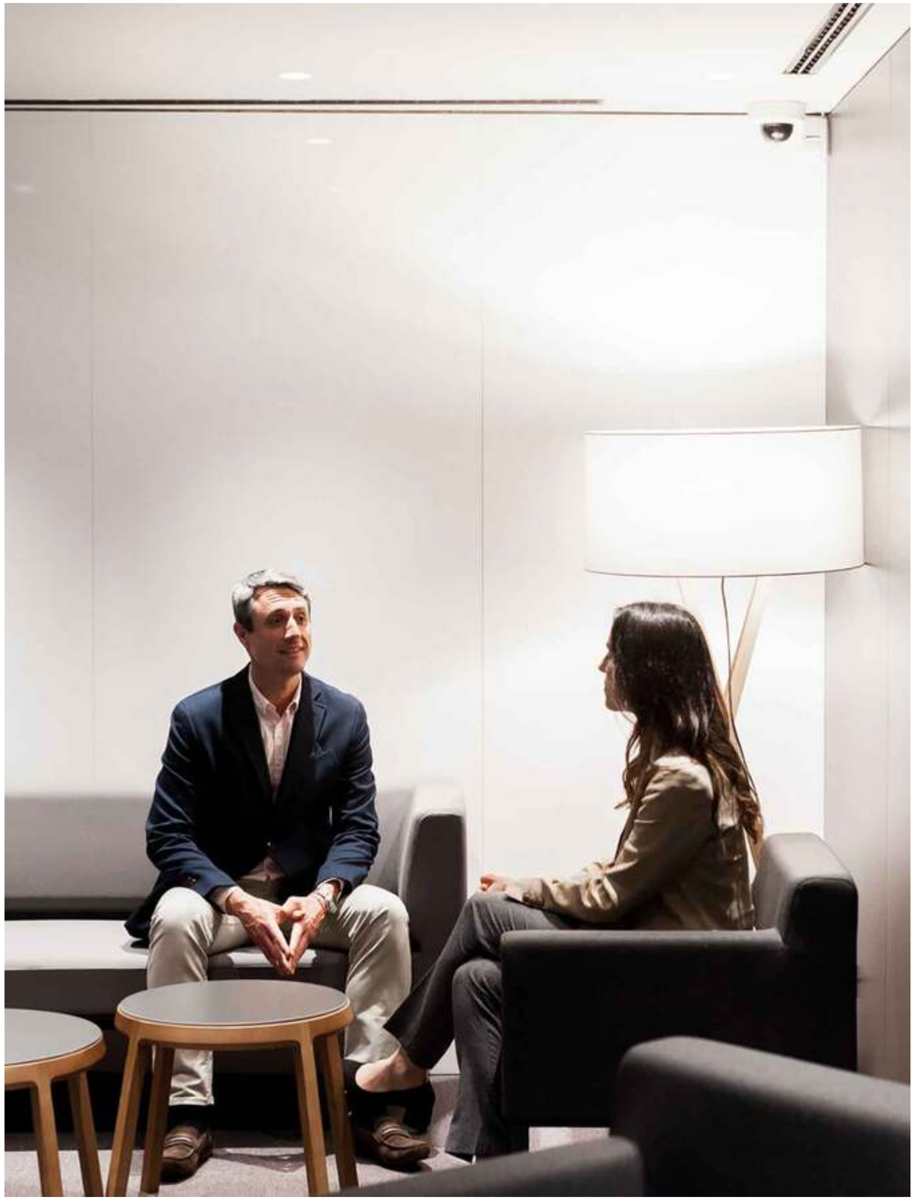
02

Corporate strategy and environment



Environment

Economic environment

Evolution in global economy and eurozone

Throughout 2024, economic activity displayed ***markedly varied performance*** *across different sectors and regions.*

In 2024, the international economy showed remarkable resilience, with global GDP growth estimated to be slightly higher than 3%. The year's economic activity was bolstered by strong job markets, a slight rebound in household buying power, and more relaxed financial conditions, all while inflation rates decreased. Furthermore, energy prices held relatively steady despite ongoing geopolitical tensions and uncertainty.

However, the global economy's resilience masked regional disparities in performance. In the US, activity remained strong and GDP grew by 2.8%, exceeding expectations. China, following a sluggish beginning to the year, exceeded expectations in the final quarter, culminating in a GDP growth of 5.0% for all of 2024. The eurozone's economy did not experience the anticipated lift-off, with activity remaining subdued. The GDP growth for the year stood at 0.7%, with significant underperformance in Germany and, towards the year's end, in France as well. Amidst this economic slowdown, inflation followed a steady decline, bringing the eurozone's headline inflation to average for 2024 of 2.5%, compared to 5.4% in 2023.

Central banks initiated the monetary policy easing in major global economies in the second half of 2024.

The ongoing disinflation trend moving towards the targets set by central banks enabled the initiation of monetary policy easing in major global economies. The ECB started reducing rates in June, followed by the Fed in September. Throughout the latter half of 2024, both central banks pursued a strategy of gradual rate reductions, concluding the year with a total decrease of 100 basis points from the peak. This left rates between 4.25% and 4.50% for the Fed, and the deposit facility rate of the ECB at 3.00%. Additionally, both the Fed and the ECB continued to shrink their balance sheets through a passive approach of not reinvesting in maturing assets, thereby gradually draining excess liquidity which remained plentiful in the euro area by year's end.

The possibility of activity stabilising at levels better aligned with the potential of the American and European economies, combined with expectations that inflation will near the targets set by their respective central banks, indicates that both the Fed and the ECB will likely persist with rate cuts in 2025, though at varying paces. Market expectations are for the U S Fed to adjust rates to the 3.75%-4.00% range, while in the eurozone, the ECB is expected to reduce rates to 2.00% by the second half of 2025. However, the path to economic normalisation in 2025 is fraught with challenges, primarily due to geopolitical tensions, the threat of increasing protectionism, and the potential fracturing of international trade.

As 2024 concluded, uncertainties intensified with Trump's win in the US, raising questions about the new administration's policies and their effects on both economic stability and global politics. The eurozone, meanwhile, struggled with economic fragility amidst political uncertainties in its two key economies.

