

## BASE PROSPECTUS



### CAIXABANK, S.A.

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

**EURO 25,000,000,000**

#### **Euro Medium Term Note Programme**

Under this Euro 25,000,000,000 Euro Medium Term Note Programme (the **Programme** described in this Base Prospectus (which replaces the previous Base Prospectus dated 26 April 2019, 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**).

The Final Terms (as defined below) for each Tranche (as defined under "*Terms and Conditions of the English Law Notes*" and "*Terms and Conditions of the Spanish Law Notes*", as applicable) of Notes will state whether the Notes of such Tranche are to be (a) Senior Notes or (b) Subordinated Notes and, if Senior Notes, whether such notes are (i) Ordinary Senior Notes or (ii) Senior Non-Preferred Notes and, if Subordinated Notes, whether such Notes are (i) Senior Subordinated Notes or (ii) Tier 2 Subordinated Notes.

The maximum aggregate original nominal amount of all Notes from time to time outstanding under the Programme will not exceed Euro 25,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".**

Potential investors should note the statements on pages 216 – 222 regarding the tax treatment in Spain of income obtained in respect of Notes and the disclosure requirements imposed by Law 10/2014 (as defined below) on the Issuer. In particular, payments on Notes may be subject to Spanish withholding tax if certain information relating to Notes is not received by the Issuer in a timely manner.

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

Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Euronext Dublin Regulated Market**) of The Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU, as amended (**MiFID II**) or that are to be offered to the public in any Member State of the European Economic Area (the **EEA**) and/or the United Kingdom (the **UK**) in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the **Official List**) and trading on the Euronext Dublin Regulated Market. References in the Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to listing on the Official List of Euronext Dublin and admitted to trading on the Euronext Dublin Regulated Market or, as the case may be, a regulated market for the purposes of MiFID II. The Euronext Dublin Regulated Market is a regulated market for the purposes of MiFID II. This document may be used to list Notes on the Euronext Dublin Regulated Market pursuant to the Programme.

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or the UK and/or offered to the public in the EEA and/or the UK other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation.

Notice of the aggregate original nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the English Law Notes*" and "*Terms and Conditions of the Spanish Law Notes*", as applicable) of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the CBI and, where listed, Euronext Dublin. Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state in the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (see "*Subscription and Sale*").

The Issuer's long term ratings are Baa1 (stable outlook) by Moody's Investors Service España, S.A. (**Moody's**), BBB+ (stable outlook) by S&P Global Ratings Europe Limited (**S&P Global**), BBB+ (negative outlook) by Fitch Ratings España, S.A.U. (**Fitch**) and A (Stable Trend) by DBRS Ratings GmbH (**DBRS**). Each of Moody's, S&P Global, Fitch and DBRS is established in the European Union (**EU**) and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's, S&P Global, Fitch and DBRS is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms. A security rating is not a

recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**PRIIPs / IMPORTANT – EEA AND UK RETAIL INVESTORS** - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK 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 EEA or in the UK. 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 Directive (EU) 2016/97, as amended (the **Insurance Distribution Directive**), 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 Regulation. 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 or in the UK will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Amounts payable on Floating Rate Notes and Fixed Reset Notes may be calculated by reference to one of the Euro Interbank Offered Rate (**EURIBOR**), the London Interbank Offered Rate (**LIBOR**) or the Sterling Overnight Index Average (**SONIA**) as specified in the relevant Final Terms, which are administered by the European Money Markets Institute (**EMMI**), ICE Benchmark Administration Limited (**ICE**) and the Bank of England, respectively. As at the date of this Base Prospectus, ICE and EMMI are included in the European Securities and Markets Authorities' (**ESMA**) register of administrators and benchmarks under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). The Bank of England is not included in ESMA's register of administrators and benchmarks under Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, SONIA does not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of the Benchmarks Regulation. Amounts payable on CMS Linked Interest Notes may be calculated by reference to one or more "benchmarks" for the purpose of the Benchmarks Regulation. In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the "benchmark" is included in ESMA's register of administrators and benchmarks under Article 36 of the Benchmarks Regulation.

**Arranger**

**BARCLAYS**

**Dealers**

**Banco Bilbao Vizcaya Argentaria, S.A.**

**BofA Securities**

**CaixaBank, S.A.**

**Commerzbank**

**Credit Suisse**

**Goldman Sachs Bank Europe SE**

**J.P. Morgan**

**Morgan Stanley**

**Nomura**

**Société Générale Corporate & Investment Banking**

**UniCredit Bank**

**Barclays**

**BNP PARIBAS**

**Citigroup**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**Mediobanca - Banca di Credito Finanziario S.p.A.**

**NATIXIS**

**Santander Corporate & Investment Banking (SCIB)**

**UBS Investment Bank**

The date of this Base Prospectus is 23 April 2020.

## IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CBI.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or any responsibility accepted for any acts or omissions of the Issuer or any other person in connection with the Base Prospectus or the issue and offering of any Notes. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any Final Terms or any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA, the UK, Spain, France, Belgium, Republic of Italy, Switzerland, Japan and Singapore (see "*Subscription and Sale*").

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE), AS AMENDED FROM TIME TO TIME (THE SFA)**

The Final Terms in respect of any Notes may include a legend entitled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)" which will state the product classification of the Notes pursuant to section 309B(1) of the SFA.

The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

## **PRESENTATION OF INFORMATION**

In this Base Prospectus, all references to:

- **U.S. dollars** refer to United States dollars;
- **Sterling** and **£** refer to pounds sterling;
- **Kwanza** refer to Angolan kwanza; and
- **euro** and **€** refer to 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 EU, as amended.

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## **STABILISATION**

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the relevant Terms and Conditions, in which event, and, if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Words and expressions defined in "Form of the Notes", "Terms and Conditions of the English Law Notes" and "Terms and Conditions of the Spanish Law Notes" shall have the same meanings in this Overview.

<b>Issuer:</b>	CaixaBank, S.A.
<b>LEI Code:</b>	7CUNS533WID6K7DGF187
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Barclays Bank Ireland PLC
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank Ireland PLC BNP Paribas BofA Securities Europe SA CaixaBank, S.A. Citigroup Global Markets Limited Citigroup Global Markets Europe AG Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank Aktiengesellschaft Goldman Sachs Bank Europe SE HSBC Bank plc HSBC France J.P. Morgan AG J.P. Morgan Securities plc Merrill Lynch International Mediobanca - Banca di Credito Finanziario S.p.A. Morgan Stanley & Co. International plc NATIXIS

Nomura International plc  
Société Générale  
UBS Europe SE  
UniCredit Bank AG

and any other Dealers appointed in accordance with the Programme Agreement.

**Certain Restrictions:**

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.

**Issuing and Principal Paying Agent:**

BNP Paribas Securities Services, Luxembourg Branch.

**Programme Size:**

Up to €25,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) in aggregate original nominal amount of all Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Distribution:**

Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Notes may be denominated in euro, Sterling, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.

**Maturities:**

Any maturity of at least one year in the case of Senior Notes and Senior Subordinated Notes and a minimum maturity of five years in the case of Tier 2 Subordinated Notes, as indicated in the applicable Final Terms or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant competent authority or any applicable laws or regulations.

**Issue Price:**

Notes may be issued on a fully- paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:**

The Notes will be in bearer form and will on issue be represented by either a temporary global Note or a permanent global Note as specified in the applicable Final Terms. Temporary global Notes will be exchangeable either for (a) interests in a permanent global Note or (b) for definitive Notes as indicated in the applicable Final Terms. Permanent global Notes will be exchangeable for definitive Notes upon the occurrence of an Exchange Event as described under "*Form of the Notes*".

**Clearing Systems:**

Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and/or, in relation to any Notes, any

other clearing system as may be specified in the relevant Final Terms.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. Fixed Reset Notes may also be issued.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by 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 of the relevant Series); or
- (b) on the basis of the reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

**CMS Linked Interest Notes:**

CMS Linked Interest Notes bear interest (if any) at a rate determined by reference to one or more swap rates.

**Benchmark Discontinuation:**

On the occurrence of a Benchmark Event, the Issuer and an Independent Adviser may, subject to certain conditions, in accordance with Condition 3.4 and without any separate consent or approval of the Noteholders, determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments.

**Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default and, in the case of Tier 2 Subordinated Notes, following a Capital Event or, in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, Senior Non Preferred Notes or Subordinated Notes, an Eligible Liabilities Event) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on

such other terms as may be agreed between the Issuer and the relevant Dealer.

Redemption for taxation reasons in the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, or redemption following a Capital Event or an Eligible Liabilities Event, 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. See Condition 5 (*Redemption and Purchase*).

**Substitution and Variation:**

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, including, in the case of English Law Notes by changing the governing law of the Notes from English law to Spanish law, 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. See Condition 18 (*Substitution and Variation*).

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each note will be at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) in the case of Notes to be admitted to trading on a regulated market for the purposes of MiFID II.

**Taxation:**

All payments of principal and interest in respect of the 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 (as defined in Condition 6 (*Taxation*)), unless such withholding or deduction is required by law. In that event, the Issuer will, save in certain limited circumstances or exceptions (please refer to Condition 6 (*Taxation*) of the Terms and Conditions of the Notes) be required to pay such additional amounts in respect of interest and, in respect of Senior Notes and Senior Subordinated Notes only (unless otherwise indicated in the relevant Final Terms), principal and/or any premium, as will result in receipt by the Noteholders of such amounts in respect of such interest and, in respect of Senior Notes and Senior Subordinated Notes only (unless otherwise indicated in the relevant Final Terms), principal and/or any premium, as would

have otherwise been receivable by them had no such withholding or deduction been required.

The Issuer considers that, according to the simplified information procedures set out in Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011 of 29 July (**Royal Decree 1065/2007**), the Issuer is not obliged to identify Noteholders as described in "*Taxation – Simplified information procedures*". For further information regarding the interpretation of Royal Decree 1065/2007 please refer to "*Risk Factors – 16. Risks relating to the Spanish withholding tax regime*".

All payments in respect of the Notes 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 to 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.

**Negative Pledge:**

The terms of the Notes will not contain a negative pledge provision.

**Cross Default:**

The terms of the Ordinary Senior Notes will contain a cross default provision as further described in Condition 8 (*Events of Default*) if indicated as “Applicable” in the relevant Final Terms.

The terms of the Senior Non-Preferred Notes and the Subordinated Notes will not contain a cross default provision.

**Status of the Notes:**

Notes may be either 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 and will all rank as more fully described in Condition 2 (*Status of the Senior Notes and Subordinated Notes*).

**Rating:**

The Issuer's long term ratings are Baa1 (stable outlook) by Moody's, BBB+ (stable outlook) by S&P Global; BBB+ (negative outlook) by Fitch and A with Stable Trend by DBRS.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing:**

This Base Prospectus has been approved by the CBI as competent authority under the Prospectus Regulation. Application has been made for Notes issued under the Programme to be listed on the Official List

of Euronext Dublin. No unlisted Notes may be issued under the Programme.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series.

