



A model of excellence. The “la Caixa” case

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The current economic setting is extremely changing and competitive. Companies operate in a globalised world in which customers are very well informed on their possible choices and thus increasingly sophisticated and demanding, requiring quick and professional response to their needs and choosing accordingly. In this setting, being competitive requires a huge amount of seriousness, carefulness, planning and especially efficiency. However, this is not enough. To become a role model in its industry, a company needs to have a distinctive identity based on fundamental principles or values allowing it to be not only a business but also a social leader. In this respect, the concept of corporate social responsibility, by which managing a company needs to find a point of balance between pursuing economic benefit and taking socially responsible action, is becoming increasingly consolidated as a distinctive feature of leading companies within their industry.



At “la Caixa”, the management concept has taken firm grip. In fact, it is part of our very origins. We are fully convinced that only if we are a socially responsible organisation we will be able to ensure the feasibility of our entrepreneurial project, while fulfilling our foundational mission, our *raison d’être*, which is nothing else than fostering saving and investment through an excellent financial service to the biggest possible number of customers and making a determined contribution to the society to cover basic financial and social needs in a flexible and adapted way.

Year after year, “la Caixa” has proven that it keeps its commitment to the society intact since its creation in 1904, acting as a highly effective, humanly close, socially useful and ethically committed institution. This is why we do our activity according to strategic goals that apart from looking after the strictly economic side (i.e. the balance sheet, the core of which is profitable, efficient and solvent growth), also strengthen our firm commitment to the society (social balance).

Distinctive features explaining the current position

Action by “la Caixa” is based on four ground pillars that have guided us along our 105 years of history and allowed us to steadily and safely grow our business as well as our reputation. We have created a brand the whole society relates with social responsibility, the effort of giving opportunities to the worse-off and also the will of fostering growth of the country.

Corporate values

The first ground pillar is our credible governance model based on three essential corporate values: trust, social commitment and service excellence – trust based on honesty and respect

for people; social commitment shown not only in the Social Work but also in all actions of “la Caixa”; and service excellence based on quality and innovation.

At “la Caixa”, service excellence is based on quality and innovation. We have eliminated excessive control and foster values like trust and responsibility.

These values define our identity and summarise the code of ethics we updated in early 2009, setting the links between the organisation, employees, customers and the society.

Management model

Our management model is as important as this governance model with solid values. It is the way we implement our corporate values and goals, based on the firm conviction of our employees’ professionalism and taking us to trust in decentralisation as a tool to meet our goals.

We are lucky to have a top-quality staff fully identified with the values of the institution, which allows to give them freedom in taking decisions without any fears. This decentralised model is one of the distinctive features at “la Caixa” we do not think of changing. We have eliminated excessive control and foster values like trust and responsibility as we seek that employees also participate in a entrepreneurial project creating perspectives for them and having them grow at personal and professional level, while all their talent reaches out to the society through the organisation.

We trust in management for competencies by which economic targets are completed with professional development goals and the manager is not just an evaluator but also a coach contributing towards developing personal abilities. We want employees to feel a part of the entrepreneurial project, so we encourage a

quick, open and transparent communication system with the immediate manager, who needs to help their employees to be positive and engage in the common project.

We have different channels employees can use to give their opinion, make suggestions, explain their needs or ideas with the aim of encouraging as much dialogue as possible. These channels help us define points to improve our action and mould our human resource policies, always reflecting the engagement taken with the staff to promote job stability, social benefits, equal opportunities, diversity and work-family reconciliation.

As a result of this policy, we have a very low labour turnover (0.4%). Besides, “la Caixa” is the preferred organisation to work at in Spain according to the reputation barometer by **MERCO Personas** (Spanish Corporate Reputation Monitor). With these results, we feel that the key role of the staff is appreciated and are motivated to go on working along these lines.

Strategic plan

Apart from a credible governance model and a decentralised management model, a strategic plan consistent with the foundational values is the third factor that has contributed to reaching solid long-term growth and taken us to our current leading position. Also, this strategic plan not only concentrates on the short term but also the medium and long term, thus avoiding unnecessary risk.

Efforts need to be geared not only to reacting or adapting to already observed needs but especially also to anticipating and visualising new trends and possibilities.

The strategic plan defining the action lines at “la Caixa” is very aware of the institution’s foundational values, and it intends to reach

solid and constant growth over time, creating value for all our interest groups: customers, employees and society in general. We therefore always adopt very prudent risk policies and pay much attention to our solvency, efficiency and liquidity rates.

Having a high degree of liquidity allowing comfortable, independent management has always been a major concern at our institution. “la Caixa” has implemented management policies based on avoiding excessive leveraging of own resources or too strong dependence on capital wholesale markets that could create liquidity problems.