A hypothetical broad increase in tariffs could potentially dampen global economic activity while simultaneously pushing inflation upwards.

Spain and Portugal

Spain

2024, better than expected.

Nonetheless, Spain's economy in 2024 surpassed initial forecasts, even with high interest rates prevailing through much of the year. The GDP grew by 3.2%, positioning Spain as a leading growth performer among the major eurozone economies.

Key to the economy's high dynamism were several factors. Primarily, the external sector thrived, driven by strong service exports, including both non-tourist and, notably, tourist services, which significantly propelled economic activity. Additionally, there was a revival in household consumption, fueled by enhanced purchasing power due to declining inflation rates. The labour market's vigor, further amplified by population growth from immigration, also played a crucial role. In this context, the year concluded with an increase of over half a million Social Security contributors, bringing the total above 21.3 million, setting a new record.

Inflation pleasantly surprised in 2024, standing at an annual average of 2.8% versus 3.5% in the previous year. Core inflation, excluding energy and unprocessed foods, experienced an even greater decline (2.9% annual average versus 6.0% in 2023).

In 2024, the residential market saw a significant uptick in activity. After experiencing double-digit declines in 2023, house sales rebounded with a 8.1% annual increase (based on data up to November, the most recent data available). Over the last 12 months, approximately 628,000 transactions were completed, marking almost a 40% increase in activity compared to the pre-pandemic average from 2015-2019. Conversely, in 2024, the supply of new housing saw a substantial recovery with building permits increasing by 17.1% year-over-year by November. Despite this growth, the supply remains inadequate to meet the robust demand. leading to a significant acceleration in house prices in 2024 due to the imbalance between high demand and limited supply.

For 2025, we anticipate a slight moderation in GDP growth, despite the positive surprises in late 2024's figures. External demand is expected to wane as tourism growth normalises and our key trading partners continue to show economic fragility. Domestic demand will strengthen, driven by household consumption - bolstered by a strong financial standing and further gains in purchasing power - and by investment, facilitated by better financing conditions and the rollout of NGEU funds. However, public consumption will contribute less, due to the need to adjust the public deficit with the reintroduction of fiscal rules.

Portugal

Slight slowdown of the Portuguese economy.

The Portuguese economy experienced a deceleration in 2024, with an GDP growth rate of 1.9% versus 2.5% in 2023. Despite this, its growth rate surpassed the eurozone's average. The cumulative impact of various global economic shocks, the effects of inflation, and the significant hike in interest rates, which hit a peak in mid-2023, along with uncertainties surrounding the March parliamentary elections, all played a part in the economic cooling seen in 2024. However, the economy exhibited a consistent growth trend throughout the year, with the annual GDP growth rate increasing from a quarterly rate of 0.6% in Q1 to 1.5% by Q4. Domestic demand was the primary growth engine, particularly driven by vibrant private consumption, supported by a significant rise in household income amidst sustained employment growth, and by investment, spurred by the effective deployment of EU funds.

Looking ahead to 2025, we anticipate the Portuguese economy will continue its expansionary path, fuelled by monetary policy easing, inflation nearing the 2% target, and a supportive fiscal policy. This outlook is underpinned by recent years' strong performance, which has resulted in a state budget surplus and a notable decrease in public debt.

Business environment: sector, technology and sustainability

Business profitability and capital adequacy

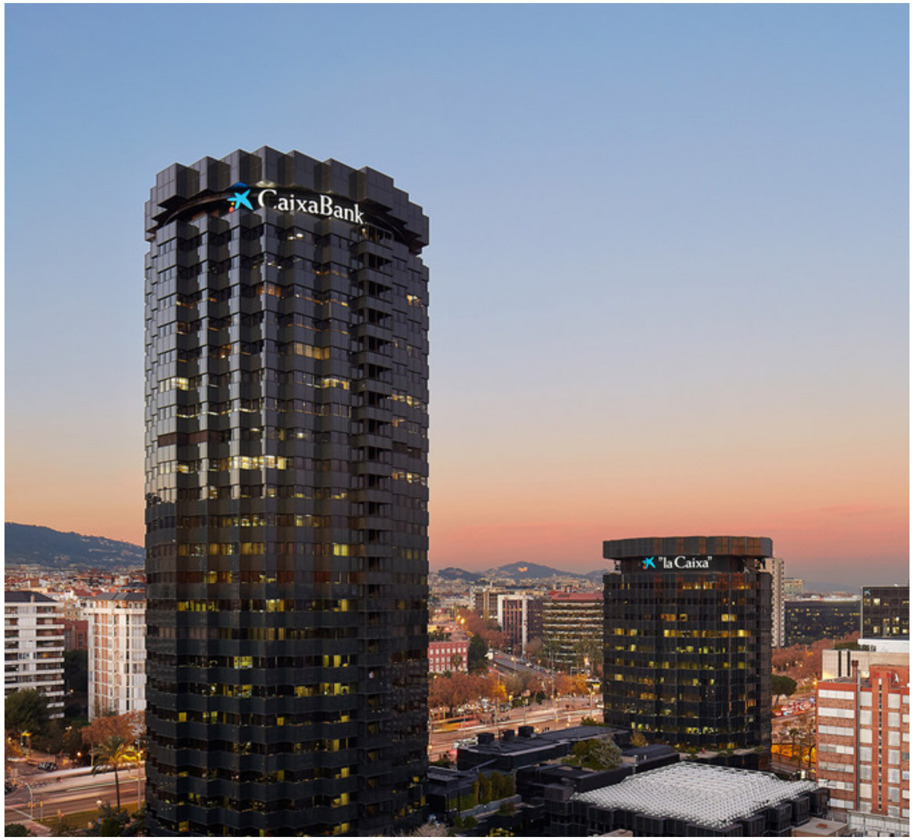
The Spanish banking sector's profitability remains robust in the first half of 2024, bolstered by net interest income contributions. *Consequently, the return on equity (ROE) for the third quarter of 2024 reached 14.1%[1], an increase of nearly two percentage points from the previous year.*

In 2024 the **trend in net interest income** has continued to reflect the tightening in monetary policy that drove interest rates higher than initially expected in 2023. Nevertheless, the decision of the European Central Bank (ECB) to begin lowering interest rates in June 2024, which has been reflected in the evolution of Euribor mainly in the second half of the year, will limit the growth potential of banks' net interest income in the next year.