The applicable Final Terms will state on which stock exchanges and/or markets the relevant Notes are to be listed and/or admitted to trading.

**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, the relevant corporate resolutions and the provisions relating to the exercise and effect of the Loss Absorbing Power by the Relevant Resolution Authority and the acknowledgement of the same, 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.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, Spain, France, Belgium, Republic of Italy, Switzerland, Japan, and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").

**United States Selling Restrictions:**

Regulation S. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes and are classified by categories and listed in order of decreasing materiality within each category, taking into account both the probability that they might occur as well as the expected magnitude of their negative impact.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The factors discussed below regarding the risks of acquiring or holding any Notes are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Notes. In particular, there are certain other risks, which are considered to be less important or because they are more general risks which have not been included in this Base Prospectus in accordance with the Prospectus Regulation.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

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

Listed below are the material risk factors to which CaixaBank is exposed.

The identification of such risk factors is primarily based on CaixaBank Group's Corporate Risk Taxonomy, an annually-reviewed list and description of the material risks identified in the risk self-assessment process or Risk Assessment. The Taxonomy is organised in categories (risks stemming from its business model, risks stemming from its financial activity and operational and reputational risks). For the purposes of this document both categories and inherent risks have been sorted according to their materiality.

The materialisation of any of these risks could negatively affect the business, economic results, financial situation, the Issuer's credit ratings or even the Issuer's and the Group's image and reputation. Moreover, risks currently not considered relevant by the Issuer, or risks currently unknown to the Issuer, might also have such negative effects on the Group.

The materiality of these risks is not only conditioned by the exposure to them and by how efficiently they are controlled and managed. Certain external adverse events could also jeopardize the proper development of the Group's strategy and affect the materiality of several risks of the Corporate Risk Taxonomy simultaneously (**Strategic Events**). These Strategic Events are also identified in the Risk Assessment process.

Based on the aforementioned internal Risk Assessment process, the content of this section is structured as follows:

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

(C) Risk factor related to CaixaBank's credit ratings.

**(A) *RISK FACTORS CORRESPONDING TO STRATEGIC EVENTS WHICH MIGHT AFFECT THE MATERIALITY OF THE RISKS CONTAINED IN CAIXABANK GROUP'S CORPORATE RISK TAXONOMY***

CaixaBank Group identified as the most relevant Strategic Events (i) uncertainties related to the geopolitical and macroeconomic environment; (ii) persistence of an environment of low interest rates; (iii) potentially disruptive new competitors; (iv) cybersecurity events; (v) risks related to climate change; and (vi) evolution of the legal, regulatory and supervisory framework.

In particular, the COVID-19 pandemic has materialised the Strategic Event related to uncertainties in the geopolitical and macroeconomic environment and is significantly affecting economic activity in Spain and Portugal, among other countries, so it may end up affecting the Group's financial situation and the Group's risk profile.

The Group considers that every risk of the Corporate Risk Taxonomy could be affected as a result of COVID-19. Its real impact will depend on future developments that cannot be predicted, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, or social and economic support policies that are being implemented by governments of affected countries, among others. This has led to a material increase in volatility, declines in financial markets and a significant worsening of the macroeconomic outlook (see "*Description of the Issuer*" – "*Trend information*"); these are however forward-looking scenarios that are still volatile at this point in time.

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

Indeed, the Spanish Government has passed, among others, Royal Decree-Law (RDL) 6/2020, 8/2020 and 11/2020, on urgent extraordinary measures to address the economic and social impact of COVID-19: in the first of these, it is worth noting the additional four-year extension to the suspension on evictions of vulnerable borrowers and the broadening of the concept of a vulnerable collective; the second establishes extraordinary measures designed to allow a one-month moratorium on mortgage debts for the acquisition of primary housing held by persons facing extraordinary difficulties for payment and the extension of public guarantees of the Official Credit Institute for businesses and self-employed persons affected; the third contains an extension of the moratorium established in RDL 8/2020 in terms of both time, from one to three months, and segments, including consumer loans, for example.

Notwithstanding the implementation of such measures, the Group's preliminary assessment points initially to a potentially significant increase in terms of credit risk. This might imply the need to materially increase the stock of provisions in order to address deterioration in credit portfolio quality, taking into account expected losses according to the IFRS 9 standard, which has certain procyclical tendencies.

CaixaBank supplements the public moratorium by means of other agreements of a sector-specific or private nature and extends the support offered by the public guarantee facilities offered to businesses, by means of working capital facilities and special financing facilities, among others.

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



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

CaixaBank announced the approval of certain measures aimed at reinforcing its solvency and gaining capacity and flexibility to support the economy in response to the COVID-19 outbreak (see "*Description of the Issuer*" – "*Key events in 2018, 2019 and 2020*" – "*COVID-19*"), among others: (i) reducing the proposed dividend for 2019 fiscal year; (ii) amending its current dividend policy and (iii) reducing the CET1 solvency ratio target. In addition to the previous decisions the Chief Executive Officer and the rest of members of the Management Committee waived their variable remuneration for 2020.

Credit rating agencies are revising their outlook due to the impact of the COVID-19 outbreak. Fitch revised CaixaBank's outlook from Stable to Negative based on the operating environment of the Spanish banking sector. Moody's also estimates a deterioration of the financial sector outlook in Spain, but this has not yet been applied to the particular case of CaixaBank as of the date of this Base Prospectus.

## **(B) RISKS CONTAINED IN CAIXABANK GROUP'S CORPORATE RISK TAXONOMY**

### **1. RISKS RELATED TO THE ISSUER'S FINANCIAL ACTIVITY**

This category is the most relevant one for CaixaBank. It includes the following risks, sorted by materiality: credit risk and impairment of other assets (jointly considered in this Base Prospectus), actuarial risk, structural rates risk and market risk.

#### **1.1 Risks arising from changes in credit quality and recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. (Credit and impairment of other assets)**

CaixaBank considers credit risk as a decrease in the value of the CaixaBank Group's assets due to uncertainty about a customer's or counterparty's ability to meet its obligations to the Group (this includes the risk of a reduction in the value of the CaixaBank Group's equity holdings and non-financial assets (mainly tangible assets such as real estate, intangible assets and deferred tax assets), which in the Corporate Risk Taxonomy of the Group is defined under as the risk of impairment of other assets).

Credit risk is the most significant risk for CaixaBank. The Group is exposed to the credit solvency of its clients and counterparties. It may therefore experience losses in the event of total or partial non-compliance of their credit obligations as a result of a decrease in their credit worthiness and the recoverability of the assets.

**Regulatory capital requirements (also referred to as "Pillar 1 capital requirements") allocated to credit risk** reached €10,580 million as at 31 December 2019 (€10,490 million as at 31 December 2018), including the loan portfolio, counterparty risk, fixed income and other assets (such as the equity portfolio in the banking book, the real estate assets and deferred tax assets).

**Gross loans to customers** were €227,406 million as at 31 December 2019, 1.2% higher than at the end of 2018. This increase was 2.4% when focusing on performing loans. The Group's amount of non-performing loans (NPLs) was €8,794 million as at 31 December 2019 (€11,195 million as at 31

December 2018). This implies an overall **NPL ratio of 3.6%** as at 31 December 2019, 108 basis points less than by year-end 2018.

The **overall NPL ratio (3.6%) can be broken down across segments as follows:** 4.4% in loans to individuals, 3.2% in loans to businesses (2.9% excluding real estate developers) and 0.3% for the public sector. The NPL ratio of construction and real estate development related loans decreased from 14.3% by the end of 2018 to 8% as at 31 December 2019.

As at 31 December 2019, **provisions for insolvency risk** stood at €4,863 million (€6,014 million as at 31 December 2018). As at 31 December 2019, the **NPL coverage ratio** given this stock of provisions was 55% (54% by year-end 2018).

As at 31 December 2019, **refinanced transactions** amounted to €8,523 million (€10,163 million as at 31 December 2018). Out of this amount, €4,887 million (€6,199 million as at 31 December 2018) was classified as non-performing. Provisions associated with these transactions totalled €1,860 million as at 31 December 2019 (€2,501 million as at 31 December 2018).

As at 31 December 2019, the **net portfolio of foreclosed assets available for sale** totalled €958 million (€740 million in 2018), with a coverage ratio and an accounting provision rate of 39% and 30%, respectively (39% and 28% in 2018).

The **gross NPA (non-performing assets) balance**, which encompasses non-performing loans and foreclosed assets available for sale, was €10,166 million as at 31 December 2019, €2,054 million less than by the end of 2018. Its **aggregate coverage ratio** (including accounting provisions and write-downs on foreclosed assets) as at 31 December 2019 was 53% (50% in 2018).

The **rental portfolio (real estate investments)**, net of provisions, stood at €2,094 million by year-end 2019, €385 million less than by the end of 2018 (€2,479 million as at 31 December 2018).

**Risk concentration** (by economic sector, geography, etc.) is considered one of the main causes of significant losses and has the potential to impact a financial institution's solvency. Thus, the Group's activity could be affected by excessive exposure in specific clusters that could generate significant losses in case of impairment.

As at 31 December 2019, loans to individuals made up 55% of the gross loans to customers **portfolio composition**, followed by financing to businesses (excluding real estate developers) representing 37%, public sector 5% and real estate developers 3% (57%, 35%, 5% and 3%, respectively, as at 31 December 2018).

As at 31 December 2019, the **credit granted to individuals** was €124,334 million, of which 71% of the total was concentrated in the acquisition of homes (€127,046 million and 72% respectively as of 31 December 2018).

The exposure to the **construction and real estate development** sector amounted to €6,063 million as at 31 December 2019 and €6,302 million as at 31 December 2018.

In terms of **sovereign risk concentration**, the **total exposure to Spanish and Portuguese sovereign debt securities and loans** totalled €35,024 million and €38,739 million on 31 December 2019 and 2018, respectively. The exposure to Italian sovereign securities stood at €3,065 million as at 31 December 2019 (€1,845 million as at 31 December 2018).

The **risk related to the equity portfolio** in the banking book is the risk associated with the possibility of incurring losses as the result of fluctuations in market prices, disputes among shareholders and/or default on the positions making up the equity portfolio with a medium to long

time horizon (for example the Group's stakes in Telefónica, S.A. (**Telefónica**), Erste Group Bank, A.G. (**Erste Group Bank**) and Banco de Fomento de Angola (**BFA**)). Thus, the Group faces risks derived from any potential acquisitions and divestments as well as the inherent risks to which the investees are exposed, for instance, in their management, business sector, geography and regulatory framework. The exposure and the capital requirements of the equity portfolio totalled €8,050 million and €1,465 million respectively. This represents 3% of total credit risk exposure and 14% of total credit capital requirements, which implies an increase of €934 million and €83 million respectively compared to 2018. Both exposure and capital requirements of the equity portfolio include those of the Group's insurance subsidiary VidaCaixa, given that the insurance business is consolidated by the equity method in the prudential balance sheet according to capital regulation.

