiality Analysis & GRI Content" of the 2018 CDR, regarding the application of the principles of inclusivity, materiality and responsiveness, has not been prepared, in all of their significant matters, in accordance with the provisions of the AA1000APS (2008).

## **Recommendations**

Regarding the observations and recommendations for improvements that have come to our attention during our assurance engagement, set out below is a summary of the main recommendations regarding improvements to the application of the AA1000APS (2008) principles of inclusivity, materiality and responsiveness, which do not alter our limited or moderate assurance conclusions given in this report.

### *Inclusivity and Materiality*

CaixaBank maintains an active dialogue with its stakeholders through different communication channels, which allow the Group to identify the relevant aspects for each one of them. In addition, CaixaBank updated its materiality analysis in 2018, in which the relevant aspects for the Group are determined, analyzing the link between material matters and the lines of its Strategic Plan, its Corporate Social Responsibility Plan and the United Nations' Sustainable Development Goals, and complementing the analysis with the requirements of Law 11/2018. It is recommended to continue deepening the internal and external dialogue and the materiality analysis, encouraging the consideration of the stakeholders expectations in all the geographies in which the Group operates and the alignment of the actions to be carried out within CaixaBank's new Strategic Plan 2019-2021.

### *Responsiveness*

CaixaBank, through its Corporate Social Responsibility Plan, promotes various lines of action and specific measures that provide the Group with the management framework for a socially responsible banking. It is recommended to continue promoting the internal communication of the follow-up of the Plan, encouraging the involvement and coordination of all areas and geographies. On the other hand, it is also suggested to make public the main commitments defined, reporting periodically on the degree of achievement, in accordance with the stakeholders expectation of accountability. Finally, it is recommended to continue with the progress in the internal control of non-financial information.



### **Use and distribution**

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by  
Ignacio Marull

22 February, 2019



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