In December 2024 **the credit portfolio to the private sector** in Spain rose 0.62% with respect to December 2023, reversing the downward trend of recent years. The recent decrease in benchmark interest rates and the revival in credit demand have helped mitigate this contraction.

Meanwhile, the **credit quality has improved in 2024**. The NPL ratio stood at 3.38% in November 2024, representing a cumulative increase of 20 basis points when compared to the previous year and 17 basis points with respect to December 2023.

Signs of early impairment of credit quality have been relatively modest. Thus special-watch-list loans have slowed their growth, with an increase of just 0.5% in June 2024 compared to the previous year, down from a 3.5% rise in 2023[2]. The weight of loans on special watch (or *Stage* 2) stands at 7% in June 2024[2]. In ICO-guaranteed loans to companies, the proportion of those classified as being on special watch stood at 23.6%[2] in June 2024, which is 3 percentage points higher than the previous year. It is worth highlighting that one of the key factors in the increase in this ratio was the considerable reduction in the total amount of these loans (-30.5% year-on-year).



[1] Bank of Spain's Supervisory Statistics.
[2] Bank of Spain Financial Stability Report. Autumn 2024.

The capital ratios are also at robust levels and continue to have a comfortable margin over regulatory requirements. In Spain, the CET1 ratio stood at 13.34%[1] in the third quarter of 2024. These capital levels are well above those recorded in the previous financial crisis and grant give the banking sector in Spain a high capacity to absorb potential losses.

However, it should be noted that **the tax on banking has had a significant impact on the statement of profit and loss of the Spanish banking sector** and, consequently, on the ability to generate capital organically. It is important to note that the bank tax has been extended for three years, featuring a progressive rate structure that disproportionately affects the largest institutions.

Liquidity levels in the Spanish financial sector remain high. The system's liquidity coverage ratio (LCR) reached 181.4% in September 2024[1], comfortably exceeding the regulatory requirement of 100%. The loan-to-deposit ratio stands at a balanced 96.5%[1]. This measure helps maintain the robustness of the Spanish financial system, significantly reducing the risk of liquidity and funding pressures similar to those seen globally in 2023.

[1] *Bank of Spain's Supervisory Statistics.*

Digital transformation

*In recent years, **the prevailing digital habits and behaviours of the population, which especially emerged in the wake of the Covid-19 pandemic, accelerated the process of digitising** the banking sector. In Spain, the use of digital banking has seen a notable rise from 55% in 2019 to 71% in 2023, surpassing the European average.* [3]

For the banking industry, **digital transformation** is leading to a **growing focus on the customer** and **greater demands to keep them satisfied** (in terms of convenience, immediacy, customisation and cost). Additionally, customer satisfaction is gaining importance, especially with new market entrants and reduced costs for switching banks. Furthermore, the digitisation of the banking sector has caused new non-traditional competitors to appear, such as Fintech and Bigtech digital platforms, with business models that leverage new technologies, raise service quality standards and increase pressure on the sector's margins.

Thus far, **this non-traditional sector is very small compared to the financial sector as a whole.** However, these new entrants have grown quickly, and their presence can be seen throughout the value chain of the financial sector (specifically in the payments and consumer credit segments). Going forward, the ability of Fintech companies to adapt their business models to an environment with less liquidity be crucial in determining the sector's evolution. There has been a noticeable decrease in investor interest in this sector recently. For instance, funding in the global Fintech sector has continued to drop; in the year leading up to the third quarter, funding fell by 25% compared to the previous year, reaching levels lower than in 2019) [1] .

Furthermore, **access to data and the ability to generate value from data has become an important source of competitive advantage**. In particular, the use, processing and storage of data results in information that serves to create products that generate greater value for the customer and are more tailored to their risk profile. Additionally, there has been an increase in the use and development of new technologies (such as Cloud, blockchain or generative Artificial Intelligence) in the sector, although with different maturity levels. In any case, the use of new technologies in the sector generates the need to adapt business processes and strategies to the new environment.

The **digitalisation of the sector also brings with it numerous opportunities** to generate more revenue. In particular, through the use of digital technology, institutions can expand their customer base and provide services more efficiently and at a lower cost. In that regard, digitalisation makes it possible to reach a larger number of potential customers, without having to expand the branch network in the territory.

At the same time, digitalisation also creates new business opportunities, for example by offering their digital platforms for third parties to market their products, or through new financial products that are better adapted to the needs of each customer.

Meanwhile, **payment habits are changing**. The trend of a reduction in the use of cash in favour of electronic payments has gained speed with COVID-19, becoming established thereafter. Digital payment systems are also evolving away from a model dominated almost exclusively by card systems (linked to bank deposits) towards a more mixed model in which Fintech and Big Tech also participate, which offer alternative payment solutions supported by new technologies, with the emergence of new types of money and payment methods, such as stablecoins.

In this context, t**he rapid expansion of the crypto-assets and stablecoins market in recent years has driven investment in technologies such as Distributed Ledger Technology** (DLT) **or cryptography,** which allow the development of new value-added features in payments (such as the ability to programme payments through Smart Contracts). This trend gains further momentum due to the implementation of the MICA regulation and the pilot EU DLT scheme, which enhance regulatory clarity in this domain.

[1] Bank of Spain's Supervisory Statistics.
[3] Source: Eurostat.

Faced with such developments, **central banks**, particularly in advanced economies, **are considering issuing their own digital currencies** (CBDCs) as a way to ensure that citizens and businesses continue to have access to central bank money in the digital age, and that the money they issue continues to act as a monetary anchor (supporting the stability, integration and efficiency of the financial and payment systems).

