

2022–2024 Strategic Plan

CaixaBank makes service quality a pillar of its Strategic Plan and aims to achieve profitability of over 12%

- **Strategic priorities** focus on driving business growth; evolving the service model to align with customer preferences; and strengthening CaixaBank's position as a European benchmark for sustainability.
- **The Plan sets out a target** of generating capital of approximately €9 billion, including €1.8 billion for the share buy-back programme which will be distributed this year, dividends and CET1 capital over 12% by the end of 2024.
- **José Ignacio Goirigolzarri, CaixaBank's Chairman**, highlights that the Strategic Plan "focuses on our clients and on developing the best solutions while offering excellent customer service. Our new claim, 'Close to our customers', emphasises closeness as a differentiator in how we build relationships with them.
- **Gonzalo Gortázar, CaixaBank's Chief Executive Officer**, underlines that "our objectives over the coming three years are focused on boosting revenue growth, maintaining and reinforcing the best omnichannel customer service model; and strengthening CaixaBank's role as the European benchmark for our social and environmental commitment."
- **The new Strategic Plan** maintains CaixaBank's commitment to society with a unique banking model and with the aim of offering the best service as it provides end to end solutions, promoting financial inclusion and leading the way in generating positive social impact.
- **CaixaBank is embarking on this Plan from a strong position**, as Spain's leading bank, with greater scale, a more solid and streamlined structure, and with significant profitability potential as we leave negative interest rates behind.
- **In Spain, the Plan aims to strengthen CaixaBank's leading position in the retail market** by increasing the adoption of products and services among its customer base and evolving its offering to improve the customer experience, particularly across Seniors, and the *MyHome* and *Wivai* eco-systems.
- **To offer the best customer experience**, CaixaBank will reinforce the Store model within the urban branch network; it will maintain its presence in rural areas, and will strengthen its remote (*inTouch*) and digital (*Now, imagin*) customer service in order to drive onboarding and digital sales among retail customers and businesses.
- **When it comes to energy transition of businesses and retail customers**, CaixaBank aims to mobilise €64 billion in sustainable financing by promoting several initiatives focused on the product offering, ESG advisory, awareness-raising and training.

Madrid, 17 May 2022. CaixaBank has today presented its 2022–2024 Strategic Plan, which sets, as strategic pillars, to continue to raise the customer service quality, to drive business growth, to strengthen the Bank's leadership in the retail market, to become the go-to bank for more businesses, and to strengthen its position as a European benchmark for sustainability.

With this new roadmap, CaixaBank aims to generate an attractive return for shareholders by increasing revenues and achieving cost neutralisation through significant cost savings achieved in 2022 due to the synergies released following the merger with Bankia.

José Ignacio Goirigolzarri, CaixaBank's Chairman, highlights that the Strategic Plan "focuses on our clients and on developing the best solutions while offering excellent service. With our new claim, 'Close to our customers', we want to emphasise closeness as a differentiator in how we build relationships with them."

According to Goirigolzarri, the implementation of this roadmap will allow CaixaBank "to reach three key objectives: first and foremost, to offer the best value proposition for our customers; secondly, to maintain an attractive remuneration policy for our shareholders; and thirdly, to lead and promote the energy transition of companies and society, making CaixaBank a benchmark for sustainability."

Gonzalo Gortázar, the Bank's Chief Executive Officer, underlines that "our objectives over the coming three years are focused on boosting revenue growth, maintaining and reinforcing the best omnichannel customer service model; and strengthening CaixaBank's role as the European benchmark for social and environmental commitment."

"By relying on our exceptional team, we aim to bring our profitability back to 12% over the course of the plan, thus ensuring an appropriate return for all shareholders while allowing us to provide further financial support to "la Caixa" Foundation as it continues to implement its essential social welfare programmes."