## **1.2 Actuarial Risk or Risk relating to the Insurance Business**

Actuarial risk, based on the Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 (**Solvency II**), is the risk of loss or adverse change in the value of liabilities undertaken through insurance or pension contracts with customers or employees resulting from a divergence between actuarial variables used for pricing and reserves, and their developments.

Actuarial risk management stems from the regulatory framework set out at European level (Solvency II and the European Insurance and Occupational Pensions Authority (EIOPA)) and the Spanish Directorate General of Insurance and Pension Funds (DGSFP). Therefore, policies and monitoring procedures are settled to oversee the technical evolution of marketed insurance products which are affected by the following risk factors: mortality, longevity, disability, expense and lapse risk in underwriting life contracts and lapse, expense and claims ratio in the lines of business for non-life and health insurance obligations<sup>1</sup>.

Thus, for each line of business, both policies of underwriting and reinsurance identify different risk parameters for approval, management, measurement, rate-setting and, lastly, to calculate and set the liabilities covering the underwritten contracts. Additionally, general operating procedures are set to control the underwriting process.

The Pillar 1 capital requirements related to the insurance activity of CaixaBank, led by its subsidiary VidaCaixa, are part of the Group's credit capital requirements (equity portfolio risk). However, the insurance business is subject to its own sectorial supervision. According to applicable sectorial regulations, on 31 December 2019 VidaCaixa Group had a Solvency Capital Requirement (**SCR**) coverage ratio of 169%, 19 percentage points higher than by the end of the previous financial year.

Out of the €1,708 million net profit attributable to the Group in 2019, €795 million (46.55% thereof) is derived from the insurance business, which represents an increase of 20 percentage points with respect to 2018.

## **1.3 Structural rates risk**

### **(a) Changes in interest rates may negatively affect the Group's business (structural interest rate risk)**

This risk is defined as the negative impact on the economic value of balance sheet items or on financial income due to changes in the temporary structure of interest rates and their impact on asset and liability instruments and those off the Group's balance sheet not recognised in the trading book.

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<sup>1</sup> In terms of the proportional part of the capital requirements applicable to the participation in SegurCaixa Adeslas.

Possible sources of interest rate risk in the banking book are: gap risk<sup>2</sup>, basis risk<sup>3</sup> and optionality risk<sup>4</sup>. The assets and liabilities subject to structural interest rate risk are all those positions that are sensitive to interest rates in the balance sheet (such as variable interest rate loans and deposits), excluding the calculation of positions of the trading book.

No regulatory (Pillar 1) capital requirements are defined for this risk. At the end of 2019, the net interest income sensitivity for the interest rates-sensitive balance sheet under a 100 basis points up/down shock was 7.2%/-3.4%.<sup>5</sup> The economic value sensitivity for the interest rates-sensitive balance sheet as a percentage of the Tier 1 capital was 6.1%/-5.3%.

**(b) *Changes in exchange rates may negatively affect the Group's business (Structural exchange rate risk)***

The structural exchange rate risk is considered as the potential loss in market value of the balance sheet due to adverse movements in exchange rates. The Group has foreign currency assets and liabilities in its balance sheet because of its commercial activity and shareholdings, in addition to the foreign currency assets and liabilities deriving from the Group's measures to mitigate exchange rate risk.

The equivalent Euro value of all foreign currency assets and liabilities in the CaixaBank Group's balance sheet as at 31 December 2019 was €16,459 million and €11,367 million, respectively, and €14,113 million and €9,818 million, respectively, as at 31 December 2018. Regulatory capital requirements related to this risk are included within Pillar 1 market risk capital requirements.

**1.4 *Market risks associated with fluctuations in bond and equity prices and other market factors are inherent in the Group's business. Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses (market risk)***

The Group identifies market risk as the loss in value of assets or the increase in value of liabilities including in the trading portfolio (financial instruments at fair value through profit or loss), primarily due to fluctuations in interest rates, exchange rates, credit spreads, external factors or prices on the markets where said assets/liabilities are traded.

With regard to the quantification of market risk, in order to standardise risk measurement across the entire trading portfolio, and to produce certain assumptions regarding the extent of changes in market risk factors, the Value-at-Risk methodology is used (VaR: statistical estimate of potential losses from historical data on price fluctuations) with a one-day time horizon and a statistical confidence interval of 99% (i.e. under normal market conditions 99 times out of 100 the actual daily losses will be less than the losses estimated using the VaR model). The consumption of the average one-day VaR at 99% attributable to the various risk factors stood for €1.23 million in 2019 (€1.02 million in 2018). The main of those risk factors are corporate debt spread, interest rates (including sovereign debt credit spread) and share price volatility. Compared to the previous year, the exposure to corporate credit spread decreased and the share price volatility increased.

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<sup>2</sup> Gap risk refers to the potential adverse effect related to the difference between the timings or regularity in reviewing the instruments sensitive to interest rates, altogether with parallel movements (parallel risk) or different movements per tranches (non-parallel risk) in the interest rate curve.

<sup>3</sup> Basis risk is created by the imperfect correlation in the evolution of interest risks underlying the different assets and liabilities of the balance sheet of the CaixaBank Group, even in those cases where those assets and liabilities have similar characteristics in terms of repricing or maturity. Basis risk is composed of a structural part (between market rates and administrative rates) and a non-structural part (as a result of the divergent movement between the different reference benchmarks on the market).

<sup>4</sup> Optionality risk derives from contractual rights of clients and of the CaixaBank Group to modify the original cashflows of certain asset, liability or off-balance sheet transactions and may arise as a result of the conduct of the client (in addition of interest rate levels, it may depend on other factors as the degree of leverage or offers of competitors) or may be activated automatically (in case of the occurrence of certain interest rates events).

<sup>5</sup> Net interest income sensitivity refers to the prudential scope of consolidation. Under the accounting scope of consolidation, as included in the Group's Consolidated Annual Accounts, sensitivity of the net interest income to a 100 basis points up/down shock is 6.8%/-3.0%.

Regulatory (Pillar 1) capital requirements for market risk include both the requirements for the trading book and for the structural exchange rate risk in the whole balance sheet. Pillar 1 market risk capital requirements as at 31 December 2019 were €178 million, €24 million more than by year-end 2018.

Moreover, market volatility may have an impact on the income statement ("Gains/losses on financial assets and liabilities held for trading, net") due to changes to the Credit Valuation Adjustments (CVA), Debit Valuation Adjustments (DVA) and Funding Valuation Adjustments (FVA). CVA and DVA are added to the valuation of Over The Counter (OTC) derivatives (both for hedge accounting and held for trading) due to the risk associated with the counterparty's and own credit risk exposure, respectively. FVA is an additional valuation adjustment of derivatives of customer transactions that are not perfectly collateralized that includes the funding costs related to the liquidity necessary to perform the transaction.

## **2. REPUTATIONAL AND OPERATIONAL RISKS**

The second risk category in terms of materiality comprises, in the first place, reputational risk and, in the second place, operational risk. CaixaBank identifies the following risks within the operational risk category, listed from more to less material: (i) conduct; (ii) legal/regulatory; (iii) technological; (iv) other operational risks, and (v) reliability of financial information. Due to the level of materiality, only conduct and legal/regulatory risks are described below.

### **2.1 *The Group faces the risk of reputational damage, which could lead to loss of trust of some of its stakeholders and could, as a result, materially adversely affect the results of its operations, financial condition or prospects (reputational risk)***

CaixaBank defines reputational risk as the possibility that the Group's competitive edge could be blunted by loss of trust of some of its stakeholders, based on their assessment of actions or omissions, whether real or purported, of the Group, its senior management or governance bodies, or because of related unconsolidated financial institutions going bankrupt (step-in risk).

The risk is monitored using internal and external selected reputational indicators from various sources of stakeholder expectations and perception analysis. By way of example this includes the risk of disinformation or "fake news", whereby false news is published in relation to a situation or performance.

Throughout the 2019 financial year, the measures related to the management of Environmental, Social & Governance (ESG) risks, defined as the risk of a possible reputational or economic loss resulting from a mistake when identifying or managing an existing or emerging sustainability risk, have become increasingly relevant. From the point of view of the Group's business, ESG risks could materialise in aspects such as: potential exposure to financing/investment operations in sectors with high carbon emissions; possible mistakes in the assessment and coverage of operations or customers that are highly exposed to climate change risks; potential exposure to social risk financing operations (e.g. violations of human rights), among others.

The Group is also exposed to reputational risk in the case of certain operational events, for instance, in the context of the claim brought against CaixaBank for an alleged breach of anti-money laundering regulations (see "*Description of the Issuer – Litigation*").

Although the Group actively manages reputational risk using its external and internal reputational risk management policies and committees and developing in-house training to mitigate the appearance and effects of reputational risks, establishing protocols to deal with those affected by the Group's actions, or defining crisis and/or contingency plans to be activated if the various risks

materialise, should reputational risks arise, this could have a material adverse effect on the Group's business, financial condition and results of operations.

## **2.2 Operational risk is inherent in the Group's business (Aggregated operational risk)**

In regulatory capital regulation, operational risk is defined as the possibility of incurring losses due to inadequacy or failure of internal processes, personnel and internal systems or from unforeseen external events.

Pillar 1 capital requirements for operational risk stood at €1,072 million as at 31 December 2019, €23 million above year-end 2018.

As stated above, conduct and legal/regulatory risks are particularly noted.

### **(a) The Group is exposed to conduct risk**

Conduct risk is defined as the Group's risk arising from the application of conduct criteria that run contrary to the interests of its customers and stakeholders or CaixaBank and its employees, or from acts or omissions that are not compliant with the legal or regulatory framework, or with internal policies, codes and rules, such as CaixaBank's Code of Business Conduct and Ethics. CaixaBank monitors its activity to ensure that the Group delivers positive outcomes to customers and the markets in which the Group operates.

This is particularly relevant in the context of increasingly complex and detailed laws and regulations whose implementation requires a substantial and sophisticated improvement of technical and human resources, such as those related to anti money laundering and data protection, where such acts or omissions as described above or inappropriate judgement in the execution of business activities could have severe consequences, including claims, sanctions, fines and an adverse effect on reputation (see "*Description of the Issuer – Litigation*").

### **(b) The Group is subject to substantial regulation, as well as regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition (regulatory risk)**

The financial services industry is among the most highly regulated industries in the world. In response to the global financial crisis and the European sovereign debt crisis, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. The Group's operations are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in Spain, the EU and the other markets in which it operates. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector which is expected to continue for the foreseeable future. This creates significant uncertainty for the Bank and the financial industry in general.

The main regulations which most significantly affect the Group are those related to prudential supervision, bank recovery and resolution, and capital and liquidity requirements which have become increasingly stringent in the past few years (see "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*" and "*The Group has a continuous demand for liquidity to fund its business activities. The Group may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong*").