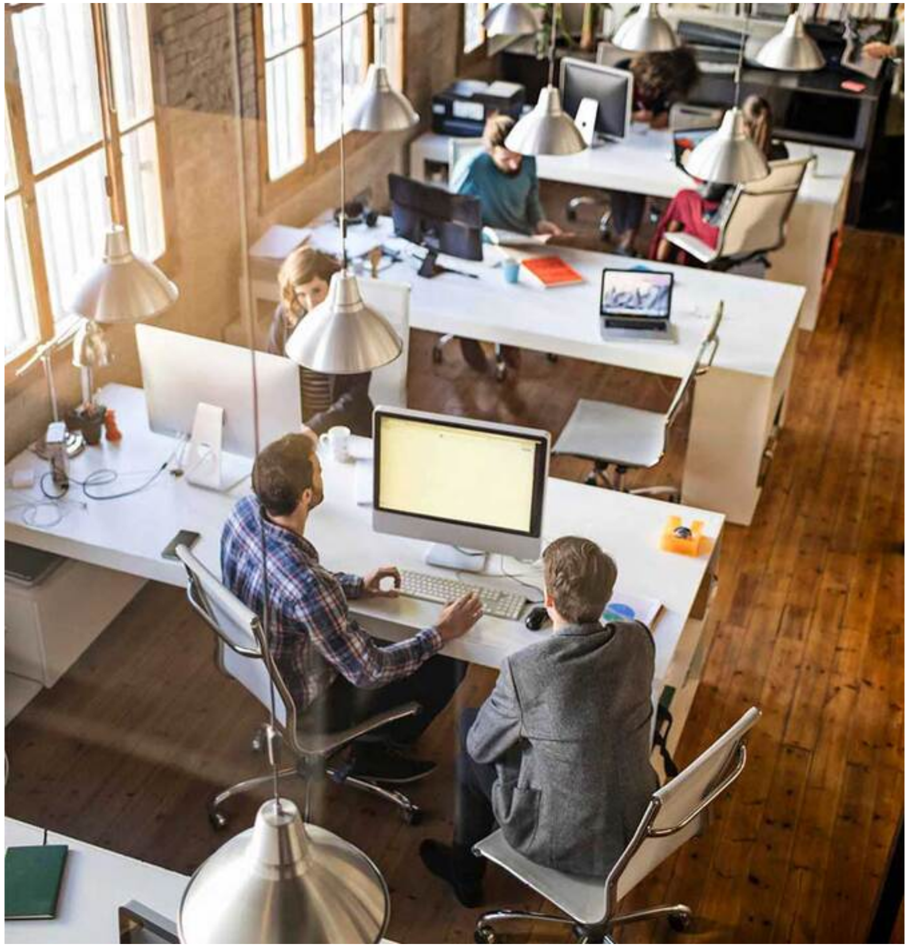
Thus, in the eurozone, **the European Central Bank (ECB) is exploring the possibility of issuing a digital euro** to supplement cash and as an additional payment solution. Following a two-year research period (2021-23) dedicated to crafting a design proposal for the digital euro, conducting technical explorations, and learning, the ECB is now advancing into the technical development phase, setting the stage for potential future issuance of a digital euro. Meanwhile, **in June 2023, the European Commission published the legislative proposal laying down the possible establishment of a digital euro**, a proposal that is being debated in the European Parliament and the European Council.

The **European Commission also presented other legislative proposals geared towards aligning payment services and the financial sector in general** with the digital transformation of the European economy, and which have a high potential for disruption. Notably, the proposal to update the European Directive on payment services (PSD3 and PSR) is significant, as it will alter how access to customer payment data is managed and includes new measures to combat and reduce fraud. However, these changes need to go through the legislative process before they can be implemented.

Also prominent is **the proposal to review the European Payment Directive on electronic payments** (PSD3 and PSR), which, among other aspects, will introduce changes in the management of customer payment data permissions and measures to combat and mitigate fraud. Nevertheless, these proposals still need to go through the legislative process before being adopted.

CaixaBank faces the challenge of digitalisation with a strategy focused on customer experience. In this regard, the digital transformation offers the Institution new opportunities to understand its customers and offer them a higher-value proposal, using a multi-channel assistance model. In particular, CaixaBank has a distribution platform that combines immense physical capillarity with strong digital capabilities—proof of this is that the bank has more than 12 million digital customers in Spain.

In response to changing habits of customers, **special emphasis is also being placed by the Company on initiatives that allow for improved interaction with customers through non-face-to-face channels**. Meanwhile, digital transformation is also driving CaixaBank to focus more on the development of skills, such as advanced analytics, generative AI and the provision of native digital services. Regarding this last point, imagin features a digital ecosystem and lifestyle platform focused on the younger segment, offering financial and non-financial products and services, it own and of third parties. In addition, the Entity is also promoting new ways of working (more cross-cutting and collaborative) and is actively seeking to collaborate with new entrants that offer services that can be incorporated into the Group's value proposition.



Cybersecurity

Digital transformation is vital for the sector's competitiveness and efficiency, but it also exposes banks to new risks. In this regard, the increased digital operations of customers and employees make it necessary ***to increase the focus on cybersecurity, digital fraud and information protection****.*

Operational risk, which encompasses potential losses from inadequate internal processes, systems, human errors, or external events impacting organisational operations, is increasingly significant.

Cyber risk poses a serious threat to financial stability and the global economy. Specifically, cyber incidents can have an impact on a range of financial activities (such as the provision of credit, payment and settlement services) by disrupting the information and communication technologies (ICT) that support them. Cyber incidents can also result in the misuse of the data that these technologies process or store. Inside the financial sector, banks have many points of contact with third parties, which increases their exposure to cyber-attacks and can be used as entry points for attacks in the financial sector.

Furthermore, **the cyber threat landscape is in constant evolution and is becoming increasingly complex**, with a higher amount of attacks and further sophistication and potential impact, as a result of the growing digitalisation of the economy, increasing dependencies on third parties, geopolitical tensions and quantic computing.