Scenario of sustained growth between 2022 and 2024

The Strategic Plan envisions a scenario of sustained economic growth over the 2022–24 horizon. More precisely, GDP growth in Spain should average 3.4% over the three years of the plan and the unemployment rate should gradually fall to 11.5% by 2024. While the ongoing war in Ukraine and its effects on energy and other commodity prices are slowing the pace of the recovery in the short term, the new phase that the pandemic has entered, coupled with the recovery of foreign tourism, the normalisation of saving rates and the roll-out of NGEU programmes, are clear tailwinds that are expected to boost economic activity and demand for credit.

With regard to interest rates, the Plan has used the end-March futures curve to guide its forecasts. According to that curve, which anticipates a normalisation of monetary policy in the coming quarters in response to high inflation, the 12-month Euribor should rise from an average of -0.5% in 2021 to 1.5–1.6% in 2023–24. The outlook for Portugal is also favourable and economic growth is expected to average at least 3% in 2022–24.

First strategic plan following the integration of Bankia

Following the hard work carried out in recent years, CaixaBank is embarking on this Plan from a strong position to continue its growth, as Spain's leading bank, with greater scale, a more solid and streamlined structure, and with significant profitability potential as interest rates continue to rise. Over the course of the last Strategic Plan, the Bank managed to achieve many of the objectives defined in its 2019–2021 vision:

- **Reinforce its leadership in retail banking within the Iberian Peninsula:** the merger with Bankia has consolidated CaixaBank's position in retail banking, bringing business volume to €973 billion at year-end 2021. In Portugal, five years have passed since the acquisition of BPI, with a very positive performance in terms of strength and growth.
- **Restructure and streamline the Group: focusing on the core business in Spain and Portugal.** CaixaBank has reduced its interests in non-strategic assets, such as Repsol and Erste Bank. As a result, the capital allocated to non-controlled investees now stands at 2% of the total, compared to 24% in 2011.
- **Strengthen the balance sheet through a tried and tested model in order to compete in all environments.** Risk has been reduced, and coverage, liquidity and capital have all been reinforced. This strong balance sheet position has allowed for uninterrupted shareholder remuneration – with a cumulative dividend over the 2011–2021 period of €5.9 billion – and ongoing investment in the business.

Improved profitability and containment of non-performing assets

The Bank aims to maintain high levels of commercial activity in both lending (mortgages, business financing and consumer loans) and customer funds, and to further improve its financial position and therefore remain the leader among Spain's biggest banks.

The Bank's plans will ultimately increase revenues by around 7% between 2022 and 2024, driven by an increase in insurance income (+10%) and moderate growth in fees and commissions (+2%). As a result, net interest income will rise by 8%, buoyed by the new interest rate environment.

Among key indicators expected to perform well over the period, profitability (ROTE) will exceed 12%, almost double the current levels. All of this will allow CaixaBank to consistently improve its cost-to-income ratio to below 48% from 58% at the end of 2021.

Non-performing loan control is another of the pillars underpinning CaixaBank's Strategic Plan for the coming years. As a result, the NPL ratio will drop below 3% by the end of 2024.

Capital adequacy and capacity to generate capital

When it comes to solvency, CaixaBank aims to continue to strengthen its leading position among the Spain's biggest banks. During the period, the Bank has as an internal target to place the highest quality CET1 capital between 11% and 12%.

One of the main objectives for the bank in the three-year period is to offer an attractive remuneration policy for shareholders. Its forecast is to generate capital for around €9 billion. Included in this number are dividends (with a payout of over 50%), distribution of €1.8 billion corresponding to a share buy-back programme announced today, and capital excess over 12%.

This shareholder remuneration strategy is directly reverting to society, as 30% of the amount distributed is received by "la Caixa" Foundation – whose budget in 2021 was €510 million –, another 16% goes to the Spanish State, through the FROB, and another 28% is delivered to approximately 646,000 retail shareholders, as at 31 March, who will also benefit from CaixaBank's financial strength.

With this new roadmap, CaixaBank aims to generate an attractive return for shareholders. This is due to an increase of core revenues and cost neutralisation after significant cost savings in 2022 due to synergies released following the merger with Bankia, thus enabling the Bank to improve its efficiency and offer new products and services tailored to its customers' needs.

