



REPORT ON THE PROPOSED RESOLUTION TO DELEGATE TO THE BOARD OF DIRECTORS THE POWER TO ISSUE CONVERTIBLE OR CONTINGENTLY CONVERTIBLE SECURITIES INTO SHARES OF CAIXABANK, S.A. FOR THE PURPOSE OF OR THAT MEET THE REQUIREMENTS FOR THEIR ELIGIBILITY AS ADDITIONAL TIER 1 REGULATORY CAPITAL INSTRUMENTS ("CoCos"), THE POWER TO INCREASE THE SHARE CAPITAL BY THE REQUIRED AMOUNT AND, WHERE APPLICABLE, TO REMOVE PRE-EMPTIVE SUBSCRIPTION RIGHTS

Board of Directors – 30 March 2021

The Board of Directors of CaixaBank, S.A. (the "**Company**" or "**CaixaBank**"), in accordance with the provisions of article 511 of Royal Legislative Decree 1/2010, of 2 July, which approves the restated text of the Corporate Enterprises Act (the "**Corporate Enterprises Act**"), issues this report to justify the resolution proposed under item 11 of the agenda of the Ordinary Annual General Meeting to be held on 13 May 2021, at first call, or 14 May 2021, at second call, relating to the delegation to the Board of Directors of the power to issue, on one or more occasions, at any time during the maximum of a three-year period, securities that are convertible or contingently convertible into newly issued CaixaBank shares, and financial instruments of a similar nature, for the purpose of or to meet the regulatory requirements for their eligibility as additional Tier 1 regulatory capital instruments ("**CoCos**"), for a maximum total amount of three thousand five hundred (3,500) million euros (or the equivalent in other currencies), in addition to the power to establish the bases and terms of conversion, the possibility of increasing share capital by the required amount and removing the pre-emptive subscription rights of the Company's shareholders in case the corporate interest so justifies.

For clarification purposes, it is stated that the issuance of fixed income securities exchangeable exclusively (in other words not additionally or alternatively convertible into newly issued Company shares) for existing shares of the Company or other companies in which CaixaBank may or may not hold a stake, or which are merely settled net, are not included in the scope of this proposed delegation of powers and shall be governed instead by the applicable regulations and the Company's by-laws.

The dynamics of any company and, especially, of large listed companies, requires that their governance and management bodies have the most suitable instruments to provide an agile response to the Company's needs at any time, given the market conditions. For this purpose, it is considered necessary that the Bank's Board of Directors, in view of the current regulatory situation and of the financial markets, has the greatest flexibility to raise funds through the issuance of securities or convertible instruments that comply with the eligibility requirements for additional Tier 1 capital instruments in accordance with solvency regulations, currently provided for in Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June 2013, on the prudential requirements of credit institutions and investment firms ("**Regulation (EU) 575/2013**").

Convertible securities that meet certain requirements make it possible to optimise the capital structure in order to meet capital and solvency requirements or, with a solid capital position and comfortably meeting the capital ratios required in accordance with the current regulations, allow capital to be increased at a lower cost. Therefore, it is considered appropriate that the Board of Directors be empowered to issue securities that will allow the Company to maintain and, where appropriate, increase its eligible capital ratios, in a flexible and agile manner, in accordance with the regulations that are in force from time to time. Likewise, the issuance of convertible instruments may also be an efficient way to raise funds in terms of cost or the issuance of new capital.

The Board of Directors understands that the proposed resolution submitted to the Annual General Meeting of the Company is motivated by the opportunity to provide the Board with the room to manoeuvre and response capacity by means of a delegation of powers permitted under current regulations, by virtue of which, without the need to previously call and hold a General Meeting (with the delays and costs that this would inevitably entail), it will be able to agree, within the limits and in

the time period, and subject to the terms and conditions established by the General Meeting, upon the issuances of securities convertible or contingently convertible into newly issued CaixaBank shares, for the purpose of or that meet the requirements for eligibility as additional level 1 regulatory capital instruments ("CoCos") and financial instruments of a similar nature, in line with the corporate interest.

The proposed resolution sets at three thousand five hundred (3,500) million euros (or its equivalent in other currencies) the maximum issuance amount for which authorisation is requested. The Board of Directors considers that this amount is of sufficient size to enable the necessary funds to be raised in the capital markets to implement the financing policy of the Company and its Group and, where appropriate, to increase the eligible capital ratios in accordance with capital and solvency regulations.

The proposed resolution also establishes the criteria for establishing the bases and terms of conversion, although it empowers the Board of Directors, in the event that it agrees to make use of the powers conferred by the General Meeting, to specify these parameters for each issuance, within the limits and in accordance with the criteria established by the General Meeting. Thus, the Board of Directors will establish the specific conversion ratio. Further, in accordance with the circumstances and terms set down in the Corporate Enterprises Act, the Board of Directors, on approving a securities issuance under this delegation of power, will ratify a report detailing the specific bases and terms of conversion applicable to the issuance which, where appropriate, will be supplemented by the corresponding report from an accounts auditor other than the Company's auditor.