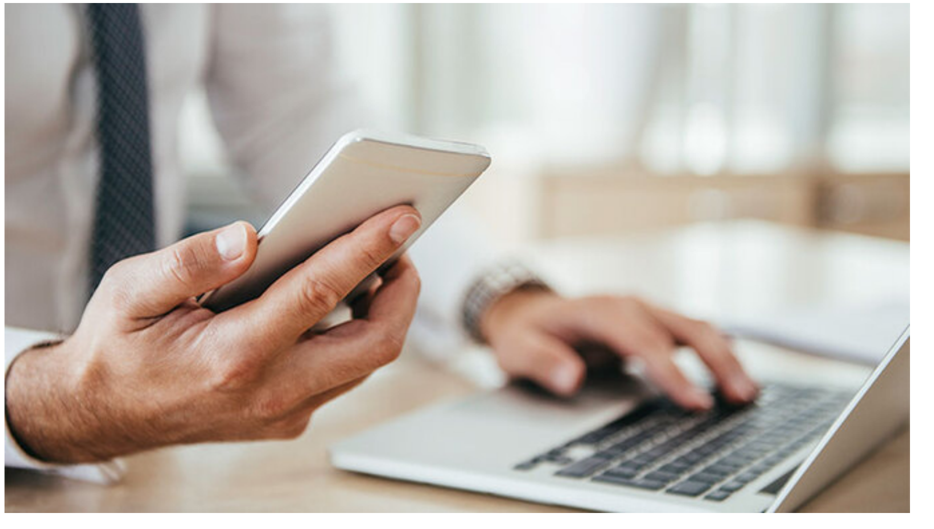
In response, the European Central Bank has prioritised cyber resilience for the period 2024-26, intensifying oversight and audits to ensure entities have robust control environments and can withstand cyber attacks.

In that regard, **the European Union (EU) is responding to cyber risk with several initiatives**, including the **Digital Operational Resilience Act (DORA)**, in force since January 2023 and intended to reinforce the operational resilience of financial institutions against digital risks, by creating a framework to ensure that they can prevent, detect and respond to and recover from any kind of disruption and threat related to ICTs.

CaixaBank is aware of the level of threat and **considers cybersecurity to be a priority.** To that end, it has a **Strategic Plan for information security** that constantly measures the Group's cybersecurity capabilities and it seeks to keep the Entity at the forefront of data protection, in accordance with the best market standards.

CaixaBank has a ***Strategic Plan for Information Security*** *that continuously measures the Group's cybersecurity capabilities.*

↗ *See section "Cybersecurity"*



Sustainability

The **decarbonisation of the European economy** is being accompanied by an increasingly strict regulation on how to address sustainability and growing pressure (from investors, authorities, and supervisors) for companies to adjust their strategies accordingly.

In that regard, the entry into force of the green taxonomy is noteworthy among the EU sustainability regulations. It establishes a classification system for sustainable activities and the information requirements on the degree of alignment with the taxonomy for subject companies. Similarly, the new **Corporate Sustainability Reporting Directive (CSRD)** is also worth highlighting, which involves a major step forward in terms of the current ESG reporting requirements, fostering standardisation and transparency in sustainability reporting and equating it to financial reporting. Furthermore, due to its extension to the value chain, the Directive is expected to accelerate the sustainable transition of the business fabric. However, the directive is still pending transposition in Spain.

In the area of banking oversight, the **ECB's action plan explicitly incorporates climate change and energy transition into its framework of operations**. The plan seeks to curb climate risk on the ECB's balance sheet, foster increased transparency and disclosure of climate risks by companies and financial institutions, enhance climate risk management and support the economy's green transition.

In addition, the **setting of supervisory expectations in this area** and the assessment of the banks' practices related to climate and environmental risk strategy, governance and management, stand out.

The **European Banking Authority (EBA) also has a work plan to mainstream ESG aspects into the regulatory and supervisory framework**. Among the different initiatives is the inclusion of climate risks in the framework of stress exercises to gauge the resilience of the European banking sector to climate risks. In that regard, the EBA, alongside other European supervisory authorities, the ECB and the European System Risk Board (ESRB) conducted a unique **one-off exercise to assess the financial sector's preparedness and resilience** to the package of legislative measures (on energy, transport, emission reductions, land use and forestry) **"Fit-for-55"**, to cut the bloc's Greenhouse Gas (GHG) emissions by 55% by 2030. The analysis concluded that the sector is generally resilient to climate risks, although it emphasised the need for continuing to improve their management.

In **2021, the EU passed the European Climate Law**, which legally commits to reducing emissions by 2030 and achieving emission neutrality by 2050. This has led to the implementation of various measures and reforms across different economic sectors (including housing, energy, and transport) aimed at cutting greenhouse gas emissions in accordance with these targets and moving towards a decarbonised economy. This transformation necessitates profound structural and social changes and a substantial mobilization of both public and private resources.

The European Commission has calculated that an additional annual investment of €477 billion is required until 2030 to achieve the goals outlined in the '**Fit-for-55**' package in the EU. In Spain, the PNIEC (National Integrated Energy and Climate Plan) estimates an additional investment need of €263 billion between 2023 and 2030, which means approximately €33 billion per year. Thanks to the **Next Generation EU (NGEU)** Recovery Plan, **around €16.1 billion**[1] were destined to investments in renewable energies, sustainable mobility and the energy rehabilitation of buildings between 2022 and 2024, thus driving the economy's green transition.

In this context, **CaixaBank prioritises making progress in the transition to a low-carbon economy that fosters sustainable development, social inclusivity and upholding excellence in corporate governance**. Thus, and to materialise the commitment, **Sustainability** (in its environmental, social and governance scope) **is one of the three pillars of the Group's Strategic Plan**. The actions framed within this strategic axis are outlined in the Sustainable Banking Plan.

[1] *Source: IGAE*

Strategy

The year 2024 marks the closing of the 2022-2024 Strategic Plan. *This Plan has helped maintain CaixaBank's commitment to society with a unique banking model and with the aim of offering the best service for each and every customer profile as we provide solutions from end to end, promote financial inclusion and lead the way in generating positive social impacts.*

CaixaBank concludes its 2022-2024 Plan with a very positive assessment, particularly in the financial domain. The macroeconomic environment turned out to be more favorable due to higher interest rates than initially anticipated (EUR12M at 2.8% for the period 2022-2024 vs. a forecast of 1.1%). Additionally, the average GDP growth was slightly above the forecast, while inflation reached levels much higher than expected. Meanwhile, loans and deposits grew slightly less than anticipated, but non-investable resources increased more significantly.

