

**SUPPLEMENT DATED 26 FEBRUARY 2021 TO THE BASE PROSPECTUS DATED
23 APRIL 2020**



CAIXABANK, S.A.

(Incorporated as a limited liability company (sociedad anónima) in the Kingdom of Spain)

EURO 25,000,000,000

Euro Medium Term Note Programme

This Supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 23 April 2020 and the supplements dated 5 May 2020, 6 August 2020, 3 November 2020 and 29 January 2021 (together, the "**Base Prospectus**") prepared by CaixaBank, S.A. (the "**Issuer**", the "**Bank**" or "**CaixaBank**") in connection with its Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to Euro 25,000,000,000 in aggregate principal amount of notes (the "**Notes**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the "**CBI**") in its capacity as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The CBI only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CBI should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which may affect the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

AMENDMENTS OR ADDITIONS TO THE BASE PROSPECTUS

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Base Prospectus shall be supplemented and/or amended in the manner described below:

RISK FACTORS

The text below shall replace, in its entirety, the section headed "FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME" on page 15 of the Base Prospectus, as amended by the supplement dated 3 November 2020 to the Base Prospectus:

"FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME"

Listed below are the risk factors which could be considered specific to the CaixaBank Group and relevant when adopting an informed investment decision.

The identification of such risk factors is based on the Group's corporate risk taxonomy (the "**Corporate Risk Taxonomy**"), a description of the material risks identified in the risk self-assessment process or Risk Assessment, which is at least reviewed on an annual basis.

The materialisation of any of the risks included in the Corporate Risk Taxonomy could have a negative effect on the business, economic results, financial position, the Bank's credit rating or even the image and reputation of the Group. Moreover, risks currently not considered relevant by the Issuer, or risks currently unknown to the Issuer, might also have such negative effects on the Group.

The Corporate Risk Taxonomy is organised into categories (risks specific to the financial activity, risks stemming from its business model and operational and reputational risks).

The materiality of these risks is not only conditioned by the exposure to them and by how efficiently they are controlled and managed. The Group is also exposed to relevant events that might result in a significant impact for the Group in the medium term and affect the materiality of several risks of the Corporate Risk Taxonomy ("**Strategic Events**"). The Risk Assessment process is also the main source of identification of these Strategic Events.

Based on the aforementioned internal process of risks and events identification and analysis, the content of this section is structured as follows:

- (A) Risk factors corresponding to Strategic Events which might affect the materiality of the risks contained in CaixaBank Group's Corporate Risk Taxonomy, particularly focused on the recent pandemic caused by the SARS-CoV-2 coronavirus ("**COVID-19**") and the merger with Bankia;
- (B) Risks contained in CaixaBank Group's Corporate Risk Taxonomy; and
- (C) Risk factor of the Issuer's credit rating."

The text below shall replace, in its entirety, the risk factor headed "(A) RISK FACTORS CORRESPONDING TO STRATEGIC EVENTS WHICH MIGHT AFFECT THE MATERIALITY OF THE RISKS CONTAINED IN CAIXABANK GROUP'S CORPORATE RISK TAXONOMY" on page 16 of the Base Prospectus, as amended by the supplement dated 3 November 2020 to the Base Prospectus:

" (A) Risk factors corresponding to Strategic Events which might affect the materiality of the risks contained in CaixaBank Group's Corporate Risk Taxonomy, particularly focused on the recent pandemic caused by COVID-19 and the merger with Bankia

The most relevant Strategic Events identified by the Group are as follows: (1) the uncertainties of the geopolitical and macroeconomic environment; (2) the arrival of new competitors with the possibility to disrupt; (3) cybercrime and data protection; (4) changes to the legal, regulatory or supervisory framework; (5) pandemics and other extreme operational events; and (5) the merger with Bankia.

The COVID-19 pandemic

The COVID-19 pandemic is having a significant effect on the economic activity of Spain and Portugal, among other countries, therefore it could have a damaging effect on the Group's financial position and risk profile.

