

# 02.3

## STRATEGY.

ONE YEAR AGO, BANKIA TOOK STOCK OF THE 2012-2015 STRATEGIC PLAN AND FOUND THAT SUBSTANTIALLY ALL THE UNDERTAKINGS GIVEN TO INVESTORS AND TO SOCIETY HAD BEEN MET, BOTH IN TERMS OF PROFITABILITY AND IN TERMS OF EFFICIENCY, CAPITAL AND LIQUIDITY GENERATION AND BALANCE SHEET QUALITY. AMONG THE SIX LARGEST SPANISH BANKS, BANKIA ENDED THAT YEAR AS THE LEADER IN SOLVENCY, EFFICIENCY AND PROFITABILITY.

It was explained at that time that regulatory uncertainty, especially regarding the new capital rules, made it difficult to commit to mid to long-term targets, so publication of the new financial plan was postponed until the final criteria of what is known as Basel III were decided.

Meanwhile, Bankia launched a new positioning, aimed at laying solid foundations for the customer relationship, with a clear medium-term ambition, namely, that when people think of Bankia, they think of a bank that is close, simple and transparent.

The first step in the new positioning was to remove all fees and charges for customers who have their income, be it a salary or a pension, deposited directly in Bankia. Initially, this exemption benefitted 2.4 million customers, whose debit card, and also their credit card, became free of charge simply by using it once. Since then, they can also make unlimited credit transfers through any channel at no cost and pay in cheques or withdraw cash from all Bankia ATMs free of charge, as well as from

Euro6000 and Banco Sabadell ATMs up to four times per month, also free of charge.

This initiative has had very satisfactory results, as in its first year Bankia increased the number of customers who have their income deposited directly in the bank by nearly 172,300.

The scope of the fee exemption was extended during the course of the year to include other customer groups. In May 2016 it was extended to all self-employed professionals who pay their taxes or social security by direct debit through Bankia. In November the bank launched the Cuenta\_ON account, which is completely free for customers who want to interact with the bank through digital channels.

On 11 January 2017, on the first anniversary of the launch of the new positioning, Bankia went a step further, with the launch of the Hipoteca SIN Comisiones fee-free mortgage. This product extends the principles of simplicity and transparency by eliminating the charges traditionally associated with mortgage



loans (arrangement, early repayment and redemption). The only requirement is to have an income deposited directly in the bank. The customer is not required to take up any additional Bankia product to be eligible for these terms.

With this launch, Bankia has set itself the goal of doubling mortgage production in 2017 to reach 1,600 million euros, compared to 800 million in 2016, following an upward path that is expected to continue in the years ahead.

Bankia also aims to further increase revenue from consumer finance and business loans, so that the stock of credit in both segments continues to grow and helps to shift the balance sheet towards the most profitable segments. Another development goal for the next few years relates to multichannel distribution. Bankia ended 2016 with around 300,000 customers managed through 255 personal advisers within the framework of the “Conecta con tu Experto” project. The aim is to double the number of advisers in 2017, so that the number of customers that can be managed through this system amply exceeds 500,000.

If last year Bankia changed the public part of its website for customers and launched a new mobile app, the plans for this year are to add new functionalities to the app and completely change the banking operations part of the website, so as to be able to introduce new functionalities, together with a simpler design.

Another of the ideas the bank will be working on is to make innovative high value added

## THE GOAL OF THE “CONECTA CON TU EXPERTO” PROGRAMME IS TO EXCEED **500,000 CUSTOMERS**

applications available to customers and non-customers. Examples include Bankia Indicex, which allows SMEs to analyse their digital competitiveness; Inveinte, a tool for identifying available state subsidies and channelling formal applications; and the online property simulator and valuer, which can be used to calculate the costs of a mortgage loan, taking account of possible changes in interest rates or income, and also to find out the value of any property in Spain.

All these initiatives are designed to enhance customer satisfaction and attract new customers to the bank, as the progress made in these respects in the last few years is encouraging but needs to be continued.

By offering customers the best service at the most competitive price possible, Bankia’s goal is to preserve its leadership among the large banks in terms of efficiency and solvency and be more profitable than its competitors sustainably over time.