Regulation has also considerably increased in customer and investor protection, digital and technological matters, taxation and anti-money laundering, among others.

The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still ongoing and some of them have been recently adopted. As a result, the Group may be subject to an increasing incidence or amount of liability or regulatory sanctions and may be required to make greater expenditures and devote additional resources to address potential liability. This could lead to additional changes in the near future and also require the payment of levies, taxes, charges and compliance with other additional regulatory requirements. By way of example, see "*Capital Requirements*", "*Loss Absorbing Powers*" and "*Contributions to the Resolution Fund*".

Implementation of the relevant procedures, monitoring and other technical and human requirements in relation to recent laws and regulations, such as those related to data protection and anti-money laundering had, and could further have, an impact on the Group's business by increasing its operational and compliance costs and, if not implemented correctly or in case of breaches in the relevant procedures, could lead to legal and regulatory claims and sanctions (see "*The Group is exposed to risk of loss from legal and regulatory claims*" below).

Any legislative or regulatory actions and any required changes to the business operations of the Group resulting from such legislation and regulations, as well as any deficiencies in the Group's compliance with such legislation and regulation, could result in significant loss of revenue, limit the ability of the Group to pursue business opportunities in which the Group might otherwise consider engaging and provide certain products and services, affect the value of assets that it holds, require the Group to increase its prices and therefore reduce demand for its products, impose additional compliance and other costs on the Group or otherwise adversely affect its businesses.

**(c) *The Group is exposed to risk of loss from legal and regulatory claims***

The Group is currently and, in the future, may be involved in various claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active (see "*Description of the Issuer - Litigation*").

The Group is party to certain legal proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. The outcome of court proceedings is inherently uncertain. The Group maintains provisions under the concept "Pending legal issues and tax litigation" that it considers reasonable to cover the obligations that may arise from ongoing lawsuits based on available information, which totalled €394 million as of 31 December 2019 (€429 million as of 31 December 2018). In addition, the Group maintains provisions under the concept "Other Provisions", which totalled €497 million as of 31 December 2019 (€480 million as of 31 December 2018) in order to cover the losses from agreements not formalised and other risks such as those related with the class action brought by ADICAE (the Association of Banking and Insurance Consumers, ADICAE) due to the application of floor clauses in certain mortgage loans. Given the nature of these obligations, the expected timing of these economic outflows, if any, is uncertain. However, in view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the provisions made by the Group or the estimate for maximum risk could prove to be inadequate, and may have to be increased to cover the impact of the different proceedings or to cover additional liabilities, which could lead to higher costs for the Group. This could have a material adverse effect on the Group's results and financial situation.

### **3. RISKS RELATED TO THE BUSINESS MODEL**

Under this category CaixaBank identifies (sorted by materiality) business risk, solvency risk and liquidity risk.

#### **3.1 *Business profitability, growth prospects and other targets may be adversely affected by factors beyond the Group's control (Business risk)***

The Group is exposed to business profitability risk which implies obtaining results either lower than market expectations or below the Group's internal targets, preventing the Group from reaching a profitability level higher than the cost of equity.

In 2019, the Group's average yield measured as the Return on Tangible Equity (**ROTE**), was 10.8% excluding the impact of the labour agreement (7.7% considering the extraordinary costs thereof), 80 basis points more than in 2018.

#### **3.2 *Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges (Solvency risk)***

Solvency risk corresponds to CaixaBank's potential restriction to adapt its amount of regulatory own funds to capital requirements or to a change to its risk profile. The Issuer and the Group are subject to certain capital, liquidity and funding requirements (as described in the section "*Capital Requirements*" and the risk factor "*9. The Group has a continuous demand for liquidity to fund its business activities. The Group may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong (liquidity and funding risk)*" below). These and other regulatory requirements, standards or recommendations may limit the Issuer's ability to manage its balance sheet and capital resources effectively or to access funding on more commercially acceptable terms, for example by requiring it to issue additional securities that qualify as own funds or eligible liabilities, to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, as described in the section "*Capital Requirements*", failure by the Issuer to comply with certain of the existing regulatory requirements could result in the imposition of administrative actions or sanctions, such as prohibitions or restrictions on making "discretionary payments" (which includes distributions relating to Additional Tier 1 capital instruments), further "Pillar 2" requirements or the adoption of any early intervention or, ultimately, resolution measures by resolution authorities, which, in turn, may have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, it should not be disregarded that new and more demanding additional regulatory requirements, standards or recommendations may be applied in the future.

All the applicable regulations and the approval of any other regulatory requirements could have an adverse effect on the Group's activities and operations.

#### **3.3 *The Group has a continuous demand for liquidity to fund its business activities. The Group may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong (liquidity and funding risk)***

Liquidity and funding risks refer to the insufficiency of liquid assets or limited access to financial markets to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.



The financing obtained from the European Central Bank (ECB) through various monetary policy instruments was €12,934 million as at 31 December 2019 compared to €28,183 million as at 31 December 2018. The amount as at 31 December 2019 relates to the extraordinary liquidity auctions, known as TLTRO II (Targeted Longer-Term Refinancing Operations II) with €3,409 million maturing in 2020 and €500 million in 2021 and TLTRO III with €9,025 million maturing in 2022. The differences with respect to 2018 are basically due to the repayment of €24,274 million under TLTRO II and the withdrawal of €9,025 million under TLTRO III. Similarly, the Group maintains issuance programmes to facilitate the issuance of short-term and medium-term securities to the market, as well as access to interbank and repo funding as well as to Central Counterparty Clearing Houses.

The Group's total liquid assets stood at €89,427 million, of which €55,017 million were HQLA (High Quality Liquidity Asset), as at 31 December of 2019, and €79,530 million and €57,093 million as at 31 December 2018, respectively.

The CaixaBank's average<sup>6</sup> Liquidity Coverage Ratio (LCR)<sup>7</sup> as at 31 December 2019 was 186% (196% as at 31 December 2018), above the 100% minimum regulatory threshold. The Net Stable Funding Ratio (NSFR)<sup>8</sup> was 129% as at 31 December de 2019, with a regulatory minimum level of 100% from June 2021.

### **(C) RISK FACTOR RELATED TO CAIXABANK'S CREDIT RATINGS**

*Credit, market and liquidity risks, among others, may have an adverse effect on the Bank's credit ratings and the Group's cost of funding. Any reduction in or withdrawal of the Bank's credit rating could increase the Group's cost of funding and adversely affect the Group's interest margins*

The risks assumed by CaixaBank may have an adverse effect on the Bank's credit ratings. Moreover, any reduction in the Bank's credit rating could increase the Group's cost of funding, could limit its access to capital markets and adversely affect the Group's ability to sell or market some of its products, engage in business transactions (particularly longer-term) and derivatives transactions. This, in turn, could reduce the Group's liquidity and have a material adverse effect on its net results and financial condition.

In addition, as a Spanish financial institution, the Issuer's rating is affected by the sovereign rating of Spain. Any decline in Spain's credit ratings could adversely affect the value of certain securities held in the Group's various portfolios and could also adversely impact the extent to which it can use Spanish government bonds that it holds as collateral for refinancings from the ECB and, indirectly, for refinancing with other securities, should it choose to do so. Likewise, any permanent reduction in the value of Spanish government bonds would adversely affect the Group's ability to access liquidity, raise capital and meet minimum regulatory capital requirements. As such, a downgrade or series of downgrades in the sovereign rating of Spain and any resulting reduction in the value of Spanish government bonds may have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, any downgrades of Spain's ratings may increase the risk of a downgrade of the credit ratings of the Issuer by the rating agencies.

<sup>6</sup> Average of the last 12 months.

<sup>7</sup> LCR. Regulatory quantitative liquidity standard to ensure that those banking organisations have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period (combining both a financial system and a name crisis).

<sup>8</sup> NSFR. Regulatory balance-sheet structure ratio which measures the relationship between the amount of stable funding available (defined as the amount of own and third-party funding expected to be reliable for a one-year period) and the amount of stable funding required (given the liquidity characteristics and residual maturities of its assets and balance sheet exposures). Calculated under the criteria set forth in Regulation (EU) 2019/876 of the European Parliament and of the Council, of 20 May 2019, which enters into force in June 2021.

As a result of the acquisition and integration of Banco BPI, S.A. (**Banco BPI**), the Group would also be adversely affected by a decline in the credit ratings and value of Portuguese sovereign bonds, resulting in a material adverse effect on Banco BPI's business, financial condition and results of operations. Additionally, any downgrade of the rating of the Republic of Portugal may increase the risk of a downgrade of Banco BPI's credit ratings.

As at the date of this Base Prospectus, the Bank has been assigned the following credit ratings:

Agency	Review date	Short-term rating	Long-term rating	Outlook
Moody's	17/05/2019	P-2	Baa1	Stable
S&P	31/05/2019	A-2	BBB+	Stable
Fitch	27/03/2020	F2	BBB+	Negative
DBRS	30/03/2020	R-1 (low)	A	Stable

Fitch revised CaixaBank's outlook from Stable to Negative based on the operating environment of the Spanish Banking sector due to the impact from the COVID-19 outbreak.

Moody's has also estimated a deterioration of the financial sector outlook in Spain, but this has not yet been applied to the particular case of CaixaBank as of the date of this Base Prospectus.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

Terms used in this section but not defined herein or indicated to be defined elsewhere have the meanings given to them in the sections headed "*Capital Requirements*", "*Loss Absorbing Powers*" and "*Contributions to the Resolution Fund*".

### **Risks related to the structure of a particular issue of Notes**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features including factors which may occur in relation to any Notes:

- 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. If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any 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 Spain or any political subdivision or any authority thereof or therein having power to tax (a **Tax Jurisdiction**), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with the Terms and Conditions of the Notes. The Notes may be also redeemed for taxation reasons if (i) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced or (ii) if the applicable tax treatment of the Notes is materially affected. In each case, the Issuer may only redeem such Notes if such additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, 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 and, in the case of Ordinary

Senior Notes eligible to comply with MREL Requirements, Senior Non-Preferred Notes and Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 5.2 (*Redemption for tax reasons*).

Furthermore, if a Capital Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law, Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Issuer may redeem all, and not some only, of any Series of the Tier 2 Subordinated Notes subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*).

If an Eligible Liabilities Event occurs 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 any change in the official application or interpretation thereof becoming effective on or after the Issue Date, Ordinary Senior Notes where the Eligible Liabilities Event has been specified as applicable in the relevant Final Terms, Senior Non-Preferred Notes and 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 (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), as further described in Condition 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): Subordinated Notes or Senior Notes*).

It is not possible to predict whether or not any further change in the laws or regulations of Spain or the application or interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes or, in the case where any prior permission of the Regulator and/or the Relevant Resolution Authority for such redemption is required, whether such permission will be given. There can be no assurances that, in the event of any such early redemption, Noteholders will be able to reinvest the proceeds at a rate that is equal to the return on the Notes.

