

## **CaixaBank issues second Green Bond for €1 billion and opens the 2021 Spanish senior issue market**

- ***The bond will be used to finance renewable energy projects and energy-efficient buildings.***
- ***The new issue has had a demand of over €3.7 billion and strengthens CaixaBank's position as a bank committed to society, the environment and the fight against climate change.***
- ***This Green Bond is the fourth issue within the framework of the SDGs: two Social Bonds, in September 2019 and July 2020, and a Green Bond in November last year.***

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CaixaBank, Spain's leading retail bank, has accessed wholesale markets for the first time in 2021, with the issue of its second Green Bond for €1 billion as non-preferred senior debt. This debt format is eligible for the MREL regulations, for the requirement of liabilities that can absorb losses.

The issue has a maturity of eight years, and an early repayment option in the last year by the issuer. To date, this is the longest term chosen by a Spanish bank for a non-preferred senior issue in the euro market.

The issue price was set at 90 basis points against the mid-swap, 25 points below the 115 basis points (bps) offered in the announcement, thanks to the significant demand, which exceeded €3.7 billion. The coupon has been set at 0.50%.

The operation represents the first senior issue in Spain in 2021, as well as the first green non-preferred senior issue of the year in the European market.

The green nature of the issue has allowed the cost to be reduced by 5 to 10 bps, compared to the traditional financing level, which is known in the market as the "greenium" or negative premium achieved by strong investor appetite for green assets. According to banks that have participated in the transaction, 67% of the bonds have been awarded to investors recognised in the market as socially responsible investors (SRI), and among these, 57% have the highest recognition in responsible investment ("Dark SRI").

Besides robust demand, another important element is the book's significant scope, over 200 institutional investors, and the solid role of foreign investors, accounting for 90% of the demand, with 76% of the placed issue being taken up by investment funds and insurance companies.

The issue expects to have a rating of Baa3/BBB/BBB+/A (low) by Moody's, S&P, Fitch and DBRS, respectively. The banks placing this new issue are ABN Amro, CaixaBank, Goldman Sachs Europe SE, Natixis, UBS Investment Bank.

### **Purpose of the funds and the estimated environmental impacts**

Through this second issue, CaixaBank will channel funds to finance projects that contribute to environmental sustainability, such as reducing greenhouse gases, preventing pollution and adapting to climate change. Specifically, and in line with its inaugural issue, it will allocate the funds collected to promote Sustainable Development Goals (SDGs) number 7 and 9; SDG 7 seeks to promote "affordable and clean energy", while SDG 9 "industry, innovation and infrastructure", seeks to build resilient infrastructures, sustainable industry and promote innovation.

In this regard, applying the strictest selection criteria in accordance with the bank's environmental risk policies, CaixaBank identified more than €4.2 billion of eligible assets at 31 December 2020. Of these, €3.6 billion are assets that finance renewable energy projects and more than €600 million are real estate assets with an energy efficiency (EPC) A or B rating. According to CaixaBank's internal estimates, financing this portfolio of renewable energy projects is expected to avoid releasing a total of 1.2 million tonnes of CO<sub>2</sub> per year in greenhouse gas emissions (GHG), and financing the high energy efficiency building portfolio will save a total of 6,500 tonnes of CO<sub>2</sub> per year in atmospheric emissions.

This bond again demonstrates the alignment between financing and CaixaBank's social and responsible banking model. This strategy is being recognised by fixed income investors who show how the bank has been able to reflect this strategy within a framework of credible and solid green, social and sustainable bonds.

### **Fourth issue within the SDG framework**

The company's first issue in September 2019 consisted of a five-year social bond for €1 billion in the form of non-preferred senior debt, with the aim of fighting poverty and creating jobs. This inaugural operation included MicroBank loans to individuals or families whose total available income is €17,200 or less, to fund daily needs such as healthcare, education or household and vehicle repairs, as well as loans to the self-employed and SMEs in Spain's most underprivileged regions.

The second issue in July 2020 was a six-year COVID-19 social bond for €1 billion, in the form of preferred senior debt, which aimed to mitigate the effects of COVID-19, by financing SMEs and microenterprises domiciled in Spanish regions with less than €19,665 per capita, or with unemployment rates above 16.69%. In these first two issues, the funds collected were used to promote SDG 8, "Decent work and economic growth".

In the third, issued in November last year, the company placed its first Green Bond for €1 billion over six years to finance renewable energy projects and energy-efficient buildings.