



**CAIXABANK, S.A.**

*(incorporated as a limited liability company (sociedad anónima) in Spain)*

**EURO 15,000,000,000**  
**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 2018 and the supplements dated 27 April 2018 and 30 July 2018 (together, the **Base Prospectus**) prepared by CaixaBank, S.A. (the **Issuer**) in connection with its Euro Medium Term Note Programme (the **Programme**) for the issuance of up to Euro 15,000,000,000 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 Directive 2003/71/EC, and amendments thereto including Directive 2010/73/EU (the **Prospectus Directive**). The CBI only approves this Supplement as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive.

This Supplement has been prepared for the purpose of incorporating Terms and Conditions of the Notes governed by, and construed in accordance with, Spanish law so that the Notes may be governed by English law or Spanish law, as specified in the applicable Final Terms, and the corresponding provisions in the terms and conditions will apply to such Notes.

## **IMPORTANT NOTICES**

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains 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 fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting 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.

## COVER PAGE

*The text set out below shall replace, in its entirety, the first paragraph on page 1 of the Base Prospectus:*

"Under this Euro 15,000,000,000 Euro Medium Term Note Programme (the **Programme** described in this Base Prospectus (which replaces the previous Base Prospectus dated 20 June 2017, in respect of the Programme)), CaixaBank, S.A. (the **Issuer**, the **Bank** or **CaixaBank**) may from time to time issue notes governed by English law (the **English Law Notes**) and notes governed by Spanish law (the **Spanish Law Notes** and together with the English Law Notes, the **Notes**), as specified in the applicable Final Terms. The terms and conditions of the English Law Notes (the **English Law Conditions**) are set out herein in the section headed "*Terms and Conditions of the English Law Notes*" and the terms and conditions of the Spanish Law Notes (the **Spanish Law Conditions**) are set out herein in the section headed "*Terms and Conditions of the Spanish Law Notes*". References to the "Notes" shall be to the English Law Notes and/or the Spanish Law Notes, as appropriate, and reference to the "Terms and Conditions", "Terms and Conditions of the Notes" or the "Conditions" shall be to the English Law Conditions and/or the Spanish Law Conditions, as appropriate. For the avoidance of doubt, in the English Law Conditions, references to the "Notes" shall be to the English Law Notes, and in the Spanish Law Conditions, references to the "Notes" shall be to the Spanish Law Notes. Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below) subject to any applicable legal or regulatory restrictions. CaixaBank and its subsidiaries comprise the CaixaBank Group (the **CaixaBank Group** or the **Group**)."

## OVERVIEW OF THE PROGRAMME

*The text set out below shall replace, in its entirety, the section headed "Governing Law" on page 12 of the Base Prospectus:*

**"Governing Law:**

The English Law Notes and any non-contractual obligations arising out of or in connection with the English Law Notes will be governed by, and shall be construed in accordance with, English law, except the provisions relating to the status of the Notes, the capacity of the Issuer and the relevant corporate resolutions, which are governed by Spanish law.

The Spanish Law Notes and any non-contractual obligations arising out of or in connection with the Spanish Law Notes will be governed by, and shall be construed in accordance with, Spanish law."

## RISK FACTORS

*The following text shall, by virtue of this Supplement, replace, in its entirety, the risk factors entitled "The value of the Notes could be adversely affected by a change in law or administrative practice" and "The conditions of the Notes contain provisions which may permit their modification and/or substitution without the consent of all or any investors":*

### ***"The value of the Notes could be adversely affected by a change in law or administrative practice"***

The conditions of the English Law Notes are governed by English law, except for Condition 2 (*Status of the Senior Notes and Subordinated Notes*) which is subject to Spanish law, in effect as at the date of this Base Prospectus. The conditions of the Spanish Law Notes are governed by Spanish law. Changes in European, English or Spanish laws or their official interpretation by regulatory authorities after the date hereof may affect the rights and effective remedies of Noteholders as well as the market value of the Notes. Such changes in law or official interpretation of such laws may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes. No assurance can be given as to the impact of any possible judicial decision or change to such laws or official interpretation of such laws or administrative practices after the date of this Base Prospectus.

Furthermore, any change in the laws or regulations of Spain, Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or the application or interpretation thereof may in certain circumstances result in the Issuer having the option to redeem, substitute or vary the terms of the Notes (see "*—The Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital Event or an Eligible Liabilities Event, subject to certain conditions*" and "*— The conditions of the Notes contain provisions which may permit their modification and/or substitution without the consent of all or any investors*"). In any such case, relevant Notes would cease to be outstanding, be substituted or be varied, each of which actions could materially and adversely affect investors and frustrate investment strategies and goals.

Such legislative and regulatory uncertainty could affect an investor's ability to value the relevant Notes accurately and therefore affect the market price of the Notes given the extent and impact on the Notes of one or more regulatory or legislative changes.

### ***The conditions of the Notes contain provisions which may permit their modification and/or substitution without the consent of all or any investors***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In addition, subject as provided herein, in particular to the provisions of Condition 18 (*Substitution and Variation*) of the English Law Conditions or Condition 18 (*Substitution and Variation*) of the Spanish Law Conditions, if a Capital Event, an Eligible Liabilities Event, an Alignment Event or a circumstance giving rise to the right to early redeem Ordinary Senior Notes eligible to comply with MREL Requirements, Subordinated Notes or Senior Non Preferred Notes for taxation reasons, occurs, or in order to ensure the effectiveness and enforceability of Condition 17 (*Loss Absorbing Power*) of the English Law Conditions, the Issuer may, at its option, and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to vary the terms of all (but not some only) of the Notes (including changing the governing law of Condition 17 (*Loss Absorbing Power*) of the English Law Conditions from English law to Spanish law), in each case so that they are substituted for, or varied to, become or remain Qualifying Notes. While Qualifying Notes must contain terms that are materially no less favourable to Noteholders as the original terms of the relevant Notes (other than in respect of the effectiveness and enforceability of Condition 17 (*Loss Absorbing Power*) of the English Law Conditions), there can be no assurance that the terms of any Qualifying

Notes will be viewed by the market as equally favourable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

In addition, subject as provided herein, in particular to the provisions of Condition 18 (*Substitution and Variation*) of the English Law Conditions, and in order to ensure the effectiveness and enforceability of Condition 17 (*Loss Absorbing Power*) of the English Law Conditions, the Issuer may, at its option, and without the consent or approval of the Noteholders, vary the terms of Condition 17 (*Loss Absorbing Power*) of the English Law Conditions of all (but not some only) of the Ordinary Senior Notes governed by English law not eligible to comply with MREL Requirements (including changing the governing law of Condition 17 (*Loss Absorbing Power*) of the English Law Conditions from English law to Spanish law).

Further, prior to the making of any such substitution or variation, the Issuer shall not be obliged to have regard to the tax position of individual Noteholders or to the tax consequences of any such substitution or variation for individual Noteholder. No Noteholder shall be entitled to claim, whether from the Paying Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax or other consequences of any such substitution or variation upon individual Noteholders."

## FORM OF THE NOTES

*The text set out below shall replace, in its entirety, the penultimate paragraph in the section of the Base Prospectus entitled "Form of the Notes " on page 61 of the Base Prospectus:*

"Except in relation to Notes issued in NGN form, any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and in the case of English Law Notes subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 23 April 2018 and executed by the Issuer and in the case of Spanish Law Notes subject to the terms of the Global Notes."

## FORM OF FINAL TERMS

*The text set out below shall replace, in its entirety, the text in the section of the Base Prospectus entitled "Form of Final Terms" on pages 63 to 77 of the Base Prospectus:*

### **"NOTES WITH A DENOMINATION OF €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY) OR MORE**

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Instruments is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative market*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**[PRIIPs /IMPORTANT- EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Directive 2002/92/EC (as amended, the **IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation] <sup>1</sup>

[Date]

**CaixaBank, S.A.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €15,000,000,000  
Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section entitled ["*Terms and Conditions of the English Law Notes*"/["*Terms and Conditions of the Spanish Law Notes*"] in the Base Prospectus dated 23 April 2018 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive and any relevant implementing measure in a relevant Member State of the European Economic Area (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these

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<sup>1</sup> Legend to be included on front of the Final Terms (i) if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable"



Final Terms and the Base Prospectus. The Base Prospectus has been published on the Central Bank of Ireland's website at <http://www.centralbank.ie> and on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie). In addition, if the Notes are to be admitted to trading on the regulated market of Euronext Dublin, copies of the Final Terms will be published on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [*original date*] [and the supplement[s] to it dated [*date*]] which are incorporated by reference in the Base Prospectus dated 23 April 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 23 April 2018 [and the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive and any relevant implementing measure in a relevant Member State of the European Economic Area (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus<sup>2</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Central Bank of Ireland's website at <http://www.centralbank.ie> and on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).]

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

- |    |  |  |
|----|--|--|
| 1. | Issuer:  | CaixaBank, S.A.  |
| 2. | (a) Series Number:   | [     ]  |
|    | (b) Tranche Number:  | [     ]  |
|    | (c) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [ <i>identify earlier Tranches</i> ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 27 below, which is expected to occur on or about [ <i>date</i> ]][Not Applicable] |
| 3. | Specified Currency or Currencies:  | [     ]  |
| 4. | Aggregate Nominal Amount:  |  |
|    | (a) Series:  | [     ]  |
|    | (b) Tranche:   | [     ]  |
| 5. | Issue Price:   | [     ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] (if applicable)]  |
| 6. | (a) Specified Denominations:   | [     ]  |

<sup>2</sup> When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Directive references are to be removed.