The proposed resolution that is submitted by the Board for approval by the Annual General Meeting provides that, for the purposes of conversion, fixed income securities will be valued at their nominal amount, and shares at the exchange rate established by the Board of Directors in the resolution it passes on the basis of this delegation of powers, or the rate established on the date or dates close to the issuance as indicated in the Board resolution, with or without a discount or premium. It may also be resolved to issue convertible fixed income securities with a variable conversion ratio (which may include maximum and/or minimum limits on the conversion price). In such case, the price of the shares for the purposes of the conversion and/or exchange will be determined by the Board of Directors, which may apply a premium or discount on the share price in accordance with established criteria. Thus, the Board considers that it has been granted sufficient flexibility to set the price of the shares for conversion purposes based on market conditions and other applicable considerations.

The proposed resolution to delegate powers to the Board of Directors also includes the power to resolve on the capital increase required to meet the conversion requests, subject to any limits in force and available amounts from time to time. Consequently, this power may only be exercised provided that such a capital increase under delegated powers, in addition to any other capital increases that the Board of Directors may have agreed upon under the authorisation granted by the General Meeting, is no higher than half of the amount of the share capital, as established in article 297.1.b) of the Corporate Enterprises Act. In this regard, the amount of capital increases that, where appropriate, are approved in order to carry out the conversion of securities or instruments issued under the delegation of powers described in this report, will be considered to fall within the limits available at any given time. In accordance with regulations currently in force and the authorisation granted by the Annual General Meeting in May 2020, the capital increases approved by the Board of Directors to be carried

out under the delegation of powers referred to in this report to cover the conversion of these types of securities shall be subject to a limit of 50% of the share capital.

The Board of Directors, pursuant to the provisions of the Corporate Enterprises Act, is also empowered to remove, all or part of shareholders' pre-emptive subscription rights, if required to raise funds on Spanish and international markets or for any other reason deemed to be in the corporate interest. The Board of Directors considers that the possibility of removing pre-emptive subscription rights is justified, as long as it is in the corporate interest, due to the flexibility and agility with which it is necessary to act in the current financial markets to be able to take advantage of the moments when market conditions are more favourable. This justification is especially relevant when the acquisition of financial resources is to be carried out on international markets, in which the large amount of funds traded and the agility and speed with which they move, can give rise to high volumes of funds under more favourable conditions using *bookbuilding* techniques. The Board considers that the removal of pre-emptive subscription rights could lead to relatively lower financial and transaction costs (especially the fees and commissions of the financial entities participating in the issue) compared to an issue with pre-emptive rights, and at the same time would have a lower distortion effect on the trading of the Company's shares during the issuance period. Additionally, it is stated that, given the nature of the securities issued, all the issuances of convertible securities carried out in recent years under the powers conferred by the Annual General Meeting have been aimed at institutional or professional investors, as these securities are not suitable for retail investors, a point which also justifies the removal of pre-emptive rights.

If the Board decides to remove shareholders' pre-emptive subscription rights in relation to any or all issuances it makes under this delegation of powers, upon resolving on the issuance it may draw up a specific report in the cases and in the terms and conditions required by the applicable regulations, which may, in turn, require a further report to be issued by an independent expert, pursuant to the Corporate Enterprises Act. These reports must be made available to shareholders in the terms provided for by law.

Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment companies, and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, and Spanish Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services companies, anticipate the need for credit entities to provide, in certain proportions, different instruments in the composition of their regulatory capital so that they can be considered suitably capitalised. In this regard, there are different capital categories that must be covered by specific instruments. Although the Company's capital situation is currently adequate, it was deemed necessary to pass an resolution that allows the issuance of instruments that may be convertible in certain cases.

To the extent that the issuance of these instruments implies the need to have authorised capital that, at the time of its issuance, covers a potential conversion and in order to provide the company with greater flexibility, it was deemed appropriate that the capital increases that the Board approves to be carried out under the delegation of powers referred to in this report in order to cover the conversion

of these types of securities, for the issuance of which pre-emptive subscription rights have been removed, be subject to the maximum limit of 50% of capital, pursuant to the authorisation granted by the Annual General Meeting of 22 May 2020.

The Draft Law to reform the Corporate Enterprises Act to incorporate into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, currently being debated by parliament, expressly establishes that in the case of issuances of convertible securities without pre-emptive subscription rights, the maximum number of shares that may be issued for the exchange, added to the number of the shares that would have been issued under the delegation of powers to the Board of Directors to increase capital, may not exceed 20% of the number of shares making up the share capital at the time of approval. However, the draft law also provides that the 20% limit will not apply to issuances of convertible bonds made by credit institutions, provided that these meet the requirements set forth in Regulation (EU) 575/2013 on the prudential requirements of credit institutions and investment firms so that the convertible bonds issued can be considered additional Tier 1 capital instruments of the issuing credit institution. Therefore, when the new rule enters into force, the general limit of 50% will continue to apply for capital increases that are approved to cover the potential conversion of the securities issued under the delegation of powers referred to in this report, excluding pre-emptive subscription rights.

Lastly, the implementation of the necessary resolutions is proposed to ensure that the securities issued by virtue of this delegation of powers are admitted to trading on any official or unofficial, Spanish or foreign secondary market (organised or otherwise).

In conclusion, the resolution submitted to the General Meeting provides the Board of Directors with room for manoeuvre and response capacity, and is justified by the flexibility and agility with which it is necessary to act in the current financial markets in order to be able to take advantage of moments when market conditions are more favourable. In addition, although the Company's capital situation is currently adequate, the resolution submitted to the Annual General Meeting allows the capital structure to be optimised and increased to comply with the regulatory solvency and prudential capital requirements of current and future credit institutions.

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