Early redemption features are also likely to limit the market value of the Notes. During any period when the Issuer can redeem the Notes, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the Notes may become eligible for redemption in the near term.

The Issuer may redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**2. *The qualification of Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes as Eligible Liabilities is subject to uncertainty***

Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes, may be intended to be Eligible Liabilities (as defined in the Conditions) under the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations). However, the implementation in the Kingdom of Spain of the EU Banking Reforms (as defined in the Conditions) is pending and there is uncertainty as to how they will be interpreted and applied and the Issuer cannot provide any assurance that Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes will or may be (or thereafter remain) Eligible Liabilities.

If for any reason Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where the Eligible Liabilities Event has been specified as applicable in the relevant Final Terms are not Eligible Liabilities or if they initially are Eligible Liabilities and subsequently become ineligible due to a change in Spain law or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations), then an Eligible Liabilities Event (as defined in the Conditions) will occur, with the consequences indicated in the Conditions (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. If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*").

**3. *The Notes provide for limited events of default unless in the case of Ordinary Senior Notes additional events of default apply***

Without prejudice to the provisions of the last paragraph below, the Terms and Conditions of the Notes do not provide for any events of default, except in the case that an order is made by any competent court or resolution passed for the winding-up, liquidation or dissolution of the Issuer (other than in the context of a Permitted Reorganisation (as defined in the Terms and Conditions of the Notes)). Accordingly, in the event that any payment on the Notes is not made when due, each Noteholder will have a claim only for amounts then due and payable on their Notes but will have no right to accelerate such Notes unless proceedings for the winding-up, liquidation or dissolution of the Issuer have been instigated (other than in the context of a Permitted Reorganisation).

Notwithstanding the above and with respect to Ordinary Senior Notes not eligible to comply with MREL Requirements, if the Bank so decides by applying additional events of default in the Final Terms, each Noteholder will have an individual acceleration right in case certain events occur (including failure of payment on the Notes when due and cross default).

**4 *Limitation on gross-up obligation under Tier 2 Subordinated Notes and, if specified in the relevant Final Terms, Senior Notes and Senior Subordinated Notes***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of Tier 2 Subordinated Notes applies only to payments of interest due and paid under such Notes and not to payments of principal. Equally, if specified in the relevant Final Terms, equivalent limitation on the Issuer's obligation to pay additional amounts with respect of principal may also apply to Senior Notes and Senior Subordinated Notes. As such, the Issuer would not be required to pay any additional amounts under the terms of such Notes to the extent that any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to payments of principal under such Notes, holders of such Notes may receive less than the full amount due under the relevant Notes, and the market value of the relevant Notes may be adversely affected. Holders of such Notes should note that principal for these purposes will include any payments of premium.

**5. *Conversion of the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, may affect the secondary market and the market value of the Notes concerned***

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate, and the conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates on those Notes and could affect the market value of an investment in the relevant Notes.

**6. *The interest rate on Fixed Reset Notes will reset on each Reset Date, which can be expected to affect interest payments on an investment in Fixed Reset Notes and could affect the market value of Fixed Reset Notes***

Fixed Reset Notes will initially bear interest at the Initial Interest Rate until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Principal Paying Agent on the relevant Reset Determination Date (each such interest rate, a Subsequent Reset Rate). The Subsequent Reset Rate for any Reset Period could be less than the Initial Interest Rate or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Reset Notes.

**7. *The application of the net proceeds of Green, Social or Sustainability Notes as described in "Use of Proceeds" may not meet investor expectations or be suitable for an investor's investment criteria***

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the whole or a part of the net proceeds of the issue of those Notes into Eligible Green Projects and/or Eligible Social Projects (such Notes being Green, Social or Sustainability Notes), as described in the Issuer's Sustainable Development Goals Framework, published on the website of the Issuer (see "Use of Proceeds").

Prospective investors should have regard to the information set out in the Issuer's Sustainable Development Goals Framework and in the applicable Final Terms regarding the use of the net proceeds of those Green, Social or Sustainability Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Green, Social or Sustainability Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any eligible projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. In December 2019, the Council of the European Union announced that political agreement had been reached on a proposal for an EU regulation on the establishment of a framework to facilitate sustainable investment. Nevertheless, no assurance is

or can be given to investors that any projects or uses the subject of, or related to, any eligible projects will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any eligible projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Green, Social or Sustainability Notes and in particular with any eligible projects to fulfil any environmental, social, sustainability and/or other criteria. Any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green, Social or Sustainability Notes.

In the event that any Green, Social or Sustainability Notes are listed or admitted to trading on any dedicated "green", "environmental", "social" or "sustainable" or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. While it is the intention of the Issuer to apply the net proceeds of any Green, Social or Sustainability Notes and obtain and publish the relevant reports, assessments, opinions and certifications, there can be no assurance that the Issuer will be able to do this. Nor can there be any assurance that any eligible projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure to apply the net proceeds of any issue of Green, Social or Sustainability Notes for any eligible projects or to obtain and publish any such reports, assessments, opinions and certifications, will not constitute an event of default under the relevant Green, Social or Sustainability Notes or give rise to any other claim of a holder of such Green, Social or Sustainability Notes against the Issuer. The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or any such Green, Social or Sustainability Notes no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of such Green, Social or Sustainability Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

### **Risks relating to Floating Rate Notes**

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate. Should the reference rate be at any time negative, it could, notwithstanding the existence of the relevant margin, result in the actual floating rate being lower than the relevant margin.

8. *The value of the return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks*

Reference rates and indices such as EURIBOR or LIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" (each a **Benchmark** and together, the **Benchmarks**), to which interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reforms. This has resulted in regulatory reform and changes to existing Benchmarks. Such reform of Benchmarks includes the Benchmarks Regulation which applies, subject to certain transitional provisions, to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the EU and the UK. Among other things, it (i) requires Benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the Benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant Benchmark.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such Benchmarks. The UK Financial Conduct Authority (the **FCA**) has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" to serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (**€STR**) as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark. The euro risk free-rate working group for the euro area has also published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR or EURIBOR to perform differently than they have done in the past and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain Benchmarks: (i) discouraging market participants from continuing to administer or contribute to a Benchmark; (ii) triggering changes in the rules or methodologies used in the Benchmark; or (iii) leading to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international

or national reforms or other initiatives or investigations, could a material adverse effect on the value or liquidity of, and return on, any Notes linked to, referencing, or otherwise dependent (in whole or in part upon), a Benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to, referencing, or otherwise dependent (in whole or in part upon), a Benchmark.

**9. *Fallback arrangements in respect of Benchmarks may have a material adverse effect on the value and liquidity of and return on affected Notes***

Investors should be aware that in the case of Floating Rate Notes and Fixed Reset Notes, the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant reference rates ceases to exist or be published or another Benchmark Event (as defined in the Terms and Conditions of the Notes) occurs. These fallback arrangements include the possibility that the Rate of Interest could be determined by the Issuer and an Independent Adviser (acting in good faith and in a commercially reasonable manner), without any separate consent or approval of the Noteholders, by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate, together with the making of certain Benchmark Amendments to the Terms and Conditions of such Notes. In certain circumstances, the Adjustment Spread is the spread, quantum, formula or methodology which the Issuer determines to be appropriate to reduce or eliminate to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be). However, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders. The use of a Successor Rate or an Alternative Rate may result in interest payments that are lower than, or otherwise do not correlate over time with, the payments that could have been made on the Notes if the relevant Benchmark continued to be available in its current form.

Further, no Successor Rate, Alternative Rate or Adjustment Spread may be adopted, nor any other amendment to the Terms and Conditions of any Series of Notes may be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Notes as Tier 2 capital or eligible liabilities for the purposes of MREL, in each case of the Issuer or the Group, as applicable, or could reasonably result in the Relevant Resolution Authority treating any future Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period or Reset Period (as the case may be) may result in the Rate of Interest for the last preceding Interest Period or Reset Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Fixed Reset Notes, the application of the Reset Rate for a preceding Reset Period or the initial Rate of Interest applicable to such Notes on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of any Successor Rate or Alternative Rate, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Fixed Reset Notes or could have a material adverse effect on the



value or liquidity of, and the amount payable under, the Floating Rate Notes or Fixed Reset Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Fixed Reset Notes.

**10. *SONIA has a limited history, the administrator of SONIA may make changes that could change the value of SONIA or discontinue SONIA and the market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes***

Publication of SONIA began in April 2018 and it therefore has a limited history. The future performance of SONIA may therefore be difficult to predict based on the limited historical performance. The level of SONIA during the term of the Notes may bear little or no relation to the historical level of SONIA. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA such as correlations, may change in the future.

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA.

In addition, investors should be aware that the market continues to develop in relation to the SONIA as a reference rate in the capital markets and its adoption as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may in future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing Compounded Daily SONIA.

## **Risks Related to Early Intervention and Resolution**

**11. *The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes***

As further explained in the section headed "*Loss Absorbing Powers*", the Notes may be subject to the bail-in tool (the Spanish Bail-in Power, as defined therein) and, in the case of the Tier 2 Subordinated Notes, and pursuant to the BRRD 2 (pending implementation in Spain) and the SRM Regulation 2, Ordinary Senior Notes, Subordinated Notes and Senior Non-Preferred Notes that

qualify as eligible liabilities to the write down and conversion powers (the Non-Viability Loss Absorption, as defined therein) contemplated in article 59 of BRRD and in general to the powers that may be exercised by the Relevant Resolution Authority (as defined therein) under Law 11/2015 and the Regulation (EU) No 806/2014, of 15 July, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the **SRM Regulation**).

To the extent that any resulting treatment of Noteholders pursuant to the exercise of the Loss Absorbing Power is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a Noteholder may have a right to compensation under the BRRD and the SRM Regulation based on an independent valuation of the institution, in accordance with Article 10 of RD 1012/2015 and the SRM Regulation. Any such compensation, together with any other compensation provided by any applicable banking regulations (including, among other such compensation, in accordance with Article 36.5 of Law 11/2015) is unlikely to compensate that Noteholder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

The powers set out in the BRRD as implemented through Law 11/2015, RD 1012/2015 and the SRM Regulation will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Pursuant to Law 11/2015, Noteholders may be subject to, among other things, on any application of the Spanish Bail-in-Power a write-down (including to zero) or conversion into equity or other securities or obligations of amounts due under such Notes and, in the case of the Tier 2 Subordinated Notes, may be subject to any Non-Viability Loss Absorption. The exercise of any such powers may result in such Noteholders losing some or all of their investment or otherwise having their rights under such Notes adversely affected. For example, the Spanish Bail-in Power may be exercised in such a manner as to result in Noteholders receiving a different security, which may be worth significantly less than the Notes. Moreover, the exercise of the Spanish Bail-in Power with respect to the Notes or the taking by an authority of any other action, or any suggestion that the exercise or taking of any such action may happen, could materially adversely affect the rights of Noteholders, the market price or value or trading behaviour of any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes. Furthermore, the exercise of the Spanish Bail-in Power and any Non-Viability Loss Absorption by the Relevant Resolution Authority with respect to the Notes is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Issuer's control. In addition, as the Relevant Resolution Authority will retain an element of discretion, Noteholders may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power and any Non-Viability Loss Absorption. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers by the Relevant Resolution Authority may occur.