The Group finishes this Plan with a positive momentum in business growth and quality, preparing for significant development in customer service models and technology for the next plan, while remaining committed to enhancing agility and improving employee satisfaction and engagement.

In this context, the CaixaBank Group's new Strategic Plan for the period 2025-2027 was unveiled in November 2024.

2022–2024 Strategic Plan

The 2022–2024 Strategic Plan was launched in May 2022 under the slogan "Close to our customers". This Plan was based on three strategic lines and two cross-cutting enablers:

The 2022-2024 Strategic Plan was based on the ***three strategic lines and two cross-cutting enablers:***

Business growth	Provide an efficient customer service model	Sustainability	Cross-cutting enablers
Developing the best value proposition for our customers.	**Adapted** to the customers' preferences as much as possible.	**A benchmark** in Europe.	Technology People

CaixaBank Group companies have a Strategic Plan fully aligned with the CaixaBank Strategic Plan.

1st Business growth

It focuses on **driving business growth, developing the best value proposition for the customers**. CaixaBank has developed a leading financial supermarket in the Spanish market, featuring a commercial offer built around customer experiences. The purpose of this line was to continue expanding the capabilities of this financial supermarket, with the aim of increasing the penetration of our products and services to customers, progressing the commercial offer and making a quantitative and qualitative leap in the construction of ecosystems. This line's core ambitions included:

*Strengthening **leadership in retail banking** through new housing and consumer banking products and greater penetration in insurance and long-term savings products.*

Achieving leadership in the corporate, companies and SMEs segments.

Driving ecosystems as a new source of income in housing, mobility, seniors, health, entertainment, business and seniors.

Throughout the execution of the Strategic Plan, the Group has sustained a positive momentum concerning business expansion and quality. The successful merger with Bankia has enabled us to enhance our commercial activity, stabilise, and start expanding our customer base once more, while also improving our market share performance. With regard to the objectives setin the Plan, the Group continued to consolidate its leadership in retail banking, with a positive performance in the main market shares, where the increased share of new housing production stands out. Furthermore, the positive growth of CIB lending, supported by a significant growth in the International Banking portfolio also stands out, which exceeds the objective set for the closing of the Strategic Plan in 2024.

	Starting point 2021	2022	2023	December 2024	**Target 2024**
Long-term savings share (%)	29.4%	29.5%	29.3 %	29.5%	**~30 %**
Non-financial companies portfolio share[1] (%)	23.8%	23.8%	23.5%	23.6 %	**~24 %**

[1] *Business in Spain.*

2nd Operating with an efficient service model

It sought to maintain **an efficient service model, adapting it to suit the customer's preferences**. The aim was to take advantage of the opportunity arising from the lowering of entry barriers to new technologies that will enable to explore of new ways of interacting with customers. Thus, this line's core ambitions included:

Ensuring a best-in-class customer experience.

Achieving greater operational and commercial efficiency.

Improving digital selling capabilities

Throughout this Strategic Plan, CaixaBank continued to develop the customer service model in order to make it more efficient and adapted to suit the needs of each customer. There has been positive development in digital sales capabilities, with 13.1 million digital customers, half of whom are intensive users of the Group's digital platforms. Concurrently, we have surpassed the 2024 Plan target by amassing over 3.5 million customers for the imagin brand.

	Starting point 2021	2022	2023	December 2024	**Target 2024**
# imagin Customers (M)[1]	2.7	3.0	3.3	3.6	**3.5**

[1] *It does not include customers shared with CaixaBank.*

3rd Sustainability

The **aim was to consolidate CaixaBank as a benchmark in sustainability in Europe**. The prioritisation of the environmental, social and governance areas on the European agenda gave a unique opportunity to take advantage of the competitive advantages inherent to the way of banking, highlighting socialcommitment as a foundational value and the status as European leaders in microfinance. The main initiatives were as follows:

> *Accompanying our customers in their energy transition*

> *Commitment to our own transition*

> *Leading the positive social impact*

> *Fostering financial inclusion*

> *Fostering a responsible culture*

> *Being a leader in governance*

Having completed the Strategic Plan, CaixaBank has consolidated itself as a benchmark in sustainability in Europe. A robust framework has been built – encompassing processes, systems, and teams – to integrate sustainability into the Group's comprehensive management strategy. The cumulative mobilisation of sustainable funds has widely exceeded the target set for 2024, while the rating average received from ESG rating agencies remains at A, as set in the 2024 target.

	Starting point 2021	2022	2023	December 2024	**Target 2024**
Mobilisation of sustainable finance (accumulated 2022-24 in €M)[1]	18,531	23,583	50,813	86,770	**64,000**
Number of active volunteers[2]	4,997[3]	14,000	17,240	20,201	**10,000**

[1] Mobilisation for CaixaBank Group, excluding BPI.
[2] Includes Social Month volunteers.
[3] The Social Month was not held due to the COVID pandemic.

↗ *See section "Sustainability strategy"*

Cross-cutting enablers

The Plan also included **two cross-cutting enablers** that supported the execution of these **three strategic priorities**: **people** and **technology**.

*First of all, CaixaBank paid special **attention to people** and sought to be the best Group to work for:*

Promoting an exciting, committed, collaborative and streamlined team culture that fosters closer and more motivating leadership.

Boosting its employees' development programmes and career plans, featuring a more proactive people development model for training teams and focusing on critical skills.

Fostering new forms of collaborative work, promoting remote working and helping its employees to develop their potential with equal opportunities through a meritocracy and diversity-based culture.

In people, the Group continued to strengthen the growth of people as a cornerstone of their strategy during this period. In this regard, CaixaBank has risen to 2nd position in the Merco Talent 2023 ranking of the most attractive companies in the banking sector to work for. It has also concluded the process of identifying critical skills in order to assess and plan strategic processes and activities and define upskilling and reskilling actions to improve the value proposition for employees. Also of note was the rise in the number of women in management positions, which currently stands at 43.4% in December 2024, exceeding the target set for 2024.