*(N.B. Notes must have a minimum denomination of €100,000 (or equivalent) and be in integral multiples of the specified minimum denomination)*

- (b) Calculation Amount: [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
8. Maturity Date: [*Specify date/or for Floating rate notes - Interest Payment Date falling in or nearest to [specify month and year]*]
9. Interest Basis: [[ ] per cent. Fixed Rate]
- [Fixed Reset Notes]
- [[[ ] month [LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate]
- (see paragraph [15]/[16]/[17] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
11. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 17 below and identify there*][Not Applicable]
12. Put/Call Options: Investor Put pursuant to [Condition 5.6 of the Terms and Conditions of the English Law Notes / Condition 5.6 of the Terms and Conditions of the Spanish Law Notes] is [Applicable/Not Applicable][see paragraph 22 below]
- Issuer Call pursuant to [Condition 5.3 of the Terms and Conditions of the English Law Notes / Condition 5.3 of the Terms and Conditions of the Spanish Law Notes] is [Applicable/Not Applicable][see paragraph 19 below]
- Issuer Call – Capital Event (Tier 2 Subordinated Notes) pursuant to [Condition 5.4 of the Terms and Conditions of the English Law Notes / Condition 5.4 of the Terms and Conditions of the Spanish Law Notes] is [Applicable/Not Applicable]
- Issuer Call – Eligible Liabilities Event (Senior Subordinated Notes/Senior Non Preferred/Ordinary Senior Notes) pursuant to [Condition 5.5 of the

Terms and Conditions of the English Law Notes / Condition 5.5 of the Terms and Conditions of the Spanish Law Notes] is [Applicable/Not Applicable]

13. (a) Status of the Notes: [Senior Notes – Ordinary Senior Notes/Senior Notes – Senior Non Preferred Notes][Subordinated Notes - Senior Subordinated Notes/Subordinated Notes - Tier 2 Subordinated Notes]
- (b) Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]] [Not Applicable]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
14. Gross-up in respect of principal and any premium (pursuant to [Condition 6.1 of the Terms and Conditions of the English Law Notes / Condition 6.1 of the Terms and Conditions of the Spanish Law Notes]): [Yes/No/Not Applicable]  
*(N.B. Only relevant for Senior Notes and Senior Subordinated Notes) (Include “Not Applicable” if issue is of Tier 2 Subordinated Notes)*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (d) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
*(Applicable to Notes in definitive form.)*  
*(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (e) Day Count Fraction: [30/360 or 30/360 (ISDA)] [Actual/Actual (ICMA)][Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Not Applicable]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]

*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

16. Fixed Reset Provisions: [Applicable/Not Applicable]
- (a) Initial Interest Rate: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date]
  - (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]
  - (c) Fixed Coupon Amount to (but excluding) the First Reset Date: [[ ] per Calculation Amount/Not Applicable]
  - (d) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
  - (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
  - (f) Determination Date(s): [[ ] in each year][Not Applicable]
  - (g) First Reset Date: [ ]
  - (h) Second Reset Date: [ ]/[Not Applicable]
  - (i) Subsequent Reset Date(s): [ ] [and [ ]]
  - (j) Mid Swap Rate: [ ]
  - (k) Reset Margin: [+/-][ ] per cent. per annum
  - (l) Relevant Screen Page: [ ]
  - (m) Floating Leg Reference Rate: [ ]
  - (n) Floating Leg Screen Page: [ ]
  - (o) Initial Mid-Swap Rate: [ ] per cent. per annum (quoted on a[n annual/semi-annual basis])
17. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below /, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (f) Screen Rate Determination:
- (i) Reference Rate: [ ] month [[*currency*] LIBOR/EURIBOR]
- (ii) Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (iii) Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination:
- (i) Floating Rate Option: [ ]
- (ii) Designated Maturity: [ ]
- (iii) Reset Date: [ ]  
*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]

[Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360][360/360][Bond Basis]  
 [30E/360][Eurobond Basis]  
 [30E/360 (ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

18. Notice periods for [Condition 5.2 of the Terms and Conditions of the English Law Notes / Condition 5.2 of the Terms and Conditions of the Spanish Law Notes] [*Redemption for tax reasons*]:  
 Minimum period: [ ] days  
 Maximum period: [ ] days
19. Issuer Call (pursuant to [Condition 5.3 of the Terms and Conditions of the English Law Notes / Condition 5.3 of the Terms and Conditions of the Spanish Law Notes]): [Applicable/Not Applicable]  
 (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (d) Notice periods: Minimum period: [ ] days  
 Maximum period: [ ] days  
 (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20. Capital Event (Tier 2 Subordinated Notes pursuant to [Condition 5.4 of the Terms and Conditions of the English Law Notes / Condition 5.4 of the Terms and Conditions of the Spanish Law Notes]): [Applicable/Not Applicable]
21. Eligible Liabilities Event (Senior Subordinated Notes, Senior Non Preferred or Ordinary Senior Notes pursuant to [Applicable/Not Applicable])

[Condition 5.5 of the Terms and Conditions of the English Law Notes / Condition 5.5 of the Terms and Conditions of the Spanish Law Notes]):

22. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount  
*(NB: The Optional Redemption Amount cannot be other than a specified amount per Calculation Amount)*
- (c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
23. Final Redemption Amount: [ ] per Calculation Amount
24. Early Redemption Amount payable on redemption for taxation reasons, on an event of default [or upon the occurrence of a Capital Event] [or upon the occurrence of an Eligible Liabilities Event]: [ ] per Calculation Amount
25. Ordinary Senior Notes optionality: *(Note that this paragraph provides additional optionality to comply with certain of the proposed CRR amendments dated 23 November 2016 set out in the draft Article 72(b)(2) if Senior Notes are intended to qualify as eligible liabilities)*
- (a) Additional Events of Default ([Condition 8 of the Terms and Conditions of the English Law Notes / Condition 8 of the Terms and Conditions of the Spanish Law Notes]): [Condition 8.2(a) [Not] Applicable] [Condition 8.2(b) [Not] Applicable]
- (b) [Grace period for [Condition 8.2(b) of the Terms and Conditions of the English Law Notes / Condition 8.2(b) of the Terms and Conditions of the Spanish Law Notes]]: [30] days *[only if Condition 8.2(b) of the Terms and Conditions of the English Law Notes / Condition 8.2(b) of the Terms and Conditions of the Spanish Law Notes applies]*

26. Senior Non Preferred Notes optionality:
- (a) Additional Events of Default ([Condition 8 of the Terms and Conditions of the English Law Notes / Condition 8 of the Terms and Conditions of the Spanish Law Notes]): [Condition 8.2(b) of the Terms and Conditions of the English Law Notes / Condition 8.2(b) of the Terms and Conditions of the Spanish Law Notes [Not Applicable]
- (b) [Grace period for Condition 8.2(b) of the Terms and Conditions of the English Law Notes / Condition 8.2(b) of the Terms and Conditions of the Spanish Law Notes]: [30] days [*only if Condition 8.2(b) of the Terms and Conditions of the English Law Notes / Condition 8.2(b) of the Terms and Conditions of the Spanish Law Notes applies*]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]
- (b) New Global Note: [Yes][No]
28. Additional Financial Centre(s): [Not Applicable/*give details*]  
*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest to which sub-paragraph 17(c) relates)*
29. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]



**THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of CaixaBank, S.A.:

By:  
.....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(a) Listing: [Application [has been/will be] made by the Issuer (or on its behalf) to Euronext Dublin for the Notes to be admitted to the [Official List of Euronext Dublin] and admitted to trading on the [Regulated Market of Euronext Dublin] with effect from [ ].]

[Application is [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [*specify relevant listing venue (i.e. listing on an official list)*] with effect from [ ].]

(b) Admission to trading: [Application [has been/will be] made by the Issuer (or on its behalf) to the Official List of Euronext Dublin for the Notes to be admitted to trading on its [Regulated Market] with effect from [ ].]

[Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated or unregulated market (for example the Bourse de Luxembourg or the London Stock Exchange's regulated market)*] and, if relevant, listing on an official list] with effect from [ ].]

[Not Applicable]

*(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

(c) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].*

*[[Insert the legal name of the relevant CRA entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).*

[As such [*insert the legal name of the relevant CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [*Insert the legal name of the relevant non-EU CRA entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU CRA entity*] is established in the European Union and registered under the CRA Regulation]. As such [*insert the legal name of the relevant EU CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[**EITHER:**] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[**OR:**] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU CRA entity*] is not included in the list of

credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert the legal name of the relevant CRA entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [ and [*insert the legal name of the relevant CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU CRA entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU CRA entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for fees [●] [*insert relevant fee disclosure*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

(N.B. When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

#### 4. REASONS FOR THE OFFER

Reasons for the offer: [General financing requirements of the CaixaBank Group / Other]

#### 5. YIELD (Fixed Rate Notes only)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### 6. HISTORIC INTEREST RATES (Floating Rate Notes only)

Details of historic [LIBOR/EURIBOR/replicate other as specified in the Conditions] rates can be obtained from [Reuters].

