



**Inaugural Social Bond SNP Issuance** | September 2019

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## Executive summary

### TRANSACTION SUMMARY

- ▶ Inaugural Social Bond 5yr EUR-denominated Senior Non Preferred notes (“SNP”) issued by CaixaBank, S.A.
- ▶ Notes issued out of CaixaBank’s €15Bn EMTN programme and governed by Spanish law
- ▶ Expected issue rating of Baa3/BBB/BBB+/AL, by Moody’s/S&P/Fitch/DBRS

### TRANSACTION RATIONALE

- ▶ First transaction framed within the Sustainable Development Goal Framework published last August. SPO by Sustainalytics<sup>(1)</sup>
- ▶ A Social Bond is fully aligned with CaixaBank’s mission: *“Contribute to the financial wellbeing of our customers and to the progress of society”*
- ▶ Social Bond Use of Proceeds will advance:
  - SDG1→ Access to financial services for underserved populations (families with joint income under €17,200), without any collateral or guarantee
  - SDG8 → Lending in the most economically disadvantaged regions of Spain:
    - Self-employed workers without any collateral or guarantee
    - Micro-enterprises and SMEs<sup>(2)</sup>
- ▶ Net proceeds will be allocated to assets initiated up to 3 years prior to the year of issuance
- ▶ CaixaBank intends to allocate, at least, 25% of net proceeds to new financing<sup>(3)</sup>

### INVESTMENT HIGHLIGHTS

- ▶ Leading retail bancassurance franchise and bank of choice for 26.3% of Spanish retail clients<sup>(4)</sup>
- ▶ Resilient low-risk model supported by a strong balance sheet position
- ▶ Robust Total Capital position of 15.3% offers a significant buffer of €22.5Bn of subordinated capital<sup>(5)</sup> to SNP noteholders
- ▶ Current MREL of 21.2%<sup>(6)</sup> provides a solid base to achieve 22.5% MREL requirement by January 2021
- ▶ Strong sustainability performance: ample recognition by the main sustainability analysts and rating agencies (MSCI Global Sustainability, DJSI, FTSE4Good, Ethibel Sustainability Index (ESI), STOXX® Global ESG Leaders)
- ▶ Western Europe’s Best Bank for Corporate Responsibility 2019 by Euromoney

## Use of proceeds

### Identified €2.9 Bn in loans which advance SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) under CaixaBank SDG Bond Framework

#### ICMA SBP category: Access to essential services

##### Eligible criteria

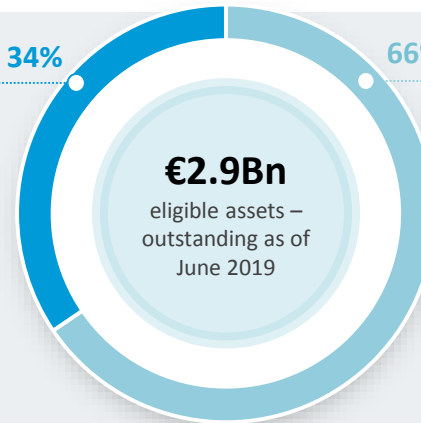
- Activities that increase access to financial services for underserved populations
- Including: Loans under MicroBank umbrella to individuals or families located in Spain with a joint annual income of equal or less than €17,200 without any collateral or guarantee

##### SDG Target 1.4

- By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources appropriate new technology and financial services, including microfinance



34%



66%



#### ICMA SBP category: Employment generation including through the potential effect of SME financing and microfinance

##### Eligible criteria

- Bank financing that promotes growth of micro, small and medium sized businesses in the most economically disadvantaged regions of Spain (either ranking in the bottom 30th percentile in GDP/capita or in the top 30th in unemployment rate)
- Including: Personal loans without any collateral or guarantee for self-employed workers; micro-enterprises and SMEs as per the European Commission definition