	Starting point 2021	2022	2023	December 2024	**Target 2024** [2]
Women in managerial positions (%)[1]	39.9	41.8	43.0	43.4	**43.0**

[1] *Women in management roles at CaixaBank S.A. (ranging from assistant manager of a large branch A to B).*
[2] *In 2023, the goal for women in management positions was revised from 42% to 43% following the update of the Equality Plan.*

In terms of technology, the planned advancements in cloud adoption and cybersecurity enhancements have been achieved. The initiative for process transformation has advanced, leading to improvements in infrastructure and end-to-end processes. In addition, several AI use cases have also been deployed.

*The second enabler was geared towards **technology**. CaixaBank has outstanding technological capabilities, in which it will continue to invest to continue to drive the business forward:*

Having an efficient, flexible and resilient IT infrastructure, as a result of the drive for technological transformation from CaixaBank Tech, the adoption of cloud technology as a cornerstone, the development of data and advanced analytics capabilities, and ongoing improvement in cyberdefence to mitigate the growing risk within this scope.

Streamlining the allocation of resources.

Moving towards end-to-end process management by identifying and redesigning key processes and building modular, reusable parts to the functional architecture.

	Starting point 2021	2022	2023	December 2024	**Target 2024**
Cloud absorption (%)	21%	25%	30 %	33%	**32%**

Financial objectives

*At the end of this Strategic Plan, CaixaBank **has exceeded the financial targets set for 2024.***

The Group set as targets in the presentation of the Strategic Plan to achieve a ROTE above 12% and a cost-to-income ratio of below 48%. It also committed to offering attractive shareholder remuneration with a pay-out ratio of over 50% and set the objective of generating capital of approximately €9,000 million for distribution purposes (cumulative amount in the 2022-20242 period)[1]. The foregoing comes while leveraging on a solid balance sheet position with an NPL ratio of under 3%, normalisation of the cost of risk below 0.35% (2022–2024 average) and keeping a strong capital position, with a CET1 target without IFRS9 transitional adjustments of between 11–12%.

At the end of the Plan, the core financial principals performed very favourable. The Group saw a marked increase in profitability, achieving an ROTE of 18.1% by December 2024, surpassing the initial target of over 12%. Despite an inflationary shock, costs were kept near the 2021 levels. The cost-to-income ratio hit all-time lows, as did the non-performing loan ratio. Lastly, the Group maintained exceptionally strong capital adequacy and liquidity levels, greatly exceeding the capital distribution goal from the Strategic Plan, reaching €12 billion against a target of €9 billion.

	Starting point 2021	2022	2023	December 2024	**Target[3] 2024**
ROTE (%) (Cumulative 12 months)	7.6	9.8	15.6	18.1	**>12**
NPL ratio (%)	3.6	2.7	2.7	2.6	**< 3**
Recurring cost-to-income ratio (%)[2]	57.7	49.8	40.8	38.5	**<48**

[1] Includes the share buyback (SBB) programme for 2022 plus the excess capital generated in 2022-24 above 12% of the CET1 ratio (without IFRS 9 for TA purposes).
[2] The Cost-to-income Ratio Target was set under IFRS 4. It is estimated that the impact of the implementation of IFRS17 could be -2 pp. Recurrent cost-to-income ratio (excluding one-off expenses).
[3] Objectives defined in the launch of the Strategic Plan. Given the good evolution of the financial metrics, the 2024 targets have been subsequently updated.

2025-2027 Strategic Plan

In November 2024, CaixaBank unveiled its new Strategic Plan for the period 2025-2027.

During this new Strategic Plan, the Group wants to stay on the course defined in the 2022-2024 Strategic Plan, but at a faster pace in order to prepare for the future. CaixaBank is steering towards two primary goals for ensuring long-term profitability: firstly, to solidify its leading market position, and secondly, to hasten its transformation for readiness in a more digital and competitive landscape. This is undertaken with a pledge to remain close to individuals for a sustainable society, emphasising a distinctive ESG (Environmental, Social, and Governance) stance.

The 2025-2027 Strategic Plan is centered around ***three key strategic lines*** *aimed at maintaining high levels of sustained profitability:*

01
Accelerating **growth.**

02
Business transformation and investment.

03
Differential positioning in **ESG**.

1st Acceleration of growth

CaixaBank plans to boost business growth in both Spain and Portugal. Following the successful integration with Bankia, the Group aims to solidify its market leadership by capitalizing on its key strengths to expand across all business segments through the following strategies:

Client loyalty and engagement, with a particular emphasis on acquiring new clients.

Promotion of our proprietary digital ecosystems and solutions.

Developing products and services with a focus on sustainability.

Enhancing the value proposition for both individuals and companies.

Sustaining international growth.

KPI	2027 Target
Share of credit to households and businesses	Increase share
Share of deposits to households and businesses	Increase share
Share of long-term savings [1]	Increase share

[1] *Total combined share of investment funds, pension plans, and savings insurance under the "Visión Fábrica" initiative. Based on data from INVERCO and ICEA.*

2nd Transformation and investment in the business

CaixaBank intends to spearhead business transformation by ramping up technology investments to fuel growth in every segment, gearing up for a more competitive landscape. The Group boasts the largest physical network in Spain, tailored by segment, with top-tier digital and remote channels, and it aspires to continue developing unique capabilities for the future. This line's core ambitions include:

- Enhance specialised and personalised service through its distinctive distribution platform.
- Update digital channels to enhance customer experience, increase commercial capabilities, and optimise operational efficiency.
- Boost investment in technology to bolster strategic initiatives, improve capabilities, and elevate service quality.
- Foster excellence across the organisation by promoting agility, simplification, and fully realizing the potential of current talent.

Transformation initiatives:

1. Refining and enhancing the distribution platform

Delivering specialised and personalised service through our distinctive distribution platform.

Revamping digital channels to enhance customer experience and increase commercial and operational efficiency.

2. Ramping up investments in digital and technology

Boosting technology investments to back strategic initiatives, develop state-of-the-art capabilities, and elevate service quality.

3. Advancing talent transformation

Promoting organisational excellence by encouraging agility, simplification, and fully harnessing the potential of current talent.