#### 7. OPERATIONAL INFORMATION

(a) ISIN: [ ]

(b) Common Code: [ ]

(c) CUSIP number: [ ]

(d) CFI: [[ ]/Not Applicable]

(e) FISN: [[ ]/Not Applicable]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be Not Applicable)*

(f) WKN: [ ] [Not applicable]

(g) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(h) Delivery: Delivery [against/free of] payment

(i) Names and addresses of additional Paying Agent(s) (if any): [ ]

(j) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common

safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 8. DISTRIBUTION

- |     |   |  |
|-----|---|--|
| (a) | Method of distribution:                       | [Syndicated/Non-syndicated]  |
| (b) | If syndicated, names of Managers:             | [Not Applicable/ <i>give names</i> ]   |
| (c) | Date of [Subscription] Agreement:             | [            ]   |
| (d) | Stabilisation Manager(s) (if any):            | [Not Applicable/ <i>give name</i> ]  |
| (e) | If non-syndicated, name of relevant Dealer:   | [Not Applicable/ <i>give name</i> ]  |
| (f) | U.S. Selling Restrictions:                    | Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]   |
| (g) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]<br><br><i>(If the Notes clearly do not constitute "packaged" products "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)"</i> |

## **TERMS AND CONDITIONS OF THE ENGLISH LAW NOTES**

*The text set out below shall replace, in its entirety, the first paragraph in italics in the section of the Base Prospectus entitled "Terms and Conditions of the Notes" on page 78 of the Base Prospectus:*

*"The following are the Terms and Conditions of the English Law Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes."*

## TERMS AND CONDITIONS OF THE SPANISH LAW NOTES

*The text set out below shall supplement the section of the Base Prospectus entitled "Terms and Conditions of the Notes" on pages 78 to 119 of the Base Prospectus.*

*To this end, the following text shall, by virtue of this Supplement, be inserted after the section now headed "Terms and Conditions of the English Law Notes" prior to the "Use of Proceeds" on page 120 of the Base Prospectus:*

*"The following are the Terms and Conditions of the Spanish Law Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by CaixaBank, S.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 23 April 2018 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/71/EU) and, solely for the purposes of this Note, includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Notes, have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.



As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin the applicable Final Terms will be published on the website of Euronext Dublin (*www.ise.ie*). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions:

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

**Calculation Amount** has the meaning given in the applicable Final Terms;

**Group** means the Issuer and its Subsidiaries; and

**Subsidiary** means, in relation to an entity, any entity controlled by that first person entity where control is determined in accordance with Regulation 43 of Circular 4/2017, of 27 November, of the Bank of Spain as amended from time to time (*Norma 43 de la Circular 4/2017, de 27 de noviembre, del Banco de España*), whether any such entity is a financial institution or not.

For the avoidance of doubt, an Ordinary Senior Note will be deemed to be **eligible to comply with MREL Requirements** even if it is not so eligible provided that its ineligibility arises solely as a result of the circumstances described in paragraphs (a)(i) to (iv) of the definition of Eligible Liabilities Event.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Fixed Reset Note or a Floating Rate Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may also be a Senior Note or a Subordinated Note and, in the case of a Senior Note, an Ordinary Senior Note or a Senior Non Preferred Note, and in the case of a Subordinated Note, a Senior Subordinated Note or a Tier 2 Subordinated Note, all as indicated in the applicable Final Terms.

Definitive Notes are issued with Coupons attached.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall not be required to obtain any proof thereof or as to the identity of such bearer but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## 2. STATUS OF THE SENIOR NOTES AND SUBORDINATED NOTES

The applicable Final Terms will indicate whether the Notes are Senior Notes or Subordinated Notes and, in the case of Senior Notes, Ordinary Senior Notes or Senior Non Preferred Notes, and in the case of Subordinated Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes.

### 2.1 Status of the Senior Notes

The payment obligations of the Issuer in respect of principal under Notes which specify their status as Ordinary Senior Notes (**Ordinary Senior Notes**) or as Senior Non Preferred Notes (**Senior Non Preferred Notes**), together with the Ordinary Senior Notes, (**Senior Notes**) in the relevant Final Terms constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer (*créditos ordinarios*).

The Senior Non Preferred Notes constitute non preferred ordinary claims (*créditos ordinarios no preferentes*) under Additional Provision 14.2° of Law 11/2015. It is expressly stated for the purposes of Additional Provision 14.2° of Law 11/2015 that upon the insolvency of the Issuer, the Senior Non Preferred Notes will rank below any other ordinary claims (*créditos ordinarios*) against the Issuer and accordingly, claims in respect of the Senior Non Preferred Notes shall be paid after payment of any such other ordinary (*créditos ordinarios*) claims of the Issuer.

Therefore, in accordance with the Insolvency Law and Additional Provision 14.2° of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency (*concurso*) of the Issuer, the payment obligations of the Issuer under the Senior Notes in respect of principal (and unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Article 92 of the Insolvency Law) will rank:

- (a) in the case of Ordinary Senior Notes:
  - (i) **senior** to (A) any Senior Non Preferred Obligations and (B) any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future); and
  - (ii) **pari passu** among themselves and with any other Senior Preferred Obligations; and
- (b) in the case of Senior Non Preferred Notes:
  - (i) **senior** to any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future);
  - (ii) **pari passu** among themselves and with any other Senior Non Preferred Obligations; and
  - (iii) **junior** to any Senior Preferred Obligations.

In the Conditions:

**Insolvency Law** means Law 22/2003 of 9 July, 2003 (*Ley 22/2003, de 9 de julio, Concursal*), as amended or replaced from time to time.

**Law 11/2015** means Law 11/2015, of 18 June on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended or replaced from time to time.

**Senior Preferred Obligations** means any obligations of the Issuer with respect to any ordinary claims (*créditos ordinarios*) against the Issuer, other than the Senior Non Preferred Obligations.

**Senior Non Preferred Obligations** means any obligation of the Issuer with respect to any non preferred ordinary claims (*créditos ordinarios no preferentes*) against the Issuer referred to under Additional Provision 14.2 of Law 11/2015 and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Obligations.

*In the event of insolvency (concurso) of the Issuer, under the currently in force Insolvency Law (as defined below), claims relating to Senior Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency estate (créditos contra la masa) and credits with a privilege (créditos privilegiados) (including, without limitation, any deposits for the purposes of Additional Provision 14.1º of Law 11/2015 (as defined below)) which shall be paid in full before ordinary credits. Ordinary credits rank above subordinated credits and the rights of shareholders.*

*Pursuant to article 59 of the Insolvency Law, accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer. Claims of Senior Noteholders in respect of interest accrued but unpaid as of the commencement of any insolvency procedure of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 92 of the Insolvency Law (including without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Issuer)*

## 2.2 Status of the Subordinated Notes

The payment obligations of the Issuer in respect of principal under Notes which specify their status as Subordinated Notes in the relevant Final Terms (**Subordinated Notes**, which may be, in turn, Senior Subordinated Notes (**Senior Subordinated Notes**) or Tier 2 Subordinated Notes (**Tier 2 Subordinated Notes**), as specified in the relevant Final Terms) constitute direct, unconditional and subordinated obligations of the Issuer. In accordance with Article 92 of the Insolvency Law and Additional Provision 14.3° of Law 11/2015 (but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise)), upon the insolvency of the Issuer the payment obligations of the Issuer under the Subordinated Notes in respect of principal (unless they qualify as subordinated claims pursuant to Articles 92.4° to 92.7° of the Insolvency Law), will rank:

- (a) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes do not constitute Tier 2 Instruments of the Issuer:
  - (i) **senior** to (i) any claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 Instruments or Tier 2 Instruments; (ii) any subordinated obligations of the Issuer under Articles 92.3° to 92.7° of the Insolvency Law; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the Senior Subordinated Notes;
  - (ii) *pari passu* among themselves and with (i) all other claims for principal in respect of contractually subordinated obligations of the Issuer not qualifying as Additional Tier 1 Instruments or Tier 2 Instruments of the Issuer and which are not subordinated obligations under Articles 92.4° to 92.7° of the Insolvency Law; and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* to the Issuer's obligations under the Senior Subordinated Notes; and
  - (iii) **junior** to (i) any unsubordinated obligations of the Issuer (including any Senior Non Preferred Obligations); (ii) any subordinated obligations of the Issuer under Article 92.1° of the Insolvency Law; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Senior Subordinated Notes.
- (b) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Instrument of the Issuer:
  - (i) **senior** to (i) any claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 Instruments; (ii) any subordinated obligations of the Issuer under Articles 92.3° to 92.7° of the Insolvency Law, and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the relevant Subordinated Notes;
  - (ii) *pari passu* among themselves and with (i) any other claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Tier 2 Instruments and which are not subordinated obligations under Articles 92.4° to 92.7° of the Insolvency Law, and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes; and

- (iii) **junior** to (i) any unsubordinated obligations of the Issuer (including any Senior Non Preferred Obligations); (ii) any subordinated obligations of the Issuer under Article 92.1 of the Insolvency Law; (iii) any claim for principal in respect of other contractually subordinated obligations of the Issuer not qualifying as Additional Tier 1 Instruments or Tier 2 Instruments (such as the Senior Subordinated Notes, if and as applicable) and which are not subordinated obligations under Articles 92.4° to 92.7° of the Insolvency Law; and (iv) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes.

*Senior Subordinated Notes are expected to rank as provided in paragraph (a) above on the basis that such Notes are not intended to qualify as Tier 2 Capital of the Issuer and/or the Group. Tier 2 Subordinated Notes are expected to rank as provided in paragraph (b) above on the basis that such Notes are intended to qualify as Tier 2 Capital of the Issuer and/or the Group.*

In the Conditions:

**Applicable Banking Regulations** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect of the Regulator and / or the Relevant Resolution Authority, in each case to the extent then in effect in Spain (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group).