The final impact of COVID-19 on each of the risks of the Corporate Risk Taxonomy is still unknown, as it will depend on future events and developments that are uncertain, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, among them Spain and Portugal. As a result, the volatility of the financial markets has greatly increased and significant falls have been experienced. Likewise, the macroeconomic outlook has worsened considerably (see "*Description of the Issuer*" – "*Trend Information*"), these are however forward-looking scenarios that are still volatile at this point in time. Given the high complexity of this environment, CaixaBank does continuously steer and assess the impact of COVID-19 on the financial situation and the risk profile of the Group.

In this context, legislators, regulators and supervisors, on both a national and international level, have issued regulations, communications and guidelines. These are mainly aimed at ensuring that the efforts of financial institutions are focused on performing the critical economic functions they perform, and to ensure consistent application of regulatory frameworks.

Indeed, the Spanish Government passed several Royal Decree-Laws ("**RDL**") on urgent extraordinary measures to address the economic and social impact of COVID-19. Among these it is worth noting the extension to the moratorium on evictions of vulnerable borrowers and the broadening of the concept of a vulnerable person; the moratorium on mortgage debts for the acquisition of primary housing held by retail customers, the moratorium of consumer loans and the extension of public guarantees of the Official Credit Institute ("**ICO**") for businesses and self-employed persons. In addition, other RDL were passed to support the following economic sectors: tourism, automobiles, transport, housing and energy. CaixaBank supplements legislative moratoria with other agreements, mainly at sectoral level. The Group has also made

efforts to ensure the deployment of new ICO guarantee facilities and supplement them with specific credit facilities.

The Portuguese Government also approved extraordinary measures of similar nature as the ones described above to address the economic and social impact of COVID-19, which are essentially contained in the *Decreto-lei 10-J/2020*.

In relation to the above described measures, on 31 December 2020 the moratorium requests approved by the Group amounted to €14,356 million, €16,201 million as of 30 September 2020, which include both the legal moratoria and the moratoria derived from sectorial agreements complementing the legal moratoria¹. Moreover, as of 31 December 2020 the moratorium requests under analysis by the Group amounted to €1 million, €109 million as of 30 December 2020. Furthermore, the total amount of government backed financing as of 30 September 2020 amounted to €13,191 million, €12,442 million as of 30 September 2020.

The "quick fix" to CRR (see "*Capital Requirements*"- "*Overview of applicable capital requirements*"), which entered into force on 28 June 2020, backs the European Commission's intention to provide a temporary and targeted relief in prudential rules for EU banks. This will support credit flows to companies and households and absorb losses, mitigating the economic consequences of the COVID-19 lock-down.

From a prudential perspective, guidelines are also relevant as issued by the European Banking Authority's (EBA) on legislative and non-legislative moratoria that were granted until 30 June 2020 (later extended to 30 September 2020 and 31 March 2021). These guidelines include general criteria related to payment moratoria and conditions under which they might not be directly classified as forbearance.

On 27 March 2020 the IASB issued educational material with regard to how to apply the standard IFRS 9 in terms of credit risk in the environment arising from COVID-19. This standard requires the application of professional judgement, but at the same time requires and allows entities to adjust their approach in order to determine expected losses in different circumstances.

The Group's current assessment points to a significant increase in terms of credit risk and impairment of other assets. This might imply the need to materially increase the stock of provisions in order to address deterioration in credit portfolio quality, taking into account expected losses according to the IFRS9 standard, which has certain procyclical tendencies. In this sense, the main indicators and impacts observed by the Group during 2020 are described below:

On one hand, the Group recognised the changes in the macroeconomic scenarios and changed the weighting established for each scenario employed in the estimate of expected loss due to credit risk under IFRS9 accounting standard. For this purpose, internal economic projection scenarios based on the impact of the COVID-19 health crisis on the economy and different levels of severity have been used. The change in the macroeconomic scenario as a result of the impact of COVID-19 has led to the recognition of a provision for credit risk of €1,252 million

¹ In particular, CaixaBank has adhered to the sectorial agreement of the Spanish Confederation of Saving Banks (*Confederación Española de Cajas de Ahorro (CECA)*) dated 16 April 2020 in relation to the deferral of financing transactions involving clients affected by the COVID-19 crisis

as of 31 December 2020, €1,161 million at the end of September 2020. This provision has been calculated applying the same method and maintaining the same weight of the updated macroeconomic scenarios. Combining scenarios allows reducing the uncertainty of projections in the current context, although these provisions will be updated in coming quarters based on new available information. For further details on COVID-19 impact, refer to Note 3.4.1 of CaixaBank's Consolidated Financial Statements 2020.