KPI	2027 Target
% Cloud absorption	50%
% Processes supported by AI[1]	~30 %
% Workforce aged < 35	>11%

[1] Percentage of processes transformed using AI solutions relative to the total number of processes redesigned and implemented. AI solutions encompass agents, large language models (LLMs), small language models (SLMs), machine learning, and other forms of artificial intelligence.

3rd Differential positioning in ESG

CaixaBank aims to preserve its founding spirit of being close to people for a more sustainable society, with **two clear goals**:

> **Advance towards a more sustainable economy**, by increasing the mobilisation of sustainable funds and executing portfolio decarbonisation objectives in line with the commitments made.

> **Enhance economic and social prosperity, focusing on three primary areas: Social and financial inclusion; Employability and job creation;** *and* Being a pivotal contributor to the financial and personal well-being of an aging population.

Levers to achieve these objectives:

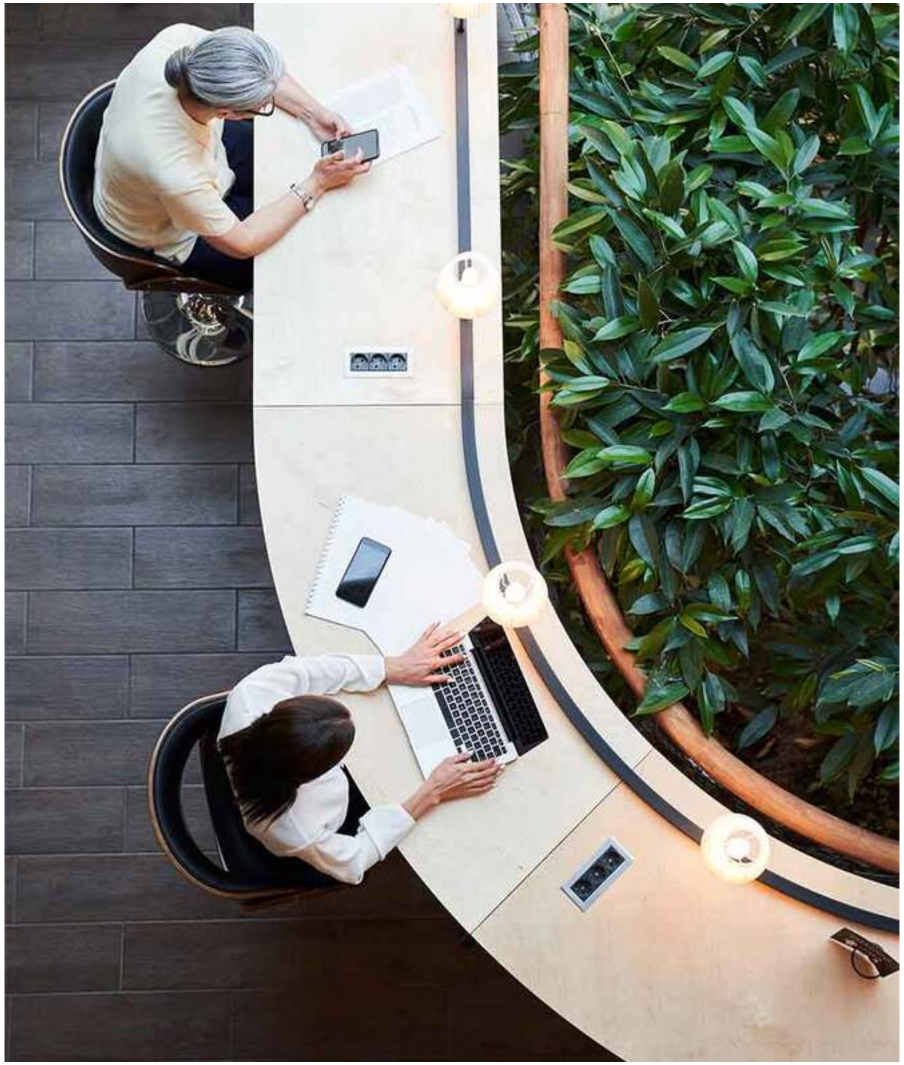
> *Development of products and services to facilitate the transition for our clients (e.g. mobility, housing, and business consulting).*

> *Active Management of Decarbonization Levers (NZBA perimeter) - Transition Plan.*

> *Continue to train sales and risk teams.*

> *Develop a strategy for engaging with corporate clients (Corporate Banking and CIB).*

KPI	2027 Target
Cumulative mobilisation of sustainable funds (€M)	~100,000
People who have improved their employability or gained access to employment thanks to specific solutions (cum. 2025-27)	150,000



Financial objectives

As a consequence of deploying and executing this new Strategic Plan, CaixaBank seeks to achieve the financial targets set for 2027.

The new 2025-2027 Strategic Plan is focused on **achieving three main objectives**:

1. **Maintain sustainable profitability while investing in the business**. The Group has targeted achieving a Return on Tangible Equity (ROTE) exceeding 16% by 2027, maintaining an average over the duration of the Plan above 15%, and an efficiency ratio in the low 40s. Simultaneously, CaixaBank anticipates a stable net interest income growth around 0%, service income growth in the mid-single digits, and controlled cost growth at approximately 4%, all calculated in terms of Compound Annual Growth Rate (CAGR) throughout this Strategic Plan.
2. **Growth in profitability with a prudent approach.** CaixaBank aims for a turnover increase of over 4% in CAGR terms, keeping the Non-Performing Loan (NPL) ratio at around 2% by 2027, and maintaining the Cost of Risk below 30 basis points on average annually from 2025 to 2027.
3. **High distribution capacity.** Lastly, the Strategic Plan pledges to distribute cash dividends with a payout ratio ranging from 50% to 60% of the consolidated net profit, including an annual interim dividend, and an extra distribution[1] of Common Equity Tier (CET1) capital above 12.5%, while consistently upholding a robust capital position with a target CET1 ratio between 11.5% and 12.5%[2].

KPI	2027 Target
% ROTE	>16%
Cost-to-income ratio	Low *40s*
Non-performing loan ratio	~2%

[1] Subject to approval by the European Central Bank (ECB) and the Board of Directors. Considers the capital and profitability objectives established in the 2025-2027 Strategic Plan.
[2] The threshold for the additional distribution of CET1 excess capital for 2025 is 12.25%.