



**REPORT BY THE BOARD OF DIRECTORS REGARDING  
ITEM NINE ON THE AGENDA OF THE ORDINARY  
ANNUAL GENERAL MEETING SCHEDULED FOR 7 APRIL  
2022, AT FIRST CALL, AND 8 APRIL 2022, AT SECOND  
CALL**

**SHARE CAPITAL REDUCTION OF CAIXABANK, S.A. BY  
MEANS OF THE CANCELLATION OF TREASURY SHARES  
TO BE ACQUIRED FOR THAT PURPOSE**

**Board of Directors – 17 February 2022**

## I. SUBJECT MATTER OF THE REPORT

This report has been prepared by the Board of Directors of CaixaBank, S.A. (“CaixaBank” or the “Company”) pursuant to articles 286 and 318 of the restated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July, in its current wording (the “**Corporate Enterprises Act**”), and also the provisions of article 10 of *Royal Decree 84/2015, of 13 February implementing Law 10/2014, of 26 June on the organisation, supervision and capital adequacy of credit institutions*, in relation to the resolution proposed to the Ordinary Annual General Meeting under item nine on the agenda, to reduce the Company's share capital to a maximum amount corresponding to 10% of the share capital at the time of approval of the resolution (a maximum nominal amount of EIGHT HUNDRED AND SIX MILLION, SIXTY-FOUR THOUSAND, SEVEN HUNDRED AND THREE EUROS (806,064,703 €), corresponding to EIGHT HUNDRED AND SIX MILLION, SIXTY-FOUR THOUSAND, SEVEN HUNDRED AND THREE (806,064,703) shares with a par value of ONE EURO (€1)), subject to the obtainment, where appropriate, of the corresponding regulatory authorisations, by means of the cancellation of treasury shares that may have been acquired by CaixaBank under the authorisation granted by the CaixaBank Annual General Meeting held on 22 May 2020, under the eighth item on the agenda, with the objective or purpose of being cancelled, authorising the CaixaBank Board of Directors to execute the reduction, in whole or in part, on one or more occasions, from the adoption of the reduction resolution until the date of the next Ordinary Annual General Meeting, or even not to do so should supervening circumstances so advise on the grounds of corporate interest. The foregoing in accordance with the provisions of applicable legislation and regulations, as well as the limitations that may be established by any competent authorities in accordance with the contents of this report.

## II. APPLICABLE LEGISLATION

Article 286 of the Corporate Enterprises Act requires a written report issued by the Board of Directors justifying the proposed amendments to the by-laws.

Article 318 of the Corporate Enterprises Act states that the share capital reduction must be adopted by the General Meeting with the requirements for the amendment of the by-laws, including the amount of the capital reduction, the purpose of the reduction, the procedure by which the company will carry it out, the completion period and the amount to be paid, if any, to the shareholders.

Whereby the capital reduction must be in accordance with the requirements of the amendment to the by-laws and necessarily involves the amendment of the article of the by-laws governing the share capital, the Board of Directors of CaixaBank issues this report in compliance with the aforementioned provisions.

In addition, this report will also serve the purposes provided for in article 10 of Royal Decree 84/2015, of 13 February, which establishes that, in order to modify the corporate by-laws of the banks, a request must be submitted and accompanied by a certificate of the minutes in which it was adopted , an explanatory report of the proposal prepared by the Board of Directors, as well as a draft of new by-laws identifying the amendments made.

### **III. DESCRIPTION OF THE PROPOSAL**

It is proposed to the CaixaBank Ordinary Annual General Meeting the approval of the reduction of the Company's share capital by up to a maximum amount corresponding to 10% of CaixaBank's share capital as of the time of adopting the resolution, after obtaining the corresponding regulatory authorisations, by means of the cancellation of treasury shares that have been acquired by CaixaBank for the purposes of being cancelled, all in accordance with the applicable legislation and regulations, as well as with the limits that may be established by any competent authority.