**Additional Tier 1 Capital** means Additional Tier 1 capital (*capital de nivel 1 adicional*) as provided under Applicable Banking Regulations.

**Additional Tier 1 Instrument** means any contractually subordinated obligation of the Issuer constituting an Additional Tier 1 instrument (*instrumento de capital de nivel 1 adicional*) in accordance with Applicable Banking Regulations and as referred to in Additional Provision 14.3(c) of Law 11/2015, as amended or replaced from time to time.

**BRRD** means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended or replaced from time to time and including any other relevant implementing regulatory provisions (in all cases, as amended from time to time).

**CRD IV** means any or any combination of the CRD IV Directive, the CRR, and any CRD IV Implementing Measures.

**CRD IV Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26th June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC or such other directive as may come into effect in place thereof (in all cases, as amended from time to time).

**CRD IV Implementing Measures** means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Regulator, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a stand-alone

basis) or the Group (on a consolidated basis) including, without limitation, Law 10/2014, as amended from time to time, RD 84/2015, as amended from time to time, and any other regulation, circular or guidelines implementing CRD IV (in all cases, as amended from time to time).

**CRR** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26th June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 or such other regulation as may come into effect in place thereof (in all cases, as amended from time to time).

**Law 10/2014** means Law 10/2014, of 26 June on the organisation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended from time to time.

**RD 1012/2015** means Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 (*Real Decreto 1012/2015, de 6 de noviembre, por el que se desarrolla la Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión, y por el que se modifica el Real Decreto 2606/1996, de 20 de diciembre, sobre fondos de garantía de depósitos de entidades de crédito*), as amended or replaced from time to time.

**RD 84/2015** means Royal Decree 84/2015, of 13 February, implementing Law 10/2014 (*Real Decreto 84/2015, de 13 de febrero, por el que se desarrolla la Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended or replaced from time to time.

**Regulator** means the *European Central Bank* or such other or successor authority exercising primary bank supervisory authority, or any other entity or institution carrying out such duties on its/their behalf (including the Bank of Spain), in each case with respect to prudential matters in relation to the Issuer and/or the Group.

**Tier 2 Capital** means Tier 2 capital (*capital de nivel 2*) as provided under the Applicable Banking Regulations.

**Tier 2 Instrument** means any contractually subordinated obligation of the Issuer constituting a Tier 2 instrument (*instrumentos de capital de nivel 2*) in accordance with the Applicable Banking Regulations and as referred to in Additional Provision 14.3(b) of Law 11/2015, as amended or replaced.

*As indicated above, the claims of Subordinated Noteholders in respect of interest accrued but unpaid as of the commencement of any insolvency procedure of the Issuer shall constitute subordinated claims of the Issuer ranking in accordance with the provisions of Article 92 of the Insolvency Law. Under Spanish Law, accrual of interest on the Subordinated Notes shall be suspended from the date of the declaration of insolvency of the Issuer.*

### 3. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Fixed Reset Notes or Floating Rate Notes.

#### 3.1 Interest on Fixed Rate Notes

This Condition 3.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 3.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable

Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 3.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

- (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
  - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365);
  - (c) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
  - (d) if "30/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the interest period is the 31st day of a month but the first day of the interest period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day a month, or (b) the last day of the interest period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
  - (e) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

### 3.2 Interest on Fixed Reset Notes

#### (a) Rates of Interest and Interest Payment Dates

Each Fixed Reset Note bears interest:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Interest Rate;



- (ii) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if none, the Maturity Date (the **First Reset Period**) at the rate per annum equal to the First Reset Rate; and
- (iii) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a **Subsequent Reset Period**) at the rate per annum equal to the relevant Subsequent Reset Rate,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) (each a **Rate of Interest**) payable, in each case, in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

The provisions of this Condition 3.2 shall apply, as applicable, in respect of any determination by the Principal Paying Agent of the Rate of Interest for a Reset Period in accordance with this Condition 3.2 as if the Fixed Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with the provisions of this Condition 3.2. Once the Rate of Interest is determined for a Reset Period, the provisions of Condition 3.1 (*Interest – Interest on Fixed Rate Notes*) shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

In these Conditions:

**First Reset Rate** means the sum of the Reset Margin and the Mid-Swap Rate for the First Reset Period;

**Mid-Swap Rate** means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the rate for the Reset Date of, in the case of semi-annual or annual Interest Payment Dates, the semi-annual or annual swap rate, respectively (with such semi-annual swap rate to be converted to a quarterly rate in accordance with market convention, in the case of quarterly Interest Payment Dates) for swap transactions in the Specified Currency maturing on the last day of such Reset Period, expressed as a percentage, which appears on the Relevant Screen Page as of approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date. If such rate does not appear on the Relevant Screen Page, the Mid-Swap Rate for the Reset Date will be the Reset Reference Bank Rate for the Reset Period;

**Reference Banks** means five leading swap dealers in the interbank market for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period as selected by the Bank;

**Relevant Screen Page** means the display page on the relevant service as specified in the applicable Final Terms or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Principal Paying Agent, for the purpose of displaying the relevant swap rates for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period;

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time;

**Reset Date** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date, as applicable;

**Reset Determination Date** means the second Business Day immediately preceding the relevant Reset Date;

**Reset Period** means the First Reset Period or any Subsequent Reset Period, as the case may be;

**Reset Period Mid-Swap Rate Quotations** means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on the day count basis customary for fixed rate payments in the Specified Currency), of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term equal to the Reset Period commencing on the Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg (in each case calculated on the day count basis customary for floating rate payments in the Specified Currency), is equivalent to the Rate of Interest that would apply in respect of the Notes if (a) Screen Rate Determination was specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, (b) the Reference Rate was the Floating Leg Reference Rate and (c) the Relevant Screen Page was the Floating Leg Screen Page; and

**Reset Reference Bank Rate** means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the percentage determined on the basis of the Reset Period Mid-Swap Rate Quotations provided by the Reference Banks at approximately 11.00 in the principal financial centre of the Specified Currency on the Reset Determination Date. The Principal Paying Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for the Reset Date will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, it will be the arithmetic mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Mid-Swap Rate will be the last observable Mid-Swap Rate which appears on the Relevant Screen Page, if any, as determined by the Agent. If no Mid-Swap Rate is available on the Relevant Screen Page, the Mid-Swap Rate will be the Mid-Swap Rate for the immediately preceding Reset Period or, if none, the Initial Mid-Swap Rate.

**(b) Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount**

The Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the other Paying Agents and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day (where a **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London) thereafter.

**(c) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.2 by the Agent shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**3.3 Interest on Floating Rate Notes**

**(a) Interest Payment Dates**

This Condition 3.3 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 3.3 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 3.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such other replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

**(c) Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(d) Determination of Rate of Interest and calculation of Interest Amounts**

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the

Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 3.3:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**(e) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen

Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

**(f) Notification of Rate of Interest and Interest Amounts**

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*).

**(g) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.3 by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**3.4 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

**4. PAYMENTS**

**4.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the



principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto.

## 4.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 4.1 (*Payments – Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) and save as provided in Condition 4.4 (*Payments – General provisions applicable to payments*)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose original nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the original nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the

case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

#### **4.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

#### **4.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

#### **4.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and

- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

#### **4.6 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*).

In these Conditions, **Final Redemption Amount** means, in respect of any Note, (i) its principal amount or (ii) such percentage of its principal amount to be determined by the Issuer as may be specified in the relevant Final Terms.

## **5. REDEMPTION AND PURCHASE**

### **5.1 Redemption at maturity**

Senior Notes and Senior Subordinated Notes will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations).

Tier 2 Subordinated Notes will have an original maturity of at least five years from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations.

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **5.2 Redemption for tax reasons**

Subject to Condition 5.7 (*Redemption and Purchase – Early Redemption Amounts*), the Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (a) at any time (if this Note is not a Floating Rate Note); or
- (b) on any Interest Payment Date (if this Note is a Floating Rate Note),

on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if, as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction (as defined in Condition 6 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction (as defined in Condition 6 (*Taxation*)) in respect of any payment of interest to be made on the Notes on the occasion of the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced; or
- (iii) the applicable tax treatment of the Notes would be materially affected,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (i) would be obliged to pay such additional amounts were a payment in respect of the Notes then due, (ii) would no longer be entitled to claim a deduction or the amount of such deduction would be materially reduced or (iii) would be obliged to apply the materially affected applicable tax treatment.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall (i) deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) use its best efforts to deliver to the Agent to make available at its specified office to the Noteholders an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and, in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, a copy of the permission of the Regulator and/or the Relevant Resolution Authority, to redemption, if and as applicable (if such permission is required).

Notes redeemed pursuant to this Condition 5.2 will be redeemed at their Early Redemption Amount referred to in Condition 5.7 (*Redemption and Purchase – Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption for taxation reasons in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, will be subject to the prior permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required) therefor under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) and may only take place in accordance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) in force at the relevant time.

In these Conditions, a **Relevant Resolution Authority** means the *Fondo de Resolución Ordenada Bancaria (FROB)*, the Single Resolution Board (**SRB**) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Loss Absorbing Power (as defined in Condition 17 (*Loss Absorbing Power*)) from time to time.