This uncertainty may adversely affect the value of the Notes. The price and trading behaviour of the Notes may be affected by the threat of a possible exercise of any power under Law 11/2015 (including any early intervention measure before any resolution) or any suggestion of such exercise, even if the likelihood of such exercise is remote. Moreover, the Relevant Resolution Authority may exercise any such power without providing any advance notice to the Noteholders.

**12. *Noteholders will not be able to exercise their rights on an event of default in the event of the adoption of any early intervention, restructuring or resolution measure under Law 11/2015 and the SRM Regulation***

The Issuer may be subject to a procedure of early intervention, restructuring or resolution pursuant to the BRRD as implemented through Law 11/2015 and RD 1012/2015, and the SRM Regulation if the

Issuer or its group of consolidated credit entities is in breach (or due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or if the conditions for resolution referred to above are met (see "*Risks Related to Early Intervention and Resolution – 11. The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes*").

Pursuant to Law 11/2015 the adoption of any early intervention, restructuring or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 11/2015.

Any enforcement by a Noteholder of its rights under the Notes upon the occurrence of an Event of Default following the adoption of any early intervention or any resolution procedure will, therefore, be subject to the relevant provisions of the BRRD, Law 11/2015 and RD 1012/2015 and the SRM Regulation in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to above (see "*Risks Related to Early Intervention and Resolution – 11. The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes*"). Any claims on the occurrence of an Event of Default will consequently be limited by the application of any measures pursuant to the provisions of Law 11/2015 and RD 1012/2015 and the SRM Regulation. There can be no assurance that the taking of any such action would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and the enforcement by a holder of any rights it may otherwise have on the occurrence of any Event of Default may be limited in these circumstances.

## **Risks applicable to Senior Notes**

### **13. *Claims of Noteholders under Senior Notes are effectively junior to those of certain other creditors and claims of Noteholders under Senior Non-Preferred Notes are further junior to those of other senior creditors***

Senior Notes are unsecured and unsubordinated obligations of the Issuer. Upon the insolvency (*concurso*) of the Issuer, 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)), 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 (as defined in the Terms and Conditions of the Notes) 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 (as defined in the Terms and Conditions of the Notes); 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.

Senior Notes 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 14.1° of Law 11/2015) which shall be paid in full before ordinary credits. In addition, Senior Non-Preferred Notes rank behind any other ordinary claims (*créditos ordinarios*) against the Issuer, including without limitation, the Issuer's Senior Preferred Obligations.

Therefore, the Senior Notes will be effectively subordinated to all of the Issuer's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and other obligations that rank senior under the Spanish Law.

The Senior Notes are also structurally subordinated to all indebtedness of subsidiaries of the Issuer insofar as any right of the Issuer to receive any assets of such companies upon their winding-up will be effectively subordinated to the claims of the creditors of those companies in the winding-up.

## **Risks applicable to Subordinated Notes**

### **14. *An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency or resolution***

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated obligations (*créditos subordinados*) of the Issuer and will rank junior in priority of payment to all unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any Senior Non-Preferred Obligations (as defined in the Conditions)). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an enhanced risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become (i) subject to resolution under the BRRD (as implemented through Law 11/2015 and RD 1012/2015) and the SRM Regulation and the Subordinated Notes become subject to the application of the Spanish Bail-in Power (including, in the case of Tier 2 Subordinated Notes, Non-Viability Loss Absorption) or (ii) insolvent.

In the case of any exercise of the Spanish Bail-in Power by the Relevant Resolution Authority, the sequence of any resulting write-down or conversion of the Notes under Article 48 of the BRRD and Article 48 of Law 11/2015 is described in the section headed "*Loss Absorbing Powers*".

In an insolvency scenario, after payment in full of unsubordinated and unsecured claims (*créditos ordinarios*), (including any senior non-preferred claims (*créditos ordinarios no preferentes*)) but before distributions to shareholders, under Article 92 of the Insolvency Law read in conjunction with Additional Provision 14.3° of Law 11/2015, the Issuer will meet subordinated claims after payments in full of unsubordinated claims but before distributions to shareholders, in the following order and pro-rata within each class:

- (a) late or incorrect claims;
- (b) contractually subordinated liabilities (firstly, those that do not qualify as Additional Tier 1 or Tier 2 instruments, which is expected to be the case with Senior Subordinated Notes, secondly, those that qualify as Tier 2 instruments, which is expected to be the case with Tier 2 Subordinated Notes, and thirdly, Additional Tier 1 instruments);
- (c) interest (including accrued and unpaid interest due on the Notes);
- (d) fines;
- (e) claims of creditors which are specially related to the Issuer as provided for under the Insolvency Law;

- (f) detrimental claims against the Issuer where a Spanish Court has determined that the relevant creditor has acted in bad faith (*rescisión concursal*); and
- (g) claims arising from contracts with reciprocal obligations as referred to in articles 61, 62, 68 and 69 of the Insolvency Law, wherever the court rules, prior to the administrators' report of insolvency (*administración concursal*) that the creditor repeatedly impedes the fulfilment of the contract against the interest of the insolvency.

Under the Insolvency Law, accrual of interest on the Notes shall be suspended from the date of the declaration of insolvency of the Issuer.

## **15. Risks Relating to the Insolvency Law**

The Insolvency Law provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days), (ii) provisions in a bilateral contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) accrual of unsecured interest (whether ordinary or default interest) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date shall become subordinated. In the case of secured ordinary interests, (i) these shall be deemed as specially privileged, and (ii) interests shall keep accruing after the declaration of insolvency up to the limit of the secured amount, and only if a contingent credit for secured ordinary interests that may accrue after the declaration of insolvency is included in the statement of claim to be sent to the insolvency administrator (as per the Supreme Court judgment dated 20 February 2019). In the case of secured default interests, (i) these shall be deemed as specially privileged, and (ii) these shall not accrue after the declaration of insolvency, in accordance with the Spanish Supreme Court judgment dated 11 April 2019. Any payments of interest in respect of debt securities will be subject to the subordination provisions of Article 92.3 of the Insolvency Law.

The Insolvency Law, in certain instances, also has the effect of modifying or impairing creditors' rights even if the creditor, either secured or unsecured, does not consent to the amendment. Secured and unsecured dissenting creditors may be written down not only once the insolvency has been declared by the judge as a result of the approval of a creditors' agreement (*convenio concursal*), but also as a result of an out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*) without insolvency proceedings having been previously opened (e.g., refinancing agreements which satisfy certain requirements and are validated by the judge), in both scenarios (i) to the extent that certain qualified majorities are achieved and (ii) unless some exceptions in relation to the kind of claim or creditor apply (which would not be the case for the Notes).

In no case shall subordinated creditors be entitled to vote upon a creditors' agreement during the insolvency proceedings, and accordingly, shall always be subject to the measures contained therein, if passed. Additionally, liabilities from those creditors considered specially related persons for the purpose of Article 93.2 of the Insolvency Law would not be taken into account for the purposes of calculating the majorities required for the out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*).

## **Risks related to Notes generally**

### **16. Risks relating to the Spanish withholding tax regime**

Article 44 of Royal Decree 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014 (the **Simplified Information Procedures**),

which are described under "*Taxation - Simplified information procedures*". The procedures apply to interest deriving from preferred securities (*participaciones preferentes*) and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Article 44.5 of Royal Decree 1065/2007, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another OECD country (such as Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**)), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the Issuer submits a statement to the Issuer, the form of which is included in the Agency Agreement.

In accordance with Article 44 of Royal Decree 1065/2007, the relevant Issuing and Principal Paying Agent should provide the Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity(ies) obliged to provide the declaration fail to do so, the Issuer or the Issuing and Principal Paying Agent on its behalf will make a withholding at the general rate (currently 19%) on the total amount of the return on the relevant Notes otherwise payable to such entity.

The Issuer considers that, according to Royal Decree 1065/2007, any payments under the Notes will be made by the Issuer free of Spanish withholding tax, provided that the Simplified Information Procedures described above (which do not require identification of the Noteholders) are complied with by the Issuer and the Issuing and Principal Paying Agent.

In the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian at the current rate of 19%.

Noteholders must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes. None of the Issuer, the Dealers, the Issuing and Principal Paying Agent or any clearing system (including Euroclear and Clearstream, Luxembourg) assume any responsibility therefor.

The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations is a summary only and neither of the Issuer or the Dealers, assumes any responsibility therefor. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the holders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on distributions in respect of the relevant securities if the holders do not comply with such information procedures.

**17. *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 and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those 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 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, in the case of the English Law Notes, changing the governing law of such Notes 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, 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 the case of the English Law Notes, any change in the governing law of such Notes from English law to Spanish law, so that the English Law Notes become or remain Qualifying Notes, shall not be subject to the requirement to be not materially less favourable to the interests of the Holders of the English Law Notes. Any variation in the ranking of the relevant Notes (including, inter alia, through the removal of an Issuer Call) shall be deemed not to be materially less favourable to the interests of the Holders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes as set out in the applicable Final Terms on the issue date of such Notes.

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 consequence of any such substitution or variation upon individual Noteholders.

**18. *The terms of the Notes contain a waiver of set-off rights***

The Terms and Conditions of the Notes provide that Noteholders waive any deduction, set-off, netting or compensation rights arising directly or indirectly under or in connection with any Note against any right, claim, or liability the Issuer has or may have or acquire against any Noteholder, directly or indirectly, howsoever arising. As a result Noteholders will not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer. In addition, the exercise of set-off rights in respect of the Issuer's obligations under the Notes upon the opening of a resolution procedure would be prohibited by Article 68 of BRRD (as transposed into Spanish law).

**19. *Substitution of the Issuer***

If the conditions set out in Condition 16 (*Substitution of the Issuer*) are met, the Issuer may, without the further consent of the Noteholders, 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 defined in the Terms and Conditions of the Notes) as the principal debtor in respect of all obligations arising under or in connection with the Notes, Coupons, Talons and the Deed of Covenant (the **Substituted Debtor**). In that case, the Noteholders will assume the risk that the Substituted Debtor may become insolvent or otherwise be unable to make all payments due in respect of the Notes.

**20. *Reliance on Euroclear and Clearstream, Luxembourg procedures***

The Notes will be represented on issue by Global Notes that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Notes are represented by the Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes, will not have a direct right under such Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes (except to the extent that they may rely, in the case of English Law Notes, upon their rights under the Deed of Covenant and, in the case of Spanish Law Notes, upon Condition 1 (*Form, Denomination and Title*) of the Terms and Conditions of the Spanish Law Notes and under the provisions of the Global Notes).