The capital reduction does not entail the refund of contributions to the shareholders since the Company itself is the owner of the shares to be cancelled, and it will be carried out against unrestricted reserves through the allocation of a restricted reserve for amortised capital for an amount equal to the nominal amount of the cancelled shares, which may only be used under the same requisites as those stipulated for the share capital reduction, in application of the provisions of Article 335 c) of the Corporate Enterprises Act.

Likewise, it is proposed to empower the Board of Directors, in the broadest terms possible, , so that it can fully or partially execute the capital reduction, in one or several times , within the established completion period, or even not to do so should supervening circumstances so advise on the grounds of corporate interest, being able to establish the terms and conditions of the reduction where not provided for in the proposed motion.

### **IV. GROUNDS FOR THE MOTION**

CaixaBank's priority objective is to create shareholder value, therefore the different options available at any given time are analysed on a recurring basis depending on the existing circumstances.

Among the different actions identified, and taking into account the current price of CaixaBank shares, which are below their book value, there is the possibility of implementing a shareholder remuneration formula, supplementary to the traditional distributions in cash, through the execution of a treasury share buyback programme for their subsequent cancellation .

In this regard, as announced to the market through the corresponding communication of "insider information" published on 28 January 2022 on the website of the Company and the Spanish securities market regulator (CNMV) (registration no. 1264), it is the intention of the Company, subject to the pertinent regulatory authorisation, to implement an open-market share buy-back programme during the 2022 Fiscal Year, in order to bring down the *Common Equity Tier 1* (CET1) ratio closer to its target level. As at 31 December 2021, the CET1 capital ratio stood at 13.2% (13.6% as at 31 December 2020), significantly above the applicable regulatory requirement. The high capital adequacy of the Company allows for the implementation of formulas that entail an increase in the remuneration of its shareholders while at the same time positioning the capital ratios at levels that allow it to improve the profitability obtained from it.

To this end, CaixaBank's Board of Directors is authorised to acquire up to 10% of the share capital, which it was granted for a period of five years by the Company's Ordinary Annual General Meeting held on 22 May 2020, under the eighth item of the agenda. The buyback programme would be established in accordance with the provisions laid out in Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and in Delegated Regulation (EU) 2016/1052 of the Commission of 8 March 2016, and may destine the shares acquired under its provisions for different purposes.

However, although CaixaBank's Board of Directors is authorised to approve the establishment of a buyback programme without the need to call an Annual General Meeting, a resolution is also required that allows the treasury shares acquired to be cancelled, for which it is necessary that the Annual General Meeting adopts a capital reduction resolution such as the one proposed.

This agreement provides for the share capital reduction by means of the cancellation of treasury shares to be acquired by the Company for this purpose and to also enable better management and implementation of the programme, authorising the Board of Directors that it can fully or partially execute the capital reduction, in one or several times, within the established completion period, being able to establish the terms and conditions of the reduction where not provided for in the proposed resolution.

In this regard, it must be taken into account that, in accordance with the provisions of article 342 of the Corporate Enterprises Act, the treasury shares acquired by the Company must be cancelled no later than the month following the termination (scheduled or early) of the buyback programme. Therefore, the capital reduction must be executed no later than the month following the date of termination of the programme and, in any case, no later than the date of the next Ordinary Annual General Meeting, without prejudice to the possibility of not completing it should the circumstances dictate otherwise.

Consequently, this proposed resolution is justified due to the convenience of the Company having all the necessary mechanisms that allow it to establish and fully complete a programme to buy back treasury shares for their cancellation, both with regard to the establishment of the programme and the effective cancellation of the shares acquired and the corresponding share capital reduction, all in an agile and flexible manner, without the need to call and hold an Annual General Meeting for each completion, and always within the limits, terms and conditions established by the Corporate Enterprises Act and those adopted by the Annual General Meeting. In the event of executing the capital reduction resolution, which is the subject of this report, the articles of the By-laws relating to share capital and shares (articles 5 and 6) will be amended to reflect the new capital figure and the new number of shares outstanding.