### **5.3 Redemption at the option of the Issuer (Issuer Call)**

This Condition 5.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than under any of Conditions 5.2 (*Redemption for tax reasons*), 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*), or 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): Senior Subordinated Notes or Senior Notes*)), such option being referred to as an Issuer Call. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 5.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, to compliance with the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in either case, in compliance with applicable law. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption.

### **5.4 Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes**

If the Notes are Tier 2 Subordinated Notes and Capital Event is specified as applicable in the applicable Final Terms, then upon the occurrence of a Capital Event as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law, Applicable Banking Regulations or of any change in the official application or interpretation thereof becoming effective on or after the Issue Date (including as a result of the implementation or applicability in Spain on or after the Issue Date of CRD IV), the Tier 2 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations then in force, and may only take place in accordance with Applicable Banking Regulations in force at the relevant time and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required) pursuant to such regulations, at any time, on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent

and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

Tier 2 Subordinated Notes redeemed pursuant to this Condition 5.4 will be redeemed at their Early Redemption Amount referred to in Condition 5.7 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption).

In the Conditions, **Capital Event** means the determination by the Issuer after consultation with the Regulator that all or part of the outstanding nominal amount of the Tier 2 Subordinated Notes is not eligible for inclusion in the Tier 2 Capital of the Issuer and/or Group (but, in the case of partial ineligibility, only if early redemption of the Tier 2 Subordinated Notes in such circumstances is permitted under then Applicable Banking Regulations) pursuant to then Applicable Banking Regulations (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer).

### **5.5 Redemption at the option of the Issuer (Eligible Liabilities Event): Senior Subordinated Notes or Senior Notes**

If the Notes are Senior Subordinated Notes or Senior Notes and Eligible Liabilities Event is specified as applicable in the applicable Final Terms, then upon the occurrence of an Eligible Liabilities Event as a result of a change (or any pending change which the competent authority considers sufficiently certain) in Spanish law or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or of any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the relevant Senior Notes or Senior Subordinated Notes, as applicable, may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and may only take place in accordance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) in force at the relevant time and subject to the permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required) pursuant to such regulations, at any time, on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

Senior Notes and Senior Subordinated Notes redeemed pursuant to this Condition 5.5 will be redeemed at their Early Redemption Amount referred to in Condition 5.7 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the Conditions, **Eligible Liabilities Event** means:

- (a) in respect of Ordinary Senior Notes eligible to comply with MREL Requirements, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as MREL-Eligible Senior Preferred Instruments of the Issuer and/or the Group, except where the non-qualification as MREL Eligible Senior Preferred Instruments is due:
  - (i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or
  - (ii) to the relevant Notes being bought back by or on behalf of the Issuer; or

- (iii) to a subordination requirement being applied by the Relevant Resolution Authority for such Notes to be eligible to comply with MREL Requirements; or
  - (iv) there being insufficient headroom for such Notes to qualify as eligible liabilities within prescribed limits established by Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain);
- (b) in respect of Senior Non Preferred Notes, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as MREL-Eligible Senior Non Preferred Instruments of the Issuer and/or the Group, except where the non-qualification as MREL-Eligible Senior Non Preferred Instruments is due (i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or (ii) to the relevant Notes being bought back by or on behalf of the Issuer; and
- (c) in respect of Senior Subordinated Notes, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as eligible liabilities of the Issuer and/or the Group, except where the non-qualification as eligible liabilities is due (i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or (ii) to the relevant Notes being bought back by or on behalf of the Issuer.

An Eligible Liabilities Event shall, without limitation, be deemed to include where such ineligibility for inclusion of the Notes in the eligible liabilities arises as a result of (a) any legislation which gives effect to the EU Banking Reforms in Spain differing in any respect from the form of the EU Banking Reforms as published by the European Commission on 23 November, 2016 (the **Draft EU Banking Reforms**) (including if the EU Banking Reforms are not implemented in full in Spain), or (b) the official interpretation or application of the Draft EU Banking Reforms or the EU Banking Reforms as implemented in Spain (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the manner in which the Draft EU Banking Reforms have been reflected in the Terms and Conditions of the Notes.

**Applicable MREL Regulations** means at any time the laws, regulations, requirements, guidelines and policies giving effect to the MREL including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those laws, regulations, requirements, guidelines and policies giving effect to the MREL, in each case to the extent then in effect in Spain (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group) (in all cases, as amended from time to time).

**MREL** means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Spain), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible

liabilities, or any successor requirement under EU legislation and relevant implementing legislation and regulation in Spain.

**MREL-Eligible Senior Preferred Instrument** means an instrument included in the eligible liabilities which are available to meet the MREL Requirements for the purposes of the Applicable MREL Regulations where such instrument ranks *pari passu* with the Senior Preferred Obligations of the Issuer.

**MREL-Eligible Senior Non Preferred Instrument** means an instrument included in the eligible liabilities which are available to meet the MREL Requirements for the purposes of the Applicable MREL Regulations where such instrument ranks *pari passu* with the Senior Non Preferred Obligations of the Issuer.

**MREL Requirements** means the minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under Applicable MREL Regulations.

## **5.6 Redemption at the option of the Noteholders (Investor Put)**

This Condition 5.6 applies to Senior Notes and Senior Subordinated Notes, if specified as being applicable in the applicable Final Terms, and if allowed under the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations), which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an **Investor Put**. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 5.6 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. No such redemption option will be applicable to any Tier 2 Subordinated Notes, unless as permitted under Applicable Banking Regulations.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 5.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is



continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5.6 and instead to declare such Note forthwith due and payable pursuant to Condition 8 (*Events of Default*).

## **5.7 Early Redemption Amounts**

For the purpose of Conditions 5.2 (*Redemption and Purchase – Redemption for tax reasons*), 5.4 (*Redemption and Purchase – Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*) and 5.5 (*Redemption and Purchases - Redemption at the option of the Issuer (Eligible Liabilities Event): Senior Subordinated Notes or Senior Notes*) above and Condition 8 (*Events of Default*) each Note will be redeemed at its Early Redemption Amount as specified in the relevant Final Terms.

## **5.8 Purchases**

The Issuer or any Subsidiary of the Issuer may purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

In the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, the purchase of the relevant Notes by the Issuer or any of its Subsidiaries shall take place in accordance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) in force at the relevant time and will be subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required).

## **5.9 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 5.8 (*Redemption and Purchase – Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

## **6. TAXATION**

### **6.1 Taxation in respect of Senior Notes and Senior Subordinated Notes**

All payments of interest and, if so specified in the relevant Final Terms, principal (and/or premium, if any) in respect of Senior Notes and Senior Subordinated Notes (and their respective Coupons) by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts in respect of interest and, if so specified in the relevant Final Terms, principal (and/or premium, if any), as shall be necessary in order that the net amounts received by the Senior Noteholders, Senior Subordinated Noteholders or their respective Couponholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of Senior Notes, Senior Subordinated Notes or their respective Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Senior Note or Senior Subordinated Note or their respective Coupons:

- (a) presented for payment in Spain; or

- (b) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Senior Note or Coupon or Senior Subordinated Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Senior Note or Coupon or Senior Subordinated Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5 (*Payments – Payment Day*)); or
- (d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporation Income Tax if the Spanish Tax Authorities determine that the Senior Notes or Senior Subordinated Notes do not comply with applicable exemption requirements including those specified in the Reply to a Non-Binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or
- (e) to, or to a third party on behalf of, a holder in respect of whom the Issuer does not receive such information concerning such Senior Noteholder's or Senior Subordinated Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities.

## **6.2 Taxation in respect of the Tier 2 Subordinated Notes**

All payments in respect of the Tier 2 Subordinated Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts in respect of interest (but not in respect of payments of principal or any premium) as shall be necessary in order that the net amounts received by the Tier 2 Subordinated Noteholders or Couponholders after such withholding or deduction shall equal the amount of interest which would otherwise have been receivable in respect of the Tier 2 Subordinated Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Tier 2 Subordinated Note or Coupon:

- (a) presented for payment in Spain; or
- (b) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Tier 2 Subordinated Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Tier 2 Subordinated Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5 (*Payments – Payment Day*)); or
- (d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporation Income Tax if the Spanish Tax Authorities determine that the Tier 2 Subordinated Notes do not comply with applicable exemption requirements including those specified in the Reply to a Non-Binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

- (e) to, or to a third party on behalf of, a holder in respect of whom the Issuer does not receive such information concerning such Tier 2 Subordinated Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities.

As used herein:

- (i) **Tax Jurisdiction** means Spain or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

*See "Taxation – Spain – Simplified information procedures" for a fuller description of certain tax considerations relating to the Notes, the formalities which must be followed in order to claim exemption from withholding tax and for a description of certain disclosure requirements imposed on the Issuer.*

## 7. PRESCRIPTION

To the extent that Article 950 of the Spanish Commercial Code (*Código de Comercio*) applies to the Notes, claims for payment in respect of Notes and Coupons will become void unless made within a period of three years after the Relevant Date (as defined in Condition 6 (*Taxation*) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4.2 (*Payments – Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 4.2.

## 8. EVENTS OF DEFAULT

### 8.1 Events of Default relating to the Notes

If:

- (a) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of a Permitted Reorganisation (as defined in Condition 8.2(c) below)); or
- (b) so specified in the Final Terms, any Additional Event of Default (as defined in Condition 8.2 (*Additional Events of Default relating to Ordinary Senior Notes and Senior Non Preferred Notes*)) occurs and is continuing,

(each an **Event of Default**), then any Noteholder of the relevant Series in respect of such Notes may, by written notice to the Issuer, declare that such Notes or Note (as the case may be) and all interest then accrued but unpaid on such Notes or Note (as the case may be) shall be forthwith due and payable, whereupon the relevant Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their Early Redemption Amount together with all accrued interest thereon without presentment, demand, protest or

other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary.