Three strategic priorities to be 'Close to our customers'

The claim of the new Strategic Plan is 'Close to our customers', showcasing that the customer is at the heart of the plan and that closeness is a differentiator in how we build client relationships.

The plan is structured around three strategic pillars: first and foremost, to grow business volumes by offering the best value proposition for our customers; secondly, to evolve the customer service model so that it can be tailored to the individual needs of each customer; and thirdly, to make CaixaBank a European benchmark for sustainability.

The Plan also incorporates two cross-sectional enablers to the three priorities outlined above: the first relates to people and culture, in order to have the very best talent to meet the Group's strategic challenges; while the second focuses on technology and processes to ensure an efficient, flexible and resilient IT infrastructure.

Based on these three priorities and two cross-sectional enablers, the new Strategic Plan embodies CaixaBank's aspiration to achieve a stronger position across all segments and an excellent customer experience by 2024; to move towards a distribution model that caters to customer preferences; to become a benchmark for sustainability; to deliver attractive profitability and competitive shareholder remuneration; and to position the Bank as the best workplace in financial services.

1. Business growth: developing the best value proposition

In Spain, the 2022–2024 Strategic Plan aims to strengthen CaixaBank's leadership in the retail market and grow revenues by increasing the adoption of products and services among the customer base and evolving our proposition to make a qualitative and quantitative leap forward in improving customer experiences as we promote specific ecosystems such as Seniors, *MyHome* and *Wivai*.

The Bank will continue to build a successful model offering both opportunity and outreach, especially now that the value proposition can be extended to customers coming from Bankia, mainly in relation to long-term savings and insurance products. In these two areas, the Bank is well positioned to continue

to gain market share and capture synergies, and to become a leader in sustainable investment and financial advice.

When it comes to financing products, the plan envisions a 50% improvement in new mortgage production compared to the 2019–2021 period, while in consumer credit the aim is to grow by 30% in new loan production. In long-term savings, the Bank is seeking to maintain its leadership and increase its market share (currently at 29.6%) by 70 basis points.

Moreover, it has also set itself the objective of achieving leadership in the corporate, companies and SMEs segments, with specialised value propositions by business and sector, greater focus on financing working capital and transactional banking, and growth in international banking and CIB, where the aim is to double the existing international loan portfolio.

2. Service model: efficient and tailored to customer preferences

The Bank aims to offer the best experience via all channels given general preference for omnichannel services among customers. The customer service model – and the resources assigned to the various channels – will evolve to adapt to new habits and trends.

To improve the customer experience, the Strategic Plan will continue to focus on the Store model within the urban branch network to offer greater value to customers. Meanwhile, the Bank will maintain its presence in rural areas while ensuring a more efficient rural network, and remote (*inTouch*) and digital (*Now, imagin*) customer service will be strengthened to drive onboarding and digital sales among retail customers and companies.

CaixaBank's extensive network – with the largest branch network in the country – gives it a strong competitive edge. By promoting the Store urban branch model (which will reach 22% by the end of this year) and pledging to maintain the AgroBank model in rural communities, with 39% of the total branch network (1,466 branches in towns with fewer than 10,000 inhabitants), the Bank will be even more adept at responding to customers emerging needs.

The Bank plans to advance the restructuring of its branch network by improving customer relationship model and it will also boost the CaixaBank *inTouch* remote customer support service with the aim of reaching 4.6 million customers (almost twice the 2.4 million reported at year-end 2021). *inTouch* is a service aimed at customers who prefer to use new technologies when dealing with the Bank. It combines access to digital tools with a personal manager, improving levels of customer support and efficiency.

The Plan also envisions further growth of the *imagin* service by boosting revenues. CaixaBank's mobile bank, which aims to attract and earn the loyalty of young customers, will strengthen its key initiatives – broadening its offering and alliances, and carving out a unique market position– on the path to increasing its customer base to 4.8 million (3.7 million at the end of 2021).

