Inside information

The expansion of COVID19 and the measures taken by the authorities to reduce its spread are expected to have an impact in the global economy that is short but very severe. In this environment, the solid liquidity and solvency position of CaixaBank Group at FYE 2019, with a CET1 capital ratio of 12.0%, which equates to a management buffer of 325bps, and its liquidity position of higher than €89 billion, allow for the negative economic scenario that is expected to develop during the remainder of 2020 to be faced with confidence.

CaixaBank Group also wishes to be a key contributor to the speedy recovery of the Spanish and Portuguese economies, facilitating the provision of credit where it may be needed, in coordination with the public guarantee schemes provided by the authorities, while making an efficient use of capital that provides an adequate return to shareholders.

In order to adapt the Bank to this new environment, the Board of Directors has agreed today as follows:

- Postpone the Annual General Meeting which was announced on the 25th February 2020 for the 2nd or 3rd April 2020, on first and second call, respectively.
- Cancel the proposal for allocation of results that the Board of Directors agreed upon on the 20th February 2020, included in the fourth point of the Annual General Meeting announcement “Approval of the proposal to allocate results corresponding to the fiscal year closed on the 31st December 2019”, which was published in the “Comisión Nacional del Mercado de Valores” (Spanish securities regulator) web-site on the 25th February 2020. The Board of Directors, in accordance with art. 253 of the consolidated text of the Companies Law and the Royal Decree/Law 8/2020 of the 17th of March, relative to urgent and extraordinary measures to face the social and economic impact of COVID19, will draw up a proposal for allocation of results when required.
- Reduce the proposed dividend for the 2019 fiscal year to 0.07€ per share, which represents a 24.6% pay-out, from 0.15€ per share; taking into account considerations of prudence and social responsibility.
- That the aforementioned dividend be paid on an interim basis against 2019 profits, on the 15th April 2020, this being the only dividend paid against 2019 fiscal year profits.

With regard to payment of the dividend, note the following:

Type of transaction: Payment of interim dividend
ISIN: ES0140609019
Instrument: CaixaBank shares
Payment date: 15th April 2020

Ex dividend date: 9th April 2020
Gross Dividend per Share: 0.07€

Any amounts with-held, where applicable, will be in accordance with applicable tax law as of the maturity date, depending on the nature of the payee, without prejudice to the exceptions that might apply, considering the payee’s tax domicile.

- Taking into account new regulatory and supervisory considerations including, among others, the impact of regulations established in the Capital Requirements Directive V (CRDV) regarding the composition of Pillar 2 Requirements (P2R); to reduce the CET1 target established in the 2019-21 Strategic Plan for year-end 2021 to 11.5%, suspending the former target of 12% plus a 100bps buffer to absorb regulatory requirements including Basle IV, whose implementation is expected to be delayed.
- With regard to the current dividend policy of a cash pay-out of greater than 50% of consolidated earnings, to change it, exclusively for the 2020 fiscal year, to a cash pay-out not higher than 30% of reported consolidated earnings. The Board of Directors declares its intent to allocate, at least, an amount higher than 50% of consolidated reported earnings as cash remuneration in future fiscal years, once the circumstances which have led to this decision are over.
- Its intent to distribute, in future, any excess above a CET1 ratio of 12% in the form of special dividends and/or buybacks. This extraordinary distribution of capital will be subject to a prior return to normality of macroeconomic conditions and will not take place, in any case, before 2021.

The market will be notified as soon as the Board of Directors agrees on a new call for the Annual General Meeting.

Under no circumstances will remuneration of Additional Tier1 instruments in circulation be affected by the aforementioned decisions and they will continue to be paid according to the current regulatory and supervisory framework.

In addition, it is hereby reported that the Chief Executive Officer has decided to forego any bonus for the 2020 fiscal year.

Taking into account the aforementioned decisions, the regulatory solvency ratios for the 31st December 2019 would now stand as follows:

	As reported at 31/12/19	Ratios post dividend reduction
CET1	12.0%	12.4%
Tier 1	13.5%	13.9%
Total Capital	15.7%	16.0%
Subordinated MREL	19.6%	19.9%
Total MREL	21.8%	22.2%
Total MREL PF[(1)]	22.5%	22.8%
MDA buffer	325bps	378bps

(1) Proforma for Jan '20 €1bn senior preferred issuance

26 March 2020