Except as contemplated under Condition 8.1 (a) above and unless it is specified in the Final Terms that any Additional Event of Default apply, each Noteholder and Couponholder (which for these purposes includes each holder of a beneficial interest in the Notes or the Coupons) will under no circumstances be entitled to declare any Notes due and payable, it being therefore understood that the non performance by the Issuer of its obligations under the Notes will not constitute an Event of Default.

## 8.2 Additional Events of Default relating to Ordinary Senior Notes and Senior Non Preferred Notes

- (a) This Condition 8.2(a) only applies to Ordinary Senior Notes if so specified in the applicable Final Terms as being applicable to the Ordinary Senior Notes and references to “Notes” shall be construed accordingly.

If this Condition 8.2(a) applies, each of the following events shall be an **Additional Event of Default**:

- (i) **Non-payment**: the Issuer fails to pay any amount of principal in respect of the Notes within 14 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; or
- (ii) **Breach of other obligations**: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or, as the case may be, the Agency Agreement, and such default remains unremedied for 30 days or after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer; or
- (iii) **Cross-default of Issuer or Relevant Subsidiary**:
  - (A) any Indebtedness for Borrowed Money of the Issuer or any of its Relevant Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or
  - (B) any such Indebtedness for Borrowed Money becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the Relevant Subsidiaries or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness for Borrowed Money,

provided that the amount of Indebtedness for Borrowed Money referred to in sub-paragraph (A) and/or sub-paragraph (B) above individually or in the aggregate exceeds €50,000,000 (or its equivalent in any other currency or currencies);

- (iv) **Unsatisfied judgment**: one or more final judgment(s) or order(s) for the payment of any amount which individually or in the aggregate exceeds €50,000,000 or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Relevant Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (v) **Security enforced**: any Security Interest created or assumed by the Issuer or any of its Relevant Subsidiaries becomes enforceable and any steps are taken to enforce it

(including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person) provided that the Indebtedness for Borrowed Money to which such Security Interest relates either individually or in aggregate exceeds €50,000,000 (or its equivalent in any other currency or currencies); or

- (vi) **Cessation of business:** the Issuer (or any of its Relevant Subsidiaries) ceases or threatens to cease to carry on the whole or a substantial part of its business (except in any such case for the purpose of a Permitted Reorganisation) or the Issuer (or any of its Relevant Subsidiaries) stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
  - (vii) **Insolvency proceedings:** (i)(A) in respect of the Issuer, an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against it or an order is made or a resolution is passed for the dissolution or winding up of the Issuer, and in respect of any of the Issuer's Relevant Subsidiaries, proceedings are initiated against any such Relevant Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (except in any such case for the purpose of a Permitted Reorganisation); or (B) an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer (or any of its Relevant Subsidiaries) or in relation to the whole or any substantial part of the undertaking or assets of any of them; or (C) an encumbrance takes possession of the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); or (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); and (ii) in any case is or are not discharged within 30 days; or
  - (viii) **Arrangements with creditors:** the Issuer (or any of its Relevant Subsidiaries) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or
  - (ix) **Failure to take action etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of Spain or England is not taken, fulfilled or done; or
  - (x) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes.
- (b) This Condition 8.2(b) only applies to Ordinary Senior Notes or Senior Non Preferred Notes if so specified in the applicable Final Terms as being applicable to the Ordinary Senior Notes or Senior Non Preferred Notes, and references to "Notes" shall be construed accordingly.

If this Condition 8.2(b) applies, an **Additional Event of Default** shall occur if the Issuer fails to pay any amount of principal or interest in respect of the Notes within the number of days

specified as the applicable grace period in the applicable Final Terms, or if no grace period is specified, 30 days of the due date for payment thereof.

- (c) For the purpose of this Condition 8:

**Indebtedness for Borrowed Money** means any money borrowed, liabilities in respect of any acceptance credit, note or bill discounting facility, liabilities under any bonds, notes, debentures, loan stocks, securities or other indebtedness by way of loan capital.

**Permitted Reorganisation** means:

- (a) with respect to the Issuer, a reconstruction, merger or amalgamation (i) which has been approved by an Extraordinary Resolution at a meeting of Noteholders; or (ii) where the entity resulting from any such reconstruction, merger or amalgamation is (A) a financial institution (*entidad de crédito*) under article 1 of Law 10/2014 (or any other law or regulation which may replace it in the future), as amended and restated and (B) has a rating for long-term senior debt assigned by Standard & Poor's Credit Services Europe Limited, Moody's Investor Services España, S.A., Fitch Ratings España, S.A.U. or DBRS Ratings Limited equivalent to or higher than the rating for long-term senior debt of the Issuer immediately prior to such reconstruction, merger or amalgamation); and
- (b) with respect to a Relevant Subsidiary, a reconstruction, merger or amalgamation (i) which has been approved by an Extraordinary Resolution at a meeting of Noteholders; or (ii) is on a solvent basis.

When related to a Relevant Subsidiary, an Event of Default shall only be considered as such when the creditworthiness of the Issuer is materially weaker immediately after the occurrence of such event, where: **materially weaker** shall mean that two of the four Rating Agencies modify at least by three lower notches the rating previously applied to the Issuer; and **Rating Agencies** shall mean Standard & Poor's Rating Services, Moody's Investor Services, Fitch Ratings Ltd and DBRS Ratings Ltd.

**Relevant Subsidiary** means, at any particular time, any Subsidiary of the Issuer:

- (a) whose net assets represent not less than 10 per cent. of the net consolidated assets of the Group as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such Subsidiary and the most recently published audited consolidated accounts of the Issuer; or
- (b) whose gross revenues represent not less than 10 per cent. of the gross consolidated revenues of the Group, all as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer.

*For the purposes of this definition:*

- (i) *if there shall not at any time be any relevant audited consolidated accounts of the Issuer, references thereto herein shall be deemed to be references to a consolidation (which need not be audited) by the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries;*
- (ii) *if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated gross revenues shall be determined on the basis of pro forma consolidated accounts (which need not be audited) of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer;*

- (iii) *if (A) any Subsidiary shall not in respect of any relevant financial period for whatever reason produce audited accounts or (B) any Subsidiary shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer relate, then there shall be substituted for the purposes of this definition the management accounts of such Subsidiary for such period;*
- (iv) *where any Subsidiary is not wholly owned by the Issuer there shall be excluded from all calculations all amounts attributable to minority interests;*
- (v) *in calculating any amount all amounts owing by or to the Issuer and any Subsidiary to or by the Issuer and any Subsidiary shall be excluded; and*
- (vi) *in the event that accounts of any companies being compared are prepared on the basis of different generally accepted accounting principles, there shall be made such adjustments to any relevant financial items as are necessary to achieve a true and fair comparison of such financial items.*

## **9. WAIVER OF SET-OFF**

No Noteholder may at any time exercise or claim any or all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note (the **Waived Set-Off Rights**) against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Note) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition 9 is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition 9.

## **10. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require and in accordance with applicable law. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **11. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4.4 (*Payments – General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **12. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7 (*Prescription*).

## **13. NOTICES**

Notice to Noteholders:

All notices regarding the Notes will be deemed to be validly given if published (a) if the rules of the exchange on which the Notes are listed so require, in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*), or (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of Euronext Dublin, on the Euronext Dublin's website, [www.ise.ie](http://www.ise.ie). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the



Noteholders and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **14. MEETINGS OF NOTEHOLDERS AND MODIFICATION**

### **14.1 Meetings of Noteholders**

#### **(a) Convening of Meetings, Quorum, Adjourned Meetings**

- (i) The Issuer may at any time and, if required in writing by Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Issuer fails for a period of seven days to convene the meeting the meeting may be convened by the relevant Noteholders. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the Agent and the Dealers of the day, time and place of the meeting and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place approved by the Agent.
- (ii) At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Noteholders in the manner provided in Condition 13 (*Notices*). The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, in the case of an Extraordinary Resolution only, shall either (i) specify the terms of the Extraordinary Resolution to be proposed or (ii) inform Noteholders that the terms of the Extraordinary Resolution are available free of charge from the Agent, provided that, in the case of (ii), such resolution is so available in its final form with effect on and from the date on which the notice convening such meeting is given as aforesaid. The notice shall include statements as to the manner in which Noteholders may arrange for voting certificates or block voting instructions to be issued and, if applicable, appoint proxies or representatives or (ii) inform Noteholders that details of the voting arrangements are available free of charge from the Agent, provided that, in the case of (ii) the final form of such details are so available with effect on and from the date on which the notice convening such meeting is given as aforesaid. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).
- (iii) The person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
- (iv) At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5 per cent. in nominal amount of the Notes for the time being

outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the required quorum is present at the commencement of business. The quorum at any meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

- (a) modification of the Maturity Date (if any) of the Notes or reduction or cancellation of the nominal amount payable at maturity; or
- (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes; or
- (c) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms; or
- (d) modification of the currency in which payments under the Notes are to be made; or
- (e) modification of the majority required to pass an Extraordinary Resolution; or
- (f) the sanctioning of any scheme or proposal described in subclause 14.1(b)(ix)(f); or
- (g) alteration of this proviso or the proviso to subclause 14.1(a)(v) below,

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds in nominal amount of the Notes for the time being outstanding.