**21. *Conflicts of interest between the Calculation Agent and Noteholders***

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including a Dealer acting as a Calculation Agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Terms and Conditions of the Notes which may influence the amounts that can be received by the Noteholders during the term of the Notes and upon their redemption.

**Risks related to the market generally**

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

**22. *An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be or be perceived in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.



**23. *Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes (including on an unsolicited basis). The ratings may not reflect the potential impact of all the risks related to structure, market and additional factors discussed above, and do not address the price, if any, at which the Notes may be resold prior to maturity (which may be substantially less than the original offering prices of the Notes), and other factors that may affect the value of the Notes. However, real or anticipated changes in the Issuer's credit rating will generally affect the market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European (including UK) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or in the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including UK) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including UK) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus shall be incorporated in, and form part of, this Base Prospectus:

- (a) English language translation of CaixaBank's audited consolidated financial statements prepared in accordance with the IFRS–EU (including the independent auditor's report thereon) for the financial year ended 31 December 2019 (the **2019 Consolidated Financial Statements**) together with CaixaBank's management report in respect of the 2019 Consolidated Financial Statements (**CaixaBank Group Management Report for 2019**) available at:

[https://www.ise.ie/debt\\_documents/Financial%20Statements%202019\\_9b174e13-3060-4ee5-a062-47f2be11bb95.PDF](https://www.ise.ie/debt_documents/Financial%20Statements%202019_9b174e13-3060-4ee5-a062-47f2be11bb95.PDF)

- (b) English language translation of CaixaBank's audited consolidated financial statements prepared in accordance with the IFRS–EU (including the independent auditor's report thereon) for the financial year ended 31 December 2018 (the **2018 Consolidated Financial Statements**) together with CaixaBank's management report in respect of the 2018 Consolidated Financial Statements (**CaixaBank Group Management Report for 2018**) available at:

[https://www.ise.ie/debt\\_documents/2018%20AFS%20Report\\_d7304ce7-140e-470f-bbea-60350e9984cb.PDF](https://www.ise.ie/debt_documents/2018%20AFS%20Report_d7304ce7-140e-470f-bbea-60350e9984cb.PDF)

- (c) the terms and conditions of the Notes contained in the previous Base Prospectus dated 26 April 2019, at pages 88-135 and 136-187 (inclusive), prepared by the Issuer in connection with the Programme available at:

[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_91bdab4f-cfbb-46ef-aa30-be1d4be5e5c9.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_91bdab4f-cfbb-46ef-aa30-be1d4be5e5c9.PDF)

- (d) the terms and conditions of the Notes contained in the previous Base Prospectus dated 23 April 2018, as supplemented by the Supplement dated 18 September 2018, at pages 78-119 (inclusive) and 24-68 (inclusive), respectively, prepared by the Issuer in connection with the Programme available at:

[https://www.ise.ie/debt\\_documents/FinalBaseProspectus\\_24f6896b-6daf-4194-a177-aa0afb70f2a3.pdf](https://www.ise.ie/debt_documents/FinalBaseProspectus_24f6896b-6daf-4194-a177-aa0afb70f2a3.pdf)

[https://www.ise.ie/debt\\_documents/Supplements\\_fd19b879-5f01-4ed0-a805-dae3d234ab7a.pdf](https://www.ise.ie/debt_documents/Supplements_fd19b879-5f01-4ed0-a805-dae3d234ab7a.pdf)

- (e) the terms and conditions of the Notes contained in the previous Base Prospectus dated 20 June 2017 at pages 73-110 (inclusive) prepared by the Issuer in connection with the Programme available at:

[http://www.ise.ie/debt\\_documents/FinalBaseProspectus\\_e42a1032-98cb-492e-b076-aba6726cc96d.pdf](http://www.ise.ie/debt_documents/FinalBaseProspectus_e42a1032-98cb-492e-b076-aba6726cc96d.pdf)

- (f) the terms and conditions of the Notes contained in the previous Base Prospectus dated 13 June 2016 at pages 60-95 (inclusive) prepared by the Issuer in connection with the Programme available at:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_ae00599e-d866-49e4-a253-38e876d33859.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_ae00599e-d866-49e4-a253-38e876d33859.pdf)

- (g) the terms and conditions of the Notes contained in the previous Base Prospectus dated 9 June 2015 at pages 53-87 (inclusive) prepared by the Issuer in connection with the Programme available at:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_b8eaae8e-f8ab-4f22-9139-85f9560f6e2f.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_b8eaae8e-f8ab-4f22-9139-85f9560f6e2f.pdf)

- (h) the terms and conditions of the Notes contained in the previous Base Prospectus dated 15 October 2013 at pages 48-82 (inclusive) prepared by the Issuer in connection with the Programme available at:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_c4de75df-1e9c-433c-bb5e-7248964f991d.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_c4de75df-1e9c-433c-bb5e-7248964f991d.pdf)

Translations in English have been translated from the original Spanish language, and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy, the Spanish language version of the relevant document prevails.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CBI in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 8 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has

been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, or (iii) the Notes are required to be removed from both Euroclear and Clearstream, Luxembourg and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than the Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined in the Terms and Conditions of the Notes), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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 or the Maturity Date has occurred and, in either case, the payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day, each account holder which has Notes represented by such Global Note credited to its securities accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer and will acquire all those rights that it would have had if at the relevant time it held, executed and authenticated definitive Notes in respect of the relevant Notes (including the right to claim and receive all payments due at any time in respect of the relevant Notes) subject to and in accordance with, in the case of English Law Notes, the terms of a deed of covenant (the **Deed of Covenant**) dated 23 April 2020 and executed by the Issuer, and, in the case of the Spanish Law Notes, under the provisions of Condition 1 (*Form, Denomination and Title*) and the relevant Global Note and, from that time, the holder of the Global Note will have no further rights under such Global Note (but without prejudice to the rights which the holder or any other person may have under the Deed of Covenant (in the case of English Law Notes) or as a holder of Notes other than the Global Note (in the case of the Spanish Law Notes)).

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, a supplement to the Base Prospectus or a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

### **Initial Issue of Notes**

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, on or prior to the original issue date of the Tranche the Global Notes or Global Certificates will be delivered to a Common Safekeeper and Euroclear and Clearstream, Luxembourg will be informed whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem (**Eurosystem eligible collateral**).

Depositing the Global Notes intended to be held as Eurosystem eligible collateral with a Common Safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as Common Safekeeper.

## FORM OF FINAL TERMS

### 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 Notes 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.

**[PROHIBITION OF SALES TO EEA AND UK 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**) or in the United Kingdom (the **UK**). 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 Directive (EU) 2016/97, as amended (the **Insurance Distribution Directive**), 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 Regulation. 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation]<sup>9</sup>

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA)** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [Excluded] / [Specified] Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

[Date]

**CaixaBank, S.A.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €25,000,000,000  
Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

<sup>9</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 and UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable"

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 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published 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 [26 April 2019] [under the section entitled [*“Terms and Conditions of the English Law Notes”*]/[*“Terms and Conditions of the Spanish Law Notes”*]] / [23 April 2018] [and the Supplement to it dated 18 September 2018] / [20 June 2017]/ [13 June 2016] / [9 June 2015]/ [15 October 2013] which [is/are] incorporated by reference in the Base Prospectus dated 23 April 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 23 April 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus in order to obtain all relevant information.<sup>10</sup> The Base Prospectus has been published on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).]

The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

*[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 25 below, which is expected to occur on or about [date]] [Not Applicable] |
| 3. | Specified Currency or Currencies:                                          | [      ]                                                                                                                                                                                                                                                                                                     |
| 4. | Aggregate Nominal Amount:                                                  |                                                                                                                                                                                                                                                                                                              |
|    | (a) Series:                                                                | [      ]                                                                                                                                                                                                                                                                                                     |

<sup>10</sup> When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Regulation references are to be removed.



- (b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: [ ]
- (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/SONIA/CMS Rate]] +/- [ ] 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 Notes is [Applicable/Not Applicable][see paragraph 21 below]
- Issuer Call pursuant to Condition 5.3 of the Terms and Conditions of the Notes is [Applicable/Not Applicable][see paragraph 18 below]
- Issuer Call – Capital Event (Tier 2 Subordinated Notes) pursuant to [Condition 5.4 of the Terms and Conditions of the Notes] is [Applicable/Not Applicable]
- Issuer Call – Eligible Liabilities Event (Subordinated

- Notes/Senior Non-Preferred/Ordinary Senior Notes) pursuant to [Condition 5.5 of the Terms and Conditions of the 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 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/Applicable from (and including) [●] to (and excluding) [●]/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)*

*(N.B. This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration)*

16. Fixed Reset Provisions:

[Applicable/ Applicable from (and including) [●] to (and excluding) [●]/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (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])
- (p) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ] [Not Applicable]

17. Floating Rate Note Provisions [Applicable/ Applicable from (and including) [●] to (and excluding) [●]/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): [ ] [Not Applicable]
- (f) Screen Rate Determination: [Applicable / Not Applicable]
- (i) Reference Rate: [ ] month [[currency] LIBOR/EURIBOR/SONIA/CMS Reference Rate]
- (ii) Relevant Financial Centre: [London/Brussels/specify other Relevant Financial Centre] (only relevant for CMS Rate)
- (iii) Reference Currency: [ ] (only relevant for CMS Rate)
- (iv) Designated Maturity: [ ] (only relevant for CMS Rate)
- (v) Relevant Time: [11:00 a.m.] in the Relevant Financial Centre (only relevant for CMS Rate)
- (vi) 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 or CMS Rate where the reference currency is euro)

*(In the case of a CMS Rate where the Reference Currency is other than euro):*

[Second [specify type of day] prior to the start of each Interest Period]

*(In the case of Notes where the Reference Rate is SONIA):*

[As defined in Condition 3.3(b)(iii)]

(vii) 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)*

*(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings or captions)*

(viii) p (for the purposes of the Observation Period): [Five]

*(Only relevant for Notes where the Reference Rate is SONIA)*

(g) ISDA Determination: [Applicable / Not Applicable]

(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. In the case of a CMS Linked Interest Note, if based on euro then the first day of each Interest Period and if otherwise to be checked)*

*(N.B. The fallback provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*

(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. Issuer Call (pursuant to Condition 5.3 of the Terms and Conditions of the Notes): [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Period: [ ] / [Not Applicable]
- (c) Optional Redemption Amount: [ ] per Calculation Amount
- (d) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
19. Capital Event (Tier 2 Subordinated Notes pursuant to Condition 5.4 of Terms and Conditions of the Notes): [Applicable/Not Applicable]
20. Eligible Liabilities Event (Subordinated Notes, Senior Non-Preferred or Ordinary Senior Notes pursuant to Condition 5.5 of the Terms and Conditions of the Notes): [Applicable/Not Applicable]
21. 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. Only required to be completed where notice periods are different to the notice periods set out in Condition 5.6. 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)*
22. Final Redemption Amount: [ ] per Calculation Amount
23. 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
24. Ordinary Senior Notes optionality: *(Note that this paragraph provides additional optionality to disapply Additional Events of Default if Senior Notes are intended to qualify as eligible liabilities)*
- (a) Additional Events of Default (Condition 8 of the Terms and Conditions of the Notes): [Condition 8.2(a) [Not] Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. 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]]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in

accordance with Article 4 of the Belgian law of 14th December, 2005<sup>11</sup>]

(b) New Global Note: [Yes][No]

26. 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)*

27. 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]

28. [EU Benchmark Regulation: Article 29(2) statement on benchmarks:] [Amounts payable under the Notes are calculated by reference to *[insert name of Benchmark]*, which is provided by *[insert name of the administrator]*.