Anticipation of customer and societal needs

Finally, one last critical factor having a considerable share in our success over time is adaptation to and anticipation of customer and societal needs. We live in a society in which change is occurring increasingly faster, and we think we also need to change at the same pace as the society and customer needs do. We cannot stick to practices just because they were once successful. If the effort in adapting to new needs is crucial for the survival of any company, it is the more so for an institution like ours that intends to be a leader in its sector and set the trend. In this case, efforts need to be geared not only to reacting or adapting to already observed needs but especially also to anticipating and visualising new trends and possibilities. Only this will allow us to be different and pioneering in the introduction of new products and new technologies.

At “la Caixa” we have always gone for differentiation in terms of quality for customers to perceive an excellent service level, while trying to cover their needs at a competitive rate.

In this respect, “la Caixa” drives for differentiation based on three main points:

a) Customer proximity through personal contact and our wide branch network.

b) Introduction of new technologies allowing us to be more competitive and ensure multi-channel offer.

c) Personal customer service adapted to the different customer types in order to cover their needs optimally (we not only have branches for private persons but also specialised ones in companies and private banking).

“la Caixa” drives for differentiation based on three main points: customer proximity, introduction of new technologies and personal customer service adapted to the different customer types.

Customised quality advice to private customers is the basis of the management model at “la Caixa”. We are making a big effort on an ongoing basis in innovating our products and services, being aware of the importance of making progress quickly and efficiently if we want to cover expectations of our 10.6 million customers and thus consolidate their loyalty and trust.

The concern for diversifying the offer in products and services has led us to be one of the most competitive institutions in the Spanish finance market. We are currently pioneering in e-banking, cash machines, ticket sales and mobile e-banking in Spain.

In the private customer segment, we have made an additional effort during this year to cover the needs in personal banking. This group is catered for by the personal manager, a specialised employee offering individual care to personal banking customers, assisting them in taking the right decisions in choosing the financial products and services suiting best their needs.

In recent years, we have also taken a commitment to improve our service to companies. We have opened a great amount of business centres

and diversified our products for this customer segment, apart from collaborating with employers’ and manager associations. Over 380,000 companies are “la Caixa” customers right now, and the goal is to reach 500,000.

To meet this target, we offer a customised service according to the sort of company. Hence our traditional branch network caters for the needs of small and microenterprises (under €10 million), a business centre network takes care of medium-sized enterprises (€10-200 million) and corporate offices in Madrid and Barcelona serve big companies (€200+ million).

Our customers appreciate this differentiation effort for quality, which is shown by different enquiries. According to the **Bank of Spain**, “la Caixa” is the institution with the lowest number of complaints per turnover, and **Merco Marcas** has been singling out “la Caixa” as the most reputed financial brand for six years.

Just as we adapt to customer needs, we also do so with those of the society. We keep our original mission of giving opportunities to people, but the way we are doing it has changed with the needs of the society. The Social Work, managed with the same efficiency standards we apply to our finance business, has been able to adapt to and anticipate the evolution of social demands in recent times, tackling new projects and leaving others aside that are now administered by public institutions. In this respect, we not only have increased the Social Work budget (up to €500 million for 2009), but we also have strengthened social action programmes (currently making for 64% of the whole budget).

The Social Work originally focused on education, elderly people and healthcare. Today we work in all areas we consider necessary, like migration, childhood, poverty, post-university education, social reintegration, elderly care, research to fight diseases like Alzheimer, etc.

The current situation and expectations at our institution

The implementation of all these points over our history, with a high degree of effort and discipline, has led to our considerable growth, making a highly profitable, efficient and safe centenary financial institution with an unmistakable social drive. We are the third largest Spanish financial group and the world's biggest savings bank. We are an institution that has successfully tackled numerous big challenges over history.

At national level, "la Caixa" has successfully developed a proximity model. Out of a clearly local institution it has become the one with the largest branch network in the Spanish finance system. Also at international level, we have made a quantum leap, identifying new business opportunities and entering new markets with prudence.

The internationalisation phase of "la Caixa" is consistent with the institution's overall goal. It is a tool that allows us to diversify our growth sources and adjust to our customer needs. In this respect, apart from deepening relations with correspondent banks and opening new representation offices, we also have opened own branches (so far in Poland, Romania and Morocco) in order to be present in all countries with significant and increasing investment by Spanish companies.

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Still at international level, it is important to point out the shares held in and commercial cooperation maintained with Banco Português de Investimento (BPI, Portugal), Boursorama (France), The Bank of East Asia (Hong Kong and China), Grupo Financiero Inbursa (Mexico) and Erste Bank (Austria and Eastern Europe).