- (v) If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened by Noteholders be dissolved. In any other case it shall be adjourned to the same day in the next week (or if that day is a public holiday the next following business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall be adjourned for a period being not less than 14 clear days nor more than 42 clear days and at a place appointed by the Chairman and approved by the Agent). If within 15 minutes (or a longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve the meeting or adjourn it for a period, being not less than 14 clear days (but without any maximum number of clear days) and to a place as may be appointed by the Chairman (either at or after the adjourned meeting) and approved by the Agent, and the provisions of this sentence shall apply to all further adjourned meetings.
- (vi) At any adjourned meeting one or more Eligible Persons present (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present

provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to subclause 14.1(a)(iv) the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third in nominal amount of the Notes for the time being outstanding.

- (vii) Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 21 were substituted for 10 in subclause 14.1(a)(ii) and the notice shall state the relevant quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.

(b) **Conduct of Business at Meetings**

- (i) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as an Eligible Person.
- (ii) At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by any Eligible Person present (whatever the nominal amount of the Notes held by him), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (iii) Subject to subclause 14.1(b)(v), if at any meeting a poll is demanded it shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
- (iv) The Chairman may, with the consent of (and shall if directed by) any meeting, adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- (v) Any poll demanded at any meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
- (vi) Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of outstanding in Condition 14.1(c) below, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requiring the convening of a meeting unless he is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of the Issuer or any Subsidiary of the Issuer. Nothing contained in this paragraph shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.
- (vii) Subject as provided in subclause 14.1(b)(iv), at any meeting:
  - (a) on a show of hands every Eligible Person present shall have one vote; and
  - (b) on a poll every Eligible Person present shall have one vote in respect of:

- (i) each €1.00; and
- (ii) in the case of a meeting of the holders of Notes denominated in a currency other than Euros, the equivalent of €1.00 in that currency (calculated as specified in subclause 14.1(b)(xiii)),

or such other amount as the Agent shall in its absolute discretion specify in nominal amount of Notes in respect of which he is an Eligible Person.

Without prejudice to the obligations of the proxies named in any block voting instruction, any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

- (viii) The proxies named in any block voting instruction need not be Noteholders.
- (ix) A meeting of the Noteholders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in subclauses 14.1(a)(iv) and 14.1(a)(vi), namely:
  - (a) power to approve any compromise or arrangement proposed to be made between the Issuer and the Noteholders and Couponholders or any of them;
  - (b) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and Couponholders against the Issuer or against any of its property whether these rights arise under the Agency Agreement, the Notes or the Coupons or otherwise;
  - (c) power to agree to any modification of the provisions contained in the Agency Agreement or the Conditions, the Notes or the Coupons which is proposed by the Issuer (other than any change arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Notes);
  - (d) power to give any authority or approval which under the provisions of this Schedule or the Notes is required to be given by Extraordinary Resolution;
  - (e) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon any committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
  - (f) power to approve any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and
  - (g) power to approve the substitution of any entity in place of the Issuer (or any previous substitute) as the principal debtor in respect of the Notes and the Coupons.

(each of (a) to (g) above, a **Basic Terms Modification**)

- (x) Any resolution (i) passed at a meeting of the Noteholders duly convened and held (ii) passed as a resolution in writing or (iii) passed by way of electronic consents given by Noteholders through the relevant clearing system(s), shall be binding upon all the Noteholders whether

present or not present at the meeting referred to in (i) above and whether or not voting and upon all Couponholders and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 13 (*Notices*) by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.

- (xi) The expression **Extraordinary Resolution** when used herein means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Schedule by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or (b) a resolution in writing signed by or on behalf of all the Noteholders/the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Noteholders or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of all the Noteholders/the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding.
- (xii) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any minutes signed by the Chairman of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had at the meeting to have been duly passed or had.
- (xiii) If the Issuer has issued and has outstanding Notes which are not denominated in euros, the nominal amount of such Notes shall:
  - (a) for the purposes of subclause 14.1(a) (i) above, be the equivalent in euros at the spot rate of a bank nominated by the Agent for the conversion of the relevant currency or currencies into euros on the seventh dealing day before the day on which the written requirement to call the meeting is received by the Issuer; and
  - (b) for the purposes of subclauses 14.1(a)(iv), 14.1(a)(vi) and 14.1(a)(vii) above (whether in respect of the meeting or any adjourned meeting or any poll), be the equivalent at that spot rate on the seventh dealing day before the day of the meeting,

and, in all cases, the equivalent in euros of any Notes issued at a discount or a premium shall be calculated by reference to the original nominal amount of those Notes.

In the circumstances set out above, on any poll each person present shall have one vote for each €1.00 in nominal amount of the Notes (converted as above) which he holds or represents.

(c) **Definitions**

For the purposes of this Condition 14,

- (i) **Eligible Person** means those persons entitled to attend and vote at a meeting of the Noteholders as stated in the relevant notice of meeting or pursuant to the relevant voting arrangements details of which are available from the Agent, in each case in accordance with

Condition 14.1(a)(ii) above (being the relevant Noteholders or duly appointed proxies or representatives of such Noteholders);

- (ii) those Notes (if any) which are for the time being held by or for the benefit of the Issuer or any subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain **outstanding**; and
- (iii) a **relevant clearing system** means, in respect of any Notes represented by a Global Note, any clearing system on behalf of which the Global Note is held or which is the bearer or (directly or through a nominee) registered owner of the Global Note, in each case whether alone or jointly with any other clearing system(s).

## 14.2 Modification

The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

By its acquisition of the Notes, each Noteholder and Couponholder (which for these purposes includes each holder of a beneficial interest in the Notes or the Coupons) will be deemed to have expressly consented to any modification of the Notes, the Conditions or the Agency Agreement pursuant to this Condition 14.2.

## 15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## 16. SUBSTITUTION OF THE ISSUER

- (a) The Issuer (or any previous substitute under this Condition 16) may, with respect to any Series of Notes issued by it (the **Relevant Notes**), without the further consent of the Noteholders but, subject to such substitution being in compliance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), be replaced and substituted by any of its wholly owned Subsidiaries as the principal debtor in respect of the Notes, Coupons and Talons (the **Substituted Debtor**), provided that:
  - (i) the Issuer is not in default in respect of any amount payable under any of the Relevant Notes;
  - (ii) the Issuer (or any previous substitute under this Condition) and the Substituted Debtor have granted or entered into such documents (the **Documents**) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder of the Relevant Notes to be bound by these Conditions and the provisions of the Agency Agreement as the debtor in respect of such Notes in place of the Issuer (or of any previous substitute under this Condition 16) and pursuant

to which the Issuer shall unconditionally and irrevocably guarantee (the **New Guarantee**) in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor with the Issuer's obligations under the New Guarantee ranking *pari passu* with the Issuer's obligations under the Notes prior to the substitution becoming effective;

- (iii) if the Substituted Debtor is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**) the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder of the Relevant Notes has the benefit of an undertaking in terms corresponding to the provisions of Condition 6 (*Taxation*), with, where applicable, the substitution of references to the Former Residence with references to the New Residence. The Documents also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iv) the Documents contain a warranty and representation by the Substituted Debtor and the Issuer that the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the giving by the Issuer of the New Guarantee in respect of the obligations of the Substituted Debtor and for the performance by each of the Substituted Debtor and the Issuer of their respective obligations under the Documents and that all such approvals and consents are in full force and effect;
- (v) each stock exchange on which the Relevant Notes are listed has confirmed that, following the proposed substitution of the Substituted Debtor, the Relevant Notes will continue to be listed on such stock exchange (of the Issuer or the Substituted Debtor is otherwise satisfied of the same);
- (vi) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country of incorporation of the Substituted Debtor and the country which laws governs this Programme, confirming, as appropriate, that upon the substitution taking place the Notes, Coupons and Talons are legal, valid and binding obligations of the Substituted Debtor enforceable in accordance with their terms;
- (vii) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country which law governs the Documents that upon the substitution taking place the Documents (including the New Guarantee given by the Issuer in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms;
- (viii) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country which law governs the Documents that upon the substitution taking place the Documents constitute legal, valid and binding obligations of the parties thereto;

- (ix) any rating agency which has issued a rating in connection with the Relevant Notes shall have confirmed that following the proposed substitution of the Substituted Debtor, the credit rating of the Relevant Notes will remain the same or be improved;
  - (x) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Documents; and
  - (xi) the substitution complies with all applicable requirements established under the applicable laws.
- (b) Upon the execution of the Documents and the delivery of the legal opinions, the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer (or any previous substitute under this Condition) under the Relevant Notes and any related Coupons or Talons and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the principal debtor in place of the Issuer herein, and the Issuer or any previous substitute under these provisions shall, upon the execution of the Documents be released from its obligations under the Relevant Notes and any related Coupons or Talons and under the Agency Agreement.
  - (c) After a substitution pursuant to Condition 16(a), the Substituted Debtor may, without the further consent of any Noteholder, effect a further substitution. All the provisions specified in Condition 16(a) and 16(b) shall apply, *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.
  - (d) After a substitution pursuant to Condition 16(a) or 16(c) any Substituted Debtor may, without the further consent of any Noteholder, reverse the substitution, *mutatis mutandis*.
  - (e) The Documents shall be delivered to, and kept by, the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder in relations to the Notes or the Documents shall not have been finally adjudicated or settled or discharged. Copies of the Documents will be available free of charge at the specified office of each of the Agents.
  - (f) Not later than 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 13 (*Notices*).
  - (g) By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to any substitution of the Issuer pursuant to this Condition 16.