##### SDG Target 8.10

- Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

#### Illustration of selection



Microcredits<sup>(1)</sup>



Total outstanding portfolio

€1.6 Bn

o/w Microcredit to families

~69%

o/w Originated since 2016

~€1 Bn



#### Illustration of selection



Loans to SMEs and self-employed<sup>(1)</sup>



Total outstanding portfolio<sup>(2)</sup>

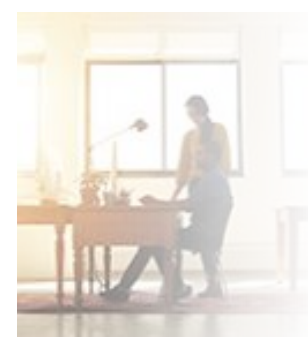
€28.0 Bn

o/w Granted through retail branches to self-employed without collateral, micro and SME<sup>(3)</sup>

~50%

o/w Granted in economically disadvantaged regions since 2016<sup>(4)</sup>

€1.9 Bn



## "SDG1: No Poverty" promoted by MicroBank through micro-credits

### Leading micro-credit institution in Spain and a benchmark in Europe



Annual  
Report  
2018



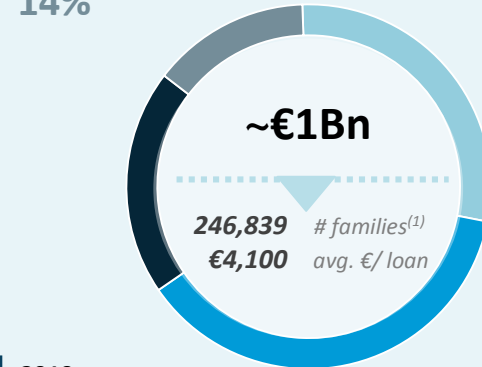
We believe in you

**>912,000** micro-credits granted since MicroBank was created in 2007

Family micro-credit outstanding portfolio (as of June 2019) originated since 2016

2016  
14%

2017  
29%



2019  
20%

2018  
37%



#### Family micro-credit

**246,839** # Families<sup>(1)</sup> granted a micro-credit

**€4,100** Average €/transaction

**46/50%** Average applicant age (years old) / % of women applicants<sup>(2)</sup>

**€17,200** Maximum annual joint income of applicants<sup>(3)</sup>

Distribution of family micro-credits (# of loans) by use of funds, in % of total

Household and electrical appliances	32.0%
Acquiring and repairing vehicles	25.5%
Family expenses	20.5%
Education, leisure and other	8.0%
Bills, taxes, and debts	6.6%
Home repair or improvement	6.4%
Other	1.0%

**12 years promoting micro-credits**



2007  
"la Caixa" creates MicroBank to promote micro-credits



2008-11  
Launch of new products: basic accounts, debit cards, mutual funds



2012  
Strategic re-orientation to also foster sustainable & ecological development (eco-microcredits)



2019  
**European reference in micro-credits**

**With support from European institutions**



(1) Maximum amount for the joint income of all applicants is €17,200/year. In order to determine income levels, the poverty threshold of the Spanish National Statistics Institute (INE) for a family with two children along with the Public Multi-Purpose Income Indicator (IPREM) has been considered.

(2) FY2018 data.

(3) Since 2017. In 2016, the maximum amount was €18,000.

## “SDG8: Decent Work and Economic Growth” – promoting economic advancement in the most economically disadvantaged regions

### Eligible provinces<sup>(1)</sup>

#### Most economically disadvantaged regions of Spain:

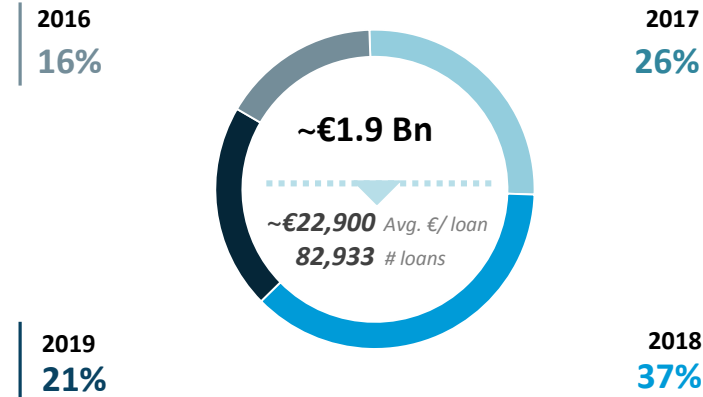
- Bottom 30<sup>th</sup> percentile in GDP/capita or/and
- Top 30<sup>th</sup> percentile in unemployment rate