The estimated distribution of customers by service model by the end of 2022 is as follows: 29% omnichannel support (combining a presential-assistance manager with active use of digital channels); 22% preferring a remote-assistance manager; 19% using *imagin*; 18% wanting physical contact only; 8% fully digital (excluding *imagin*); and 5% other mostly omnichannel segments (companies and other specialised networks, Private Banking, Institutions).

3. Sustainability: the benchmark in Europe

Sustainability initiatives will seek to drive the energy transition of businesses and society as a whole, including the development of retail client solutions that focus on sustainable mobility and housing, while also promoting investments with ESG criteria.

CaixaBank aims to mobilise €64 billion in sustainable financing by promoting several initiatives focused on the product offering, ESG advisory, awareness-raising and training.

The Plan also aims to lead the positive social impact generation and foster financial inclusion by promoting microfinance solutions – mainly through MicroBank – and remaining committed to rural communities and adapting service channels to suit all customer needs.

In the case of MicroBank, the objective for 2024 is to reach €3.5 billion in new social financing, 36% more than in the period 2019–2021, 54% of which will go to families and the remaining 46% to entrepreneurs.

Finally, it will also promote a responsible culture to set a benchmark in governance by adopting best practices in sustainability, reporting and responsible marketing.

The cross-sectional enablers of people and technology

The Plan also features two cross-sectional enablers to help ensure the effective implementation of the three strategic priorities: people and culture on the one hand, and technology and processes on the other.

The aim of the first is to have the very best talent to respond to the Group's strategic challenges; transforming the people development management model by being more proactive in training teams and focusing on critical skills (analytical and strategic, technological and digital); continuing to promote diversity and inclusion, and encouraging new ways of working to create an agile model.

The second cross-sectional enabler focuses on technology and processes to ensure an efficient, flexible and resilient IT infrastructure. To achieve these objectives, CaixaBank Tech's workforce will be increased to 1,000 employees (600 in 2021) and the number of employees in developer roles will be raised to 10%.

The benefits of transforming the IT infrastructure include more agile technology across the organisation, faster, cheaper and more standardised deployment of solutions, and increased capacity to process ever-increasing volumes.

Meanwhile, optimising the Bank's operating model will help achieve the challenges of the Strategic Plan because it will have the effect of reducing terminal operating times in branches, back-office operating costs and average customer response times, and increasing operational resilience.

BPI: greater emphasis on consolidating the business model and improving profitability

In Portugal, among many other measures, the Bank will continue to develop product and service offerings, together with increased cross-selling, loyalty and sales through digital channels. The other main aim will be to improve profitability management by risk and segment, and strengthen cost control.

To succeed, CaixaBank's wholly-owned Portuguese subsidiary will focus on improving efficiency and digitalisation by restructuring its specialised networks, enhancing the omnichannel experience and digitalising customers' purchasing strategies.

As regards to BPI's financial targets, revenues are projected to grow at an annual average rate of approximately 9%, with profitability (ROTE) and efficiency converging with those of the whole Goup.

Committed to society

The new Strategic Plan continues to reflect CaixaBank's commitment to society through its unique banking model, with the aim of offering the best service for all customers as we provide solutions from end to end, promote financial inclusion and lead the way in generating positive social impact.

Over the coming years, the Bank has pledged to maintain its branch presence in rural communities and not to leave behind any municipality – approximately 1,466 rural branches, 364 counters and 17 mobile branches –, while ensuring high levels of community engagement and delivering a sustainable service model.

The Bank's financial strength will allow it to continue supporting society through various initiatives, including MicroBank, Europe's leading microfinance institution, which since 2007 has granted some 1.2 million loans for a total of €7.1 billion. In housing, CaixaBank held 18,724 housing units for rental at the end of March, 99% of which currently rented (71% under social housing schemes).

CaixaBank works alongside "la Caixa" Foundation to support society and the community through decentralised welfare projects and a volunteering programme to provide a rapid response to those most in need. Under the new plan, the aim is to double the number of active volunteers to reach 10,000 by 2024. As we move through 2022, CaixaBank's network of volunteers has been lending its full support to those affected by the invasion of Ukraine.