## 17. LOSS ABSORBING POWER

The obligations of the Issuer under the Notes are subject to, and may be limited, by the exercise of any Loss Absorbing Power by the Relevant Resolution Authority.

### 17.1 Definitions

**Amounts Due** means the principal amount, together with any accrued but unpaid interest, and additional amounts, if any, due on the Notes under Condition 6 (*Taxation*). References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Loss Absorbing Power by the Relevant Resolution Authority;



**Loss Absorbing Power** means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Spain, relating to (i) the transposition of the BRRD (including but not limited to, Law 11/2015, Royal Decree 1012/2015 and any other implementing regulations) as amended or superseded from time to time, (ii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or superseded from time to time, the SRM Regulation) and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a Regulated Entity (or an affiliate of such Regulated Entity), including the Notes, can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations of such Regulated Entity (or affiliate of such Regulated Entity).

Accordingly, the exercise of the Loss Absorbing Power by the Relevant Resolution Authority may include and result in any of the following, or some combination thereof:

- (a) the reduction of all, or a portion, of the Amounts Due on a permanent basis;
- (b) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;
- (c) the cancellation of the Notes or Amounts Due;
- (d) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (e) the amendment of the terms of the Notes; and

**Regulated Entity** means any entity to which BRRD, as implemented in Spain (including but not limited to, by Law 11/2015, Royal Decree 1012/2015 and any other implementing regulations) and as amended or superseded from time to time, or any other Spanish piece of legislation relating to the Loss Absorbing Power, applies, which includes, certain credit institutions, investment firms, and certain of their parent or holding companies.

## **17.2 Payment of Interest and Other Outstanding Amounts Due**

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Loss Absorbing Power by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

## **17.3 Notice to Noteholders**

Upon the exercise of any Loss Absorbing Power by the Relevant Resolution Authority with respect to the Notes, the Issuer will make available a written notice to the Noteholders as soon as practicable regarding such exercise of the Loss Absorbing Power. The Issuer will also deliver a copy of such notice to the Agent for information purposes.

#### **17.4 Duties of the Agents**

Upon the exercise of any Loss Absorbing Power by the Relevant Resolution Authority, (a) the Agent shall not be required to take any directions from Noteholders, and (b) the Agency Agreement shall impose no duties upon any of the Agents whatsoever, in each case with respect to the exercise of any Loss Absorbing Power by the Relevant Resolution Authority.

#### **17.5 Proration**

If the Relevant Resolution Authority exercises the Loss Absorbing Power with respect to less than the total Amounts Due, unless any of the Paying Agents is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of the Notes pursuant to the Loss Absorbing Power will be made on a pro-rata basis.

#### **17.6 No Event of Default**

None of a cancellation of the Notes, a reduction in the Amount Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Loss Absorbing Power by the Relevant Resolution Authority with respect to the Issuer or the exercise of the Loss Absorbing Power with respect to the Notes will be an Event of Default or otherwise constitute non-performance of a contractual obligation.

### **18. SUBSTITUTION AND VARIATION**

#### **18.1** This Condition 18.1 applies to Ordinary Senior Notes eligible to comply with MREL Requirements, Subordinated Notes and Senior Non Preferred Notes.

If a Capital Event, an Eligible Liabilities Event, an Alignment Event or circumstance giving rise to the right of the Issuer to redeem the Ordinary Senior Notes eligible to comply with MREL Requirements, Subordinated Notes or Senior Non Preferred Notes under Condition 5.2 (*Redemption for Tax Reasons*) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to become or remain, Qualifying Notes, subject to having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) and the Agent (which notice shall be irrevocable and specify the date for substitution or, as applicable, variation), and subject to obtaining the prior permission of the Regulator and/or Relevant Resolution Authority if and as applicable (if such permission is required therefor under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations)) and in accordance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the relevant Notes. Such substitution or variation shall be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing the relevant Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant the Issuer full power and authority to take any action and/or execute and deliver any document in the name and/or on behalf of the Noteholder which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

#### **18.2** In the Conditions:

An **Alignment Event** is deemed to have occurred if there is a change in, or amendment to, the Applicable MREL Regulations, or any change in the application or interpretation thereof, that results in the requirements for Ordinary Senior Notes to qualify as MREL-Eligible Senior Preferred Instruments, for Senior Non Preferred Notes to qualify as MREL-Eligible Senior Non Preferred Instruments and for Senior Subordinated Notes to qualify as eligible liabilities being different in any respect from the Conditions, provided that if an event or circumstance which would otherwise constitute an Alignment Event also constitutes an Eligible Liabilities Event, it will be treated as an Eligible Liabilities Event and will not constitute an Alignment Event.

**Qualifying Notes** means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer that have terms not otherwise materially less favourable to the Noteholders than the terms of the Ordinary Senior Notes eligible to comply with MREL Requirements, the Subordinated Notes and the Senior Non Preferred Notes (as applicable) provided that the Issuer shall have delivered a certificate signed by two authorised signatories to that effect to the Noteholders in accordance with Condition 13 (*Notices*) and the Agent not less than five Business Days prior to (x) in the case of a substitution of the Notes, the issue date of the relevant securities or (y) in the case of a variation of the Notes, the date such variation becomes effective, provided that such securities shall:

- (a) (i) in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, contain terms that comply with the then current requirements for MREL-Eligible Senior Preferred Instruments of the Issuer and/or the Group; (ii) in the case of Senior Non Preferred Notes, contain terms that comply with the then current requirements for MREL-Eligible Senior Non Preferred Instruments of the Issuer and/or the Group; (iii) in the case of Senior Subordinated Notes contain terms which comply with the then current MREL Requirements, in each case as embodied in the Applicable MREL Regulations; and (iv) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer and/or the Group, as embodied in the Applicable Banking Regulations; and
- (b) carry the same rate of interest as the Notes prior to the relevant substitution or variation; and
- (c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation; and
- (d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation; and
- (e) have the same ranking or higher as the Notes; and
- (f) not, immediately following such substitution or variation, be subject to (i) in the case of Senior Notes and Senior Subordinated Notes, an Eligible Liabilities Event or an early redemption right for taxation reasons according to Condition 5.2; and (ii) in the case of Tier 2 Subordinated Notes, a Capital Event or an early redemption right for taxation reasons according to Condition 5.2; and
- (g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation.

## **19. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **19.1 Governing law**

The Notes and the Coupons and any non-contractual obligations arising out of or the Notes and the Coupons are governed by, and construed in accordance with, Spanish law. The Notes are issued in accordance with the formalities prescribed by Spanish company law. The Agency Agreement and any non-contractual obligations arising out of or in connection with the Agency Agreement are governed by, and construed in accordance with, English law.

### **19.2 Submission to jurisdiction**

- (a) Subject to Condition 19.2(c) below, the courts of Spain, in particular, the courts of the city of Valencia, have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of such courts.
- (b) For the purposes of this Condition 19.2, the Issuer waives any objection to the courts of the city of Valencia, Spain, on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## DESCRIPTION OF THE ISSUER

*The information included in the section of the Base Prospectus headed "Description of the Issuer – Key events in 2015, 2016, 2017 and 2018" on pages 126 to 132 shall be amended by the addition of the following information:*

### **"Rating on the long term debt issued by CaixaBank**

On 1 August 2018, the rating agency Moody's Investors Service (Moody's) has upgraded CaixaBank's long-term senior unsecured debt rating to Baa1 from Baa2. The outlook on CaixaBank's long-term debt rating changes to Stable from Positive.

This rating action reflects the improvement of CaixaBank's baseline credit assessment (BCA) assigned by Moody's to baa3 from ba1.

As a result, Moody's has also upgraded the following ratings:

- Long-term Counterparty Risk: A3 from Baa1
- Junior senior unsecured debt (non-preferred senior): Ba1 from Ba2
- Dated subordinated debt (tier 2): Ba1 from Ba2.

### **Redemption of EUR 750,000,000 Subordinated Fixed Reset Notes due November 2023 with ISIN code XS0989061345 (the "Subordinated Notes due 2023")**

On 14 September 2018 CaixaBank has announced its intention to exercise its option to redeem all of the outstanding Subordinated Notes due 2023 on 14 November 2018 (the "**Optional Redemption Date of the Subordinated Notes due 2023**") at their principal amount, coinciding with the relevant interest payment date. Any accrued interest due, if applicable, shall also be paid on the same date. The relevant consent from the European Central Bank to the redemption in full of all outstanding Subordinated Notes due 2023 has been obtained.

The fully loaded Total Capital Ratio as published in the condensed consolidated financial statements and management report at 30 June 2018 would move from 15.7% to 15.2% (taking into account the redemption of the Subordinated Notes due 2023)."

## GENERAL INFORMATION

*The text set out below shall replace, in its entirety, the sections headed "Authorisation" on page 171 of the Base Prospectus:*

### **"Authorisation**

The establishment of the Programme was duly authorised by a resolution of the shareholders of the Issuer dated 25 April 2013, and a resolution of the Board of Directors of the Issuer dated 26 September 2013 and the update of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 22 March 2018 and 26 July 2018.

Issues of Notes under the Programme are required to comply with certain formalities contained in the Spanish Corporations law (*Ley de Sociedades de Capital*), including as at the date of this Base Prospectus execution of a public deed of issue (*Escritura de Emisión*)."