After the reinforcement of the credit risk hedging during 2020, including the recognition of the provisions related to the COVID-19, the impairment losses on financial assets during 2020 amounted to €1,915 million (€1,594 million as of September 2020), compared to the €376 million losses recognised during 2019 (€288 million as of September 2019).

On the other hand, the non-performing loan ratio of the Group as of 31 December 2020 was reduced to 3.3% as of December 2020 (3.5% as of September 2020 and 3.6% as of December 2019) given the reduction of non-performing loans in 2020 of €193 million, in spite of the lower recovery activity during the healthcare crisis (from €8,794 million as of 31 December 2019 to €9,078 million as of 30 September 2020 and to €8,601 as of 31 December 2020). The decrease in the fourth quarter of €477 million stands out, with a drop in all risk segments as a consequence of the recovery activity plus the impact of portfolio sales. The loans to customers and other contingent liabilities increased during 2020 (from €244,262 million as of 31 December 2019 to €260,794 million as of 31 December 2020).

Gross loans and advances to customers increased by 7.3% in the year and by 0.8% during the fourth quarter of 2020, amounting to €243,924 million as of 31 December 2020 (€241,877 million as of 30 September 2020).

Loans for home purchases (-3.3% in the year and -0.8% in the fourth quarter) continues to be marked by the deleveraging of families. However, the new production in the third and fourth quarter is at similar levels as those of the previous year.

Loans to individuals – Other has dropped by 2.2% in the year and 1.1% in the fourth quarter. Its performance is impacted by the reduction of Consumer lending of 3.8% due to the downturn in economic activity and a drop of 1.7% in the quarter following further restrictions on mobility in the last months of the year.

Financing for Corporates and SMEs was up 16.6% in the year, in response to the demand of loans in a context where, following the beginning of the healthcare crisis, companies were managing their liquidity requirements for the coming quarters, an effect that has slowed down in the fourth quarter of the year.

Loans to the public sector grew by 43.2% in the year, mainly from one-off transactions granted in a scenario of high liquidity during the fourth quarter of 2020 (+32.0%).

In addition, as a result of the impact of COVID-19 on the economic context and the extended scenario of low interest rates, a provision was established, following conservative criteria, for €311 million associated with Erste Group Bank.

Regarding deferred tax assets, the analysis of the impairment tests and the sensitivity scenarios has not led to the need to recognize any additional impairment. For further details, refer to section 19 ("*Intangible Assets*") and 25 ("*Tax Position*") of CaixaBank's Consolidated Financial Statements 2020.

Regarding risks linked to the evolution of markets, including investment portfolios in debt instruments and investee undertakings, the materiality of the same could increase significantly as a result of the high levels of volatility observed in global financial markets. In this regard, it is also worth highlighting the risk of significant falls in the price of shares or other instruments issued by CaixaBank.

In an operational context, both CaixaBank and the Group companies have activated their respective Business Continuity Plans. The contingency plans envisaged for a pandemic scenario have been activated in order to safeguard business continuity and continue providing services to customers, maintaining the functionality of both the headquarters of the Group and its affiliates and of the network of commercial branches and digital channels. However, the current situation has led to an increase in the use of alternative channels to physical presence in banking transactions, such as the Group's websites and applications, rather than performing banking transactions o physical presence in banking transactions. This increase has been compounded by a new generalised teleworking environment and labour flexibility.