However, if the market conditions, the Company or any event of social or economic significance, advise or prevent the completion of the resolution concerning the capital reduction, including, but not limited to, a significant change in the CaixaBank share price, the performance of the business, the capital position of the Company, the regulatory framework applicable to the company or the applicable capital requirements, the Board of Directors of CaixaBank may decide not make use of the resolution on the grounds of corporate interest, in which case such a decision must be reported at the next Annual General Meeting.

In light of the above, the Board of Directors considers that the approval of a reduction in the Company's share capital through the cancellation of treasury shares acquired with the purpose of being cancelled up to a maximum of 10% of the share capital at the time of the resolution and with the Board of Directors being conferred all the necessary powers to complete the resolution, totally or partially, in one or several times, up to the maximum indicated and within the established term, or even not to execute it, it is an adequate and flexible mechanism so that, in an agile and efficient manner, the Company can adequately attend to the opportunities that may arise at all times with the aim of maximising the creation of value for the shareholder, avoiding the delays and cost increases that would entail the need to attend the Annual General Meeting and in turn preserve capital adequacy and returns, all in accordance with the applicable conditions in each instance at any given time and in the best interests of the Company.

#### **V. EXCLUSION OF THE RIGHT OF OPPOSITION OF CREDITORS**

The capital reduction will be carried out with a charge to unrestricted reserves through the allocation of a restricted reserve for amortised capital for an amount equal to the nominal amount of the cancelled shares, which may only be used under the same requisites as those stipulated for the share capital reduction, in application of the provisions of Article 335 c) of the Corporate Enterprises Act. Therefore, the Company's creditors will not have the right of opposition referred to in article 334 of the Corporate Enterprises Act.

As provided for by article 411.1 of the Corporate Enterprises Act, it is hereby stated that the consent of the bondholders of the outstanding bond issues of the Company would not be required, in accordance with the provisions of additional provision 1, section 9 of *Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions*, and with the provisions of article 411 of the Corporate Enterprises Act.

## **VI. PROPOSED RESOLUTION**

The full text of the motion for the share capital reduction to a maximum amount corresponding to 10% of the share capital at the time of adoption of the resolution, through the cancellation of treasury shares that have been acquired by CaixaBank with the for the purpose of being cancelled, authorising the Board of Directors to fully or partially complete the reduction in one or several times within the established completion period, is as follows:

*Approve the capital reduction of CaixaBank up to a maximum amount corresponding to 10% of the share capital as of the date of this resolution (that is, up to a maximum nominal amount of EIGHT HUNDRED AND SIX MILLION, SIXTY-FOUR THOUSAND, SEVEN HUNDRED AND THREE EUROS (EUR 806,064,703), corresponding to EIGHT HUNDRED AND SIX MILLION, SIXTY-FOUR THOUSAND, SEVEN HUNDRED AND THREE (806,064,703) shares of ONE EURO (EUR 1) par value), subject to the obtaintion, where appropriate, of the corresponding regulatory authorisations, by means of the cancellation of treasury shares that may have been acquired by CaixaBank under the authorisation granted by the Company's Annual General Meeting held on 22 May 2020 under the eighth item on the agenda, with the objective or purpose of being cancelled, all in accordance with the provisions of applicable legislation and regulations, as well as the limitations that may be established by any competent authorities.*

*For this purpose, the Company plans to draw up a share buy back programme in 2022 in accordance with the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council, of 16 April 2014, and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.*

*The term for completion of this resolution will finish on the date of the next Ordinary Annual General Meeting, and as of that date it will have no further effects with respect to the non-completed portion.*

*The final amount of the capital reduction will be set by the Board of Directors, within the maximum limit indicated above, based on the final number of shares that are acquired and that the Board of Directors resolves to cancel in accordance with the delegation of powers approved below.*

