

CaixaBank underlines its financial strength and social commitment key to aiding economic recovery

- ***During his address at the Annual General Meeting, Jordi Gual, CaixaBank's chairman, reiterated the company's commitment to customers and society and stressed that "the bank is ready and able to aid in the economic recovery by meeting the borrowing needs of our customers, offering support to those most in need and stepping up our social and community welfare work".***
- ***Jordi Gual praised the ECB's robust response and highlighted "the importance for the organisation to continue to ensure that its monetary policy feeds through to all Eurozone countries effectively".***
- ***Meanwhile, CaixaBank's chief executive officer, Gonzalo Gortázar, highlighted the main milestones achieved in 2019: "Healthy performance of the business, with rising market share across all the main products, commercial activity focused on supporting households and businesses, and driving transformation projects under the Strategic Plan".***
- ***For CaixaBank's chief executive, "it is important for us to look ahead with conviction and responsibility in response to the current health and economic crisis, which also provides an opportunity to show what makes CaixaBank different, and here we are talking about our values of quality, trust and social commitment".***
- ***The bank's chairman and chief executive officer conveyed their "support and solidarity to those who have suffered the effects of COVID-19 and to all healthcare workers for their commendable work". They also expressed their gratitude for the efforts made by the CaixaBank team, with all employees demonstrating their commitment to the bank, to its customers and to society. "Thanks to them, the bank has remained fully operational and been able to respond proactively when most needed", they added.***

Barcelona, 22 May 2020

At CaixaBank's Annual General Meeting today, the bank's management performance and results for 2019 have been approved. CaixaBank has managed to secure the majority support of shareholders, who approved, among other motions raised by the Board of Directors, the re-election of María Verónica Fisas Vergés as director and the appointment of Francisco Javier García Sanz as a new member of the Board of Directors.

During his address to shareholders, CaixaBank chairman Jordi Gual thanked Marcelino Armenter “for his dedication, support and commitment to the company during his time on our Board”, and also professor Xavier Vives, “who now stands down following many years of invaluable service to the bank”.

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Ready and able to aid economic recovery

During the first part of his address, Jordi Gual recognised that uncertain times lie ahead and called on everyone to have confidence in the decisive steps that have been taken on several fronts to counter the downturn in economic activity. “At CaixaBank, we are ready and able to aid in the economic recovery by meeting the borrowing needs of our customers, offering support to those most in need and stepping up our social and community welfare work”, he stated in the bank’s first Annual General Meeting held virtually, due to the state of alarm. “Remaining true to our commitment to customers and wider society, as “la Caixa” has been doing for over 110 years”, he added.

Gual estimated that economic recovery would hinge on successfully containing the spread of the virus, the ability to prevent further outbreaks and whether we can come up with a vaccine or effective therapies before too long. “It will also depend on the effectiveness of the economic policies that are now beginning to take shape in response to this challenge”, he explained.

In relation to the economic policies that have been rolled out in the wake of COVID-19, CaixaBank’s chairman said that while they are on the right track he believed that “the current situation also warrants coordinated and substantial fiscal efforts at a European level and the implementation of cost-sharing mechanisms between countries if we are to prevent cracks from appearing in the single market”.

Jordi Gual praised the ECB’s robust response of launching public debt purchasing programmes, injecting liquidity into the financial system and easing prudential requirements. To hold the Eurozone together, “the ECB must continue to ensure that its monetary policy feeds through effectively to all Eurozone countries, no matter their fiscal situation”, he pointed out.

Commercial and financial strength to support the economy

The bank’s chairman confirmed that CaixaBank is able to respond to the current situation from a position of strength, both financially and commercially. Gual explained that the prudential and cautious approach that has made the bank so strong “is what led us to put aside €400 million in

the first quarter in anticipation of the impact that COVID-19 might have. A responsible decision and one that demonstrates our conservative strategy when it comes to hedging against risks”.

He added that “this same sense of responsibility was also behind the Board’s decision on 26 March to lower the dividend originally proposed for 2019 from 15 cents to 7 cents per share, gross”. Jordi Gual indicated that the dividend policy for 2020 has also been adjusted and that a cash dividend no higher than 30% of net profit will be paid out.