In relation to own funds, as detailed in section "*Description of the Issuer – Key events in 2018, 2019 and 2020 – COVID-19*", CaixaBank has also taken decisions to reinforce its solvency for as long as it has the capacity and flexibility to support the economy as a response to COVID-19; mainly the reduction of the dividend charged to the 2019 financial year, the amendment to the dividend policy and a reduction of the common equity tier 1 ("**CET1**") solvency ratio targets. Furthermore, the CEO and the rest of the Senior Management of CaixaBank took the decision to renounce to their bonus for the 2020 financial year.

Lastly, on 27 March 2020 the rating agency Fitch Ratings Ireland Limited Spanish Branch (previously Fitch Rating España, S.A.U. - **Fitch**) revised from stable to negative its outlook for the operating environment of the Spanish banking sector as a result of COVID-19 and, as a consequence, also revised the outlook on CaixaBank's long-term issuer rating (BBB+) from stable to negative. In September 2020, Fitch confirmed CaixaBank's ratings and maintained the negative outlook. On 26 March 2020, Moody's Investors Service España, S.A. (**Moody's**) also changed the outlook on the Spanish banking sector from stable to negative without taking any action on CaixaBank's ratings at that time. In September 2020, Moody's reviewed CaixaBank's ratings and maintained the stable outlook on its long-term issuer rating (Baa1). In a similar move, on 29 April 2020, S&P Global revised its economic risk trend for Spanish banks from stable to negative, without taking any action on CaixaBank's ratings. S&P Global reviewed CaixaBank's ratings in September 2020 and maintained the stable outlook on CaixaBank's long-term issuer rating (BBB+) to reflect that potential economic pressures would be balanced by the bank's level of bail-inable debt instruments. The rating confirmations from Fitch, Moody's and S&P Global issued in September 2020 took into account the rating agencies assessment of the impacts on CaixaBank's credit profile as a result of the announced merger by absorption of Bankia.

Merger with Bankia

On 18 September 2020, CaixaBank announced that its Board of Directors had approved the joint merger plan for the merger of Bankia (absorbed company) into CaixaBank (absorbing company).

The merger was approved by the shareholders' meetings of CaixaBank and Bankia held on 3 December 2020 and 1 December 2020 respectively.

Notwithstanding the above, the completion of the merger is not guaranteed or may not be effective as it still requires the approval of different regulatory authorities. Additionally, it should be considered that during the merger process, CaixaBank may be incapable of successfully integrating the business of Bankia from an operational perspective and that, following the merger, there could be hidden or unknown liabilities and defects. All of this could impede the benefits identified when drawing up the joint merger project from materialising. Finally, should the Merger not take place, this could entail certain economic and regulatory costs, and, where relevant, reputational damage for the participating companies. In turn, this could have a material and adverse effect on share value, future expansion plans, the business, perspectives, operating income, financial situation and cash flows of these companies. See "*Description of the Issuer – Key events in 2018, 2019 and 2020 – Merger with Bankia*".

The risk factor headed "(D) RISK FACTOR REGARDING THE ANNOUNCED MERGER WITH BANKIA" included by means of the supplement dated 3 November 2020 to the Base Prospectus shall be deleted.

DOCUMENTS INCORPORATED BY REFERENCE

The information set out below shall supplement the section of the Base Prospectus headed "Documents incorporated by reference" on page 42 of the Base Prospectus:

"an English language translation of CaixaBank's audited consolidated financial statements prepared in accordance with the IFRS-EU (including the independent auditor's report thereon) for the financial year ended 31 December 2020 (the "**2020 Consolidated Financial Statements**") together with CaixaBank's management report in respect of the 2020 Consolidated Financial Statements ("**CaixaBank Group Management Report for 2020**") (available at:

<https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=684&FIELD SORT=docId>).

GENERAL INFORMATION

The section headed "Significant or Material Change" of the "General Information" section on page 232 of the Base Prospectus is deleted and replaced by the following:

"Significant or Material Change

Save as disclosed in the Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2020.

Save as disclosed in the Base Prospectus, there has been no significant change in the financial performance or position of the Group since 31 December 2020."