*The capital reduction does not entail the refund of contributions to the shareholders since the Company itself is the owner of the shares to be cancelled, and it will be carried out against unrestricted reserves through the allocation of a restricted reserve for amortised capital for an amount equal to the nominal*

*amount of the cancelled shares, which may only be used under the same requirements as those stipulated for a share capital reduction, in accordance with the provisions of Article 335 c) of the Corporate Enterprises Act. Therefore, the Company's creditors will not have the right of opposition referred to in Article 334 of said Act.*

*Likewise, and without prejudice to the specific powers established above, to empower the Board of Directors, to the full extent as required by law, with no power of delegation, so that it can resolve on the full or partial completion of the capital reduction, in one or several times, within the established completion period and in the manner it deems most suitable, in particular and without limitation, with the power to:*

- (i) Specify and develop this resolution, setting the terms and conditions of the capital reduction in all aspects not covered by the resolution, including, but not limited to, establishing the date or dates on which the capital reduction must be carried out, which must be before the Company's Ordinary General Meeting.*
- (ii) Establish the number of shares to be cancelled each time, being empowered not to fully or partially complete the capital reduction if no acquisition of treasury shares is made for the purposes of cancellation, or when shares have been acquired for that purpose, market conditions, the Company's situation or any significant corporate or economic event so advise based on the corporate interest, or prevent the cancellation from being carried out. Such a decision must be reported to the next Ordinary Annual General Meeting.*

*Furthermore, without prejudice to the specific powers established above, it is resolved to empower the Board of Directors, to the fullest extent as required by law, and with express powers to delegate to the Executive Committee, the Chairman of the Board of Directors, the Deputy Chairman, the Managing Director (CEO), the Secretary and the Deputy Secretary or the Deputy Secretaries of the Board of Directors, in addition to the Chief Financial Officer and the Head of Accounting, Management Control and Capital, so that any of these, jointly and severally, may perform the actions required for the execution and completion of these resolutions, including but not limited to:*

- (i) Declare the completion of each capital reduction eventually approved establishing, where applicable, the definitive number of shares that must be cancelled each time and, therefore, the amount by which the Company's share capital must be reduced each time, in accordance with the limits established in this resolution.*
- (ii) Undertake any actions, declarations or procedures that are necessary or appropriate in relation to the public information on the capital reduction and the completion of each cancellation (including any announcements that are required or appropriate), and any actions that should be carried out before the National Securities Market Commission (CNMV), the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de*

*Valores, S.A. Unipersonal (Iberclear), the Spanish stock exchanges and/or the regulators and stock exchange management companies of the markets in which the Company's shares are listed.*

- (iii) Restate the text of Articles 5 and 6 of the By-laws to reflect the new capital figure and the number of outstanding shares after the completion of each approved capital reduction.*
- (iv) Negotiate, agree on and sign all public and/or private documents that are necessary or appropriate to ensure the capital reduction is carried out properly, including, without limitation, as many acts, legal transactions, contracts, declarations and transactions as may be required.*
- (v) Undertake all the procedures and actions that are necessary or appropriate, and submit all required documents before the competent bodies, so that, once a cancellation of Company's shares has taken place and the corresponding capital reduction deed has been executed and filed with the Companies' Registry, the cancelled shares may be delisted from the Spanish stock exchanges and/or markets in which the Company's shares are traded, and cancelled in the corresponding accounting records, and the amortisation of the treasury shares is effective.*
- (vi) Perform all tasks that may be required or advisable vis-à-vis any public or private bodies or organisations, whether Spanish or foreign, to obtain the consent and authorisations required to ensure the effectiveness of these resolutions and complete and formalise the capital reduction, including to declare, provide complementary information or correct defects or omissions that may impair or impede the full effectiveness of the aforementioned resolutions.*

17 February 2022