### Key macroeconomic indicators (latest available data)

	Spain	Eligible provinces	Eligible pool avg.
Population	46.9 M	15.5 M (33%)	
GDP/Capita	€22,340	< €17,925	€16,557
Unemployment Rate	14.45%	> 16.56%	21.07%

### Eligible loans<sup>(2)</sup>: by vintage

Breakdown of total amount in € (origination date)



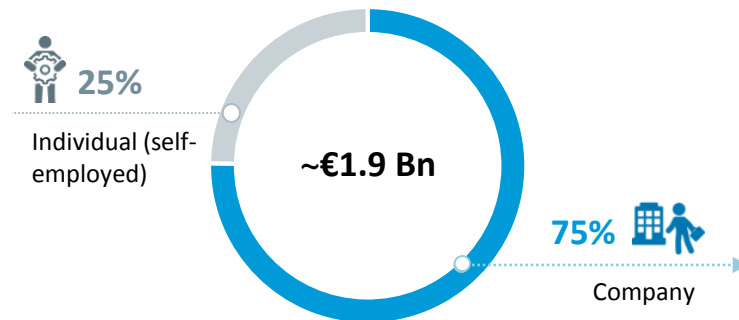
### Eligible loans<sup>(2)</sup>: by activity sector

Breakdown of total amount in €, in % of total

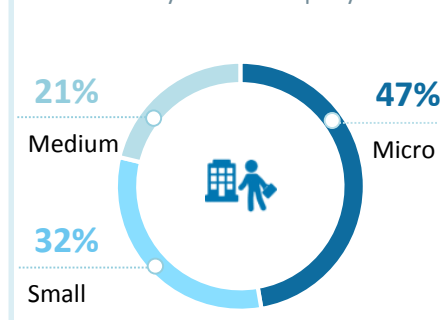


### Eligible loans<sup>(2)</sup>: by type of borrower

Breakdown of total amount in €

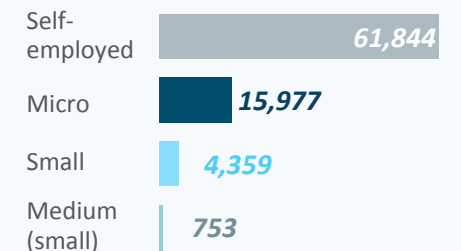


Breakdown by size of company<sup>(3)</sup>



### Highly granular portfolio

Breakdown by number of loans



(1) It includes 20 provinces out of a total of 52 (including the autonomous cities of Ceuta and Melilla).

(2) Eligible pool as of 30 June 2019 considering loans granted in 2016-1H19.

(3) Breakdown by size of Company as per European Commission definition.

## Allocation and Impact Reporting

CaixaBank will provide information on the allocation and impact on the Social bond net proceeds one year after issuance and, subsequently on an annual basis, at least, until all the net proceeds have been allocated, and thereafter in case of material change<sup>(1)</sup>

Allocation will be subject to Audit Review by an external auditor



- The information **will contain at least** the following details:

1. Total amount **allocated by SDG and Eligible Criteria**
2. The remaining balance of **unallocated proceeds**
3. The amount and percentage of **new financing and refinancing**

A qualified sustainability expert will assess the impact of bond proceeds



- Performance indicators include:**



- ☐ # of loans, deposits or insurance products in line with SDGs or # of people provided with them
- ☐ Default rate of loan recipients



- ☐ # jobs created
- ☐ # microfinance, micro-enterprise and SME loans
- ☐ # people employed by micro-enterprises, SMEs or loan recipients

(1) It will be published on CaixaBank's website.



[www.CaixaBank.com](http://www.CaixaBank.com)

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NEED TO BE  
MAKES US  
DIFFERENT**