The current economic setting

However, the current setting is quite complex. We are confronted with the biggest and deepest financial crisis of the last decades, affecting all markets, industries and countries. In this crisis there have been, and still will be, unavoidable corrections and adjustments that are to serve to correct accumulated macroeconomic excess and achieve a more balanced growth model.

And although it is true that for most economic stakeholders, this crisis has come – and still comes – at a very high cost, it is as true that it is a great opportunity to learn and gain new strength for the future. It is precisely this what we want to achieve at "la Caixa", where we envisage the crisis as an opportunity to reassert our corporate culture (based on trust and value creation for all interest groups) and our banking model (universal banking).

Strengthening trust, the key point

In these times in which trust in financial institutions has been seriously affected, we need to insist on strengthening the trust provided by our institution and our brand. We know the importance of keeping the reputation, so we are very aware of the need of still implementing risk control mechanisms very stringently to hold our privileged position as a liquid and solvent institution.

A historical analysis shows us that liquidity crises are not infrequent. So based on the responsibility of ensuring compliance with our long-term strategic development and growth objectives, we have always given an outstanding relevance to holding a good position in terms of liquidity as well as solvency. Thus our level was the highest in the Spanish finance system in June 2009, with €22.474 billion (8.4% of assets).

Also, the excellent solvency position of the "la Caixa" Group has been achieved in a particularly difficult environment, especially con-

sidering financial turbulence experienced in the last months. The Group's core capital ratio, which measures the proportion of own resources of highest quality with regard to risk-weighted assets, is at 8.8%, higher than the core capital of national reference financial institutions.

Keeping the commitment in the crisis

This risk policy translates into delinquency rates systematically below the Spanish finance system average. Although the current economic situation has led to general increase of delinquency, prudent risk management done at "la Caixa" has allowed us to go on giving loans to private persons and companies.

As far as the staff is concerned, we wish that this crisis allows us to reassert our commitment with our employees, especially now that the economic situation has increased job instability and unemployment. We like to convey our full trust in people in a straightforward way in order to prevent any sort of unrest about their future. Our commitment is for the long term. We wish to share a great project for the future while keeping fluid communication and an effort to allow work-family reconciliation.

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As to the customers, we need to try and consolidate their trust in us for the immediate future, for which we need to keep our transparent communication. With this same goal in mind, we will keep service quality and adapt to their needs. In this respect, we have set up programmes in the current difficult situation to prevent insolvency of customers having problems in paying their mortgage rates and needing to have their debt restructured, and we adapt to the needs of new residents and small entrepreneurs.

Finally, we want to keep our commitment with the society. We have a great task ahead regarding citizens as a whole. We consider this task a privilege, but also a great responsibility. We are aware that by means of our daily activity, we need to go on contributing to the development of the productive fabric and social progress.

Furthermore, it is very important to keep and, if possible, increase the contribution by means of the Social Work programmes as they are the clearest demonstration of the tight link between "la Caixa" and the society. For instance, we wish to intensify our work against child poverty as well as actions for those segments in the society most struck by the current recession and increasing unemployment.

Perspective and responsibility for the future

All in all, we wish to strengthen for the future our social spirit that has been around since our foundation, giving new momentum to catering for changing needs of customers, employees and the overall society.

We will do so trusting our banking model, a traditional model in which retail banking will still be the basic pillar. Hence we will still invest in solvent assets, solidly financed with resources from customers, at moderate leveraging levels and still looking for quality service and close and long-term customer relations.

We know this will require new efforts, but we conceive the future as a great opportunity to comply with our social commitment. We will take this opportunity with a responsible and future-minded attitude, intending to still play a leading role in an economic and financial scenario that will stay highly competitive.

It is a scenario that requires quick and efficient adaptation and a strong control of costs to ensure competitiveness. At "la Caixa" we will apply this control developing new technologies

providing a comparative advantage, without refraining from looking into new stimulating and profitable projects allowing to go along the growth path. In this respect, our goal is international expansion without giving up growth in the national market, as we consider it to be crucial since it allows to take advantage of the opportunities foreign markets represent in terms of risk diversification, learning and development.

We are aware that if we want to meet all these targets, we will need to work hard and full of optimism. We will need to go on motivating our employees and caring for our customers to the maximum by means of customised relations and excellent quality standards. We know this is

not an easy task, but our experience proves us right and makes us feel confident and sure that we will successfully tackle the challenges posed by the future. We also know that this future will bring us the satisfaction we get from being socially useful and convinced of the proactive role we play in improving our society.

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He is also first vice-president of the Spanish Savings Bank Confederation (CECA), president of the Catalan Savings Bank Federation, the Spanish Manager and Executive Confederation (CEDE) and the Spanish Chapter of the Club of Rome, first vice-president of Abertis, vice-president of Telefónica and second vice-president of Repsol YPF, among others.

