

CaixaBank's new 2015-2018 Strategic Plan contemplates returns of 12% to 14% from 2017

The strategic lines of the new Plan contemplate improving the customer experience, consolidating its leadership position in quality, trust and reputation and obtaining recurring returns in excess of the cost of capital.

With this new Plan, the entity anticipates bringing the cost-to-income ratio to below 45%, growing loans by 4%, improving resources by an average of 6% during the period and reducing the cost of risk to below 0.5% in 2018.

Isidro Fainé, CaixaBank's Chairman, believes that “we can boost our commercial potential by leading the way in trust”. According to Fainé, “the entity has the team, the vocation and the necessary products to stand out from its peers by offering a quality service and social commitment”.

For Gonzalo Gortázar, CaixaBank's CEO, “if we are to achieve sustainable returns we need to promote those businesses with greater growth potential and returns such as loans to businesses and individuals, and investment products with advisory services, and continue to be a leader in bank digitalisation”.

Barcelona, 3 March 2015.– CaixaBank unveiled its 2015-2018 Strategic Plan today with the main lines of action centred on leading the way in quality, trust and reputation, as well as focusing on its customers, obtaining returns on tangible equity (ROTE) of between 12% and 14% from 2017 and bringing its cost-to-income ratio below 45%.

CaixaBank's Chairman, Isidro Fainé, and CEO, Gonzalo Gortázar, presented the main lines of the entity's 2015-2018 Strategic Plan at a meeting with analysts in London today.

Isidro Fainé, CaixaBank's Chairman, believes that “we can boost our commercial potential by leading the way in trust”. According to Fainé, “the entity has the team, the vocation and the necessary products to stand out from its peers by offering a quality service and social commitment”.

“By 2018 we see CaixaBank as Spain's leading financial group and one of the largest in Europe. A group with a global outlook, acclaimed for our social responsibility projects, the quality of our service, the financial strength which has always characterised us, and one that leads the way in innovation”, stressed the Chairman.

For CaixaBank to achieve these objectives, Isidro Fainé believes the entity must “boast a dynamic and agile organisational structure, with a well-prepared workforce which demonstrates a customer-orientated vocation and is committed to the CaixaBank project”.

While **Gonzalo Gortázar**, CaixaBank's CEO, believes that “in order to achieve sustainable returns we need to promote those businesses with greater growth potential and returns such as loans to businesses, corporate banking, and consumer lending, as well as investment products with advisory services”.

Gortázar also believes that “CaixaBank must take full advantage of its capacity to innovate in order to continue to be a leader in bank digitalisation and to expand its position in the multi-channel platform and mobility, with a proposal which offers customers greater comfort and better service”.

Five strategic lines against a backdrop of recovery

The 2015-2018 Strategic Plan looks likely to be implemented against a backdrop of moderate recovery with extremely low interest rates (average 12-month Euribor rate in 2015-2018 of around 0.70%).

Against this backdrop, with GDP growth of a little over 2% a year on average, the main banking parameters should normalise in 2015-2018 with positive, albeit very weak, growth in business volume, net interest income recovering from record lows and the cost of risk set to dip below the long-term average.

The new Strategic Plan reflects the entity's aspirations to boost its leadership in the Spanish market and to stand out from its peers based on five key action lines:

- 1. Best-in-class in quality of service and reputation**
- 2. Sustainable profitability above cost of capital**
- 3. Optimisation of capital allocation**
- 4. Enhance our leadership in banking digitalisation**
- 5. Retain and attract the best talent**

The first objective is to become the leading bank in terms of quality and reputation and one that focuses on its customers. CaixaBank aspires to become the paradigm of a socially committed, responsible bank and a benchmark in good governance.

In this Plan the entity anticipates recurring returns in excess of the cost of capital from 2017 while pledging to distribute high and stable dividends. These returns will be driven by growth in diversified businesses with high potential: expanding business banking, corporate banking, consumer loans for individuals and marketing financial products such as insurance, funds and pensions.

Under the Plan the entity will also continue to actively manage capital, focusing on international banking alliances and reducing its exposure to non-strategic assets and unproductive assets.

For the 2015-2018 period, CaixaBank plans to boost its leadership in digital banking by continuing to promote its multi-channel platform and mobility, as well as rolling out its Big Data infrastructure as a commercial and management tool.

Finally, CaixaBank's employees feature prominently in the new strategic plan as they are the linchpin to helping the entity meet its targets. The entity plans to develop their professional skills and adapt the pay structure and career paths.

Revenue and returns growth

With this new 2015-2018 Strategic Plan, the entity expects to obtain returns on tangible equity (ROTE) of between 12% and 14% from 2017 and to bring its cost-to-income ratio below 45%.

These returns will be driven by growth and diversification: a leadership position in the domestic market, expanding business banking, corporate banking and consumer loans, and boosting its financial products such as insurance, funds and pensions. Specifically, CaixaBank forecasts an average growth rate of 4% in lending and of 6% in resources, particularly off-balance sheet items. The entity is looking to improve its market share in the loans and deposits segment by 0.6-0.7 percentage points, and by 2 percentage points in the investment funds, pension plans and insurance segment. Its cost of risk meanwhile is expected to dip below 0.5% due to a lower NPL ratio which looks set to fall below 4% in 2018.

Another of CaixaBank's objectives in this new Strategic Plan is to distribute high and stable dividends with a cash payout of 50% or more of its profit from the first year of the Plan. The entity also intends to distribute an extraordinary dividend from 2017 and/or launch a share buyback programme if its CET1 capital ratio is over 12%. In any case the entity expects its CET1 capital ratio to remain over 11% which is well in excess of the regulatory minimum.

2011-2014 Strategic Plan targets met

The entity is well positioned to assume the challenges of its 2015-2018 Strategic Plan having comfortably met the targets of its previous Plan, particularly those concerning marketing leadership, innovation and financial strength.

The previous Plan was implemented against a much less favourable backdrop than originally anticipated given the slump in activity in 2011 triggered by the sovereign debt crisis. This Plan was then revised in 2012 to incorporate a macroeconomic and financial scenario more in keeping with reality. The highlights of the 2011-2014 Strategic Plan were:

- The acquisitions of Banca Cívica, Banco de Valencia and Barclays Bank SAU which, along with organic growth, have helped consolidate the entity's leadership in the Spanish retail banking sector.
- The focus on balance sheet strength, enabling the entity to ease through the reviews and stress tests conducted by banking supervisors in recent years.
- The ability to anticipate and adapt to regulatory changes, thereby helping the Group achieve its current structure and the listing of CaixaBank.