On the subject of share prices, Gual acknowledged that the current health crisis has penalised the stock markets in general and the financial industry in particular. Nonetheless, he claimed that “the relative performance of the share in recent months has showcased the resilience of our business model and reflects a sense of confidence in the bank’s ability to generate long-term value”.

A social commitment that is all the more important in the current climate

Jordi Gual and Gonzalo Gortázar both underlined CaixaBank’s social commitment. They explained that “the bank is working to help cushion the economic and social impact of the pandemic in response to the needs of the most affected groups”, before outlining the main steps that the company has been taking:

- CaixaBank has brought forward payments of pensions and unemployment benefits and has deployed a priority support plan for elderly people at its branches.
- In terms of housing, CaixaBank has not only welcomed the moratorium on mortgages and consumer loans announced by the Government as well as supporting the sectorial moratorium, it has also waived rental payments on the properties it owns while the state of alarm remains in effect.
- Since the onset of the state of alarm, CaixaBank has been offering self-employed workers and businesses all the credit they need. Over €12 billion in loans has been extended through the ICO facilities alone.
- The bank has continued with its volunteering work to support people at risk of social exclusion. For instance, it has joined forces with “la Caixa” Foundation on the “No Home without Food” campaign, which has managed to raise over €2 million.
- VidaCaixa and SegurCaixa Adeslas have channelled more than €8.5 million into a new solidarity fund to insure healthcare workers (700,000 people) at no cost to them.

Recurring returns based on core revenue growth

CaixaBank's chief executive officer, Gonzalo Gortázar, began his address with a review of 2019, highlighting the main milestones achieved in the year: "Healthy performance of the business, with rising market share across all main products, commercial activity focused on supporting households and businesses, driving transformation projects under the Strategic Plan and remaining financially strong to continue supporting the economy".

CaixaBank has continued to report significant growth in the market shares of its retail products, despite already being a market leader. "Our share of the direct salary deposits market stands at 27.1%, while for long-term saving products we have a 22.9% share, and a 16% share for loans and credit to the private sector. Our penetration among retail customers is currently 27.8% and 29.4% in the case of digital customers, cementing our status as the leading bank within the system", proclaimed the chief executive officer.

Moving to CaixaBank's profitability, Gortázar pointed out that "in 2019 returns were satisfactory at over 10%, impacted by the cost of the labour agreement". This recurring return, he explained, "is down to an improvement in revenue quality, with core revenue growth of 1.2%".

Looking ahead with conviction and responsibility

For Gonzalo Gortázar, one of CaixaBank's key priorities over the coming years will be to "remain financially strong, as this will allow us to continue supporting the economy in the wake of the current health and economic crisis". The bank's NPL ratio is already at an all-time low, and it also has excellent liquidity and comfortable levels of capital adequacy. He added that the bank has adapted rapidly to the new situation so as to ensure that it remains operational and open for business at all times, and that "all of this is down to the efforts of a team firmly committed to society and to CaixaBank's mission".

The chief executive also emphasised CaixaBank's efforts to promote and drive transformation projects under the Strategic Plan, "by fine-tuning the branch network to meet the expectations of customers and generating a sharp increase of 70% in *Store* branches.

Gortázar affirmed that "CaixaBank remains firmly committed to a model of advisory and specialised products and services, while ensuring the capillarity of its branch network and close territorial proximity by maintaining a presence in over 2,000 towns and cities". The chief executive also pointed out that "the rural network remains stable and efficient, with a total of 1,099 AgroBank branches in a bid to become even more customer-oriented".

In the words of Gortázar, "to improve customer experience, we have continued to invest in developing and honing our digital skills and consolidating our leadership in digital banking with a total of 62.9% customers being digital".

“We are committed to the most vulnerable segments and to those most affected by the crisis”, added Gortázar towards the end of his speech. For CaixaBank’s chief executive, “it is important for us to look ahead with conviction and responsibility in response to the current health and economic crisis, which also provides an opportunity to show what makes CaixaBank different, and here we are talking about our values of quality, trust and social commitment”.