As at the date of the Base Prospectus, *[insert name of the administrator]* is [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011).]

*(Only relevant for CMS Linked Interest Notes)*

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<sup>11</sup> Include for Notes that are to be offered in Belgium.



### 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 [the regulated market of Euronext Dublin] 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 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 or the United Kingdom 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 or the United Kingdom 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 or the United Kingdom 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 or the United Kingdom 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 or the United Kingdom 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 or the United Kingdom 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 or the United Kingdom 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.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(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 23 of the Prospectus Regulation.)*

### 4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (a) Reasons for the offer: [General financing requirements of the CaixaBank Group / *Other – if reasons for the offer are different from general financial requirements and there is a particular identified use of proceeds, this will need to be stated here*] [The Notes are intended to be issued as [Green Notes / Social Notes / Sustainable Notes] and the net proceeds of the issuance of the Notes will be used as described in "*Use of Proceeds*" in the Base Prospectus]
- (b) Estimated net proceeds: [     ]

### 5. YIELD (*Fixed Rate Notes and Fixed Reset Notes only*)

Indication of yield: [     ] [Not Applicable]

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

### 6. OPERATIONAL INFORMATION

- (a) ISIN: [     ]
- (b) Common Code: [     ]
- (c) WKN: [     ] [Not applicable]
- (d) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (e) Delivery: Delivery [against/free of] payment
- (f) Names and addresses of additional Paying [     ]

Agent(s) (if any):

- (g) 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.]

## 7. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (e) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (f) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]  
*(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.)*
- (g) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

## TERMS AND CONDITIONS OF THE ENGLISH LAW NOTES

*The following are the Terms and Conditions of the English Law Notes, if so specified in Part A – Contractual Terms of the Final Terms, 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 2020 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 Regulation** means Regulation (EU) 2017/1129.

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.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 23 April 2020 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant 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](http://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, the Deed of Covenant 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 (which term includes a CMS Linked Interest Note if this Note is specified as such in the Final Terms), 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. The Senior Non-Preferred Notes are intended to comply with the requirements of Article 72b of CRR so that they qualify as eligible liability instruments for the purposes of Article 72a of CRR. Accordingly, as set out in Article 72a of CRR, the Senior Non-Preferred Notes shall not be considered as debt instruments with embedded derivatives solely because of any Issuer Call or Investor Put for the purposes of Additional Provision 14.2° of Law 11/2015.

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 (*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 14.1° 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).*

The obligations of the Issuer under the Senior Notes are subject to the Loss Absorbing Power.

## **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.*

The obligations of the Issuer under the Subordinated Notes are subject to the Loss Absorbing Power.

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 4, 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 amend or come into effect in place thereof (including the BRRD 2), 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 4** means any or any combination of the CRD 4 Directive, the CRR, and any CRD 4 Implementing Measures.

**CRD 4 Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit

institutions and investment 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, including by the CRD 5 Directive).

**CRD 4 Implementing Measures** means any regulatory capital rules implementing the CRD 4 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 4 (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 26 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, including by CRR 2).

**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 or Notes where the Final Terms specify that this Condition 3.1 applies for a limited period. 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 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 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 a.m. 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 on or after the most recent Reset Date or, if none, the Issue Date, if any, as determined by the Agent. If no such 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 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 or Notes where the Final Terms specify that this Condition 3.3 applies for a limited period. 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:

- (i) 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

- (ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) 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
- (iv) 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:

- (i) 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
- (ii) 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 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 referencing EURIBOR OR LIBOR, other than CMS Linked Interest 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 and the applicable Final Terms specify that the Reference Rate is EURIBOR or LIBOR, 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.

If the Relevant Screen Page is not available or if, in the case of subclause 3.3(b)(ii)(A), no offered quotation appears or, in the case of subclause 3.3(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the relevant financial centre (if any other Reference Rate is used) plus

or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the relevant financial centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these Conditions:

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate.

(iii) *Screen Rate Determination for Floating Rate Notes referencing SONIA, other than CMS Linked Interest 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 and the applicable Final Terms specify that the Reference Rate is SONIA, the Rate of Interest for each Interest Period will, as provided below, be Compounded Daily SONIA, where:

**Compounded Daily SONIA** means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded up:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is, for any Observation Period, the number of calendar days in such Observation Period;

**d<sub>0</sub>** is, for any Observation Period, the number of London Banking Days in such Observation Period;

**i** is, for any Observation Period, a series of whole numbers from one to  $d_0$ , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Observation Period to, and including, the last London Banking Day in such Observation Period;

**Interest Determination Date** means, in respect of any Interest Period, the date falling  $p$  London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling  $p$  London Banking Days prior to such earlier date, if any, on which the Notes are due and payable);

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**$n_i$** , for any London Banking Day " $i$ " in the relevant Observation Period, means the number of calendar days from and including such London Banking Day " $i$ " up to but excluding the following London Banking Day;

**Observation Period** means, in respect of an Interest Period, the period from and including the date falling " $p$ " London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling " $p$ " London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling " $p$ " London Banking Days prior to such earlier date, in any, on which the Notes become due and payable);

**$p$**  means, for any Interest Period, the number of London Banking Days by which an Observation Period precedes an Interest Period, as specified in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the **SONIA reference rate**, means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (in each case on the London Banking Day immediately following such London Banking Day); and

**SONIA<sub>i</sub>** means, in respect of any London Banking Day " $i$ ", the SONIA reference rate for that day.

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA reference rate in respect of any London Banking Day. The SONIA reference rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA reference rate for the previous London Banking Day but without compounding.*

If, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (A) (I) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (II) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread

(or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or

- (B) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

If the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 3.3(b)(iii), the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 8, the final Interest Determination Date shall, notwithstanding the definition specified above, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *Floating Rate Notes which are CMS Linked Interest Notes*

Where the Reference Rate is specified as being the CMS Reference Rate, the Rate of Interest for each Interest Period will be calculated by the relevant Calculation Agent in accordance with the provisions set out below and the following formula:

CMS Rate + Margin

As used above:

**CMS Linked Interest Notes** means Floating Rate Notes where the Reference Rate is specified to be the CMS Rate.

**CMS Rate** shall mean the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the relevant Calculation Agent.

If the Relevant Screen Page is not available, the relevant Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If three or more of the Reference Banks provide the relevant Calculation Agent with such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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).

For this purpose:

**Margin** has the meaning specified in the Final Terms.

**Reference Banks** means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Calculation Agent.

**Relevant Screen Page** has the meaning specified in the Final Terms.

**Relevant Swap Rate** means:

- (A) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period 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 an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the relevant Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (B) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period 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 an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (C) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (D) where the Reference Currency is any other currency, the mid-market swap rate as determined by the relevant Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.



**Relevant Time** has the meaning specified in the Final Terms.

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

If on any Interest Determination Date fewer than three or none of the Reference Banks provides the relevant Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the relevant Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

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; and

- (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 Benchmark Discontinuation**

If the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event (as defined below) has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer and the Independent Adviser (acting in good faith and in a commercially reasonable manner) determining, no later than three Business Days prior to the relevant Interest Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3.4(a)) and, in either case, an Adjustment Spread if any (in accordance with Condition 3.4(b)) and any Benchmark Amendments (in accordance with Condition 3.4(c) below).

(a) **Successor Rate or Alternative Rate**

If the Issuer and the Independent Adviser (acting in good faith and in a commercially reasonable manner):

- (i) agree that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3.4(b) below) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 3.4); or
- (ii) agree that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3.4(b)) subsequently be used in place of the Original Reference Rate to determine the

Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 3.4).

If the Issuer (i) is unable to appoint an Independent Adviser or (ii) the Issuer and the Independent Adviser, acting in good faith and in a commercially reasonable manner, do not agree on the selection of a Successor Rate or an Alternative Rate, the fallback provisions set out in Conditions 3.2 and 3.3 and the applicable Final Terms, as the case may be, shall continue to apply. For the avoidance of doubt, this Condition 3.4(a) shall apply to the relevant next succeeding Reset Period or Interest Period only and any subsequent Reset Periods or Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3.4(a).

(b) **Adjustment spread**

If the Issuer and the Independent Adviser agree (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(c) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3.4 and the Issuer and the Independent Adviser agree: (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer and the Principal Paying Agent shall, subject to giving notice thereof in accordance with Condition 3.4(d) below, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 3.4, the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 3.4(c) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 3.4(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 3.4, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Notes as Tier 2 capital or Eligible Liabilities, in each case of the Issuer or the Group, as applicable, or could reasonably result in the Regulator and/or the Relevant Resolution Authority treating any future Interest Payment Date (including any Reset Date) as the effective maturity of the Notes, rather than the relevant Maturity Date.

(d) **Notice**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3.4 will be notified promptly by the Issuer to the

Paying Agents and, in accordance with Condition 13 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any and will be binding on the Issuer, the Paying Agents and the Noteholders.

No later than the date on which the Issuer notifies the Noteholders of the same, the Issuer shall deliver to the Calculation Agent and the Paying Agents a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) any Adjustment Spread and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 3.4;
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor or Alternative Rate and any Adjustment Spread.

The Agent shall display such certificate at its offices, for inspection by the Noteholders, at all reasonable times during normal business hours.

Each of the Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 3.4, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 3.4, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(e) **Survival of Original Reference Rate Provisions**

Without prejudice to the obligations of the Issuer under Condition 3.4(a) to (d), the Original Reference Rate and the fallback provisions provided for in Condition 3.2 and 3.3 and the applicable Final Terms, as the case may be, will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with this Condition 3.4.

(f) **Definitions**

In this Condition 3.4, the following expressions shall have the following meanings:

**Adjustment Spread** means either a spread or quantum (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, to be applied to the Successor Rate

or the Alternative Rate (as the case may be) and is the spread, quantum, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital market transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (iii) (if the Issuer determines that no such spread is customarily applied) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (iv) (if the Issuer determines that no such industry standard is recognised or acknowledged) the Issuer, in its discretion and following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines to be appropriate, to reduce or eliminate to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

**Alternative Rate** means an alternative benchmark or screen rate which the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

**Benchmark Amendments** has the meaning given to it in Condition 3.4(c).

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will cease publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **Specified Future Date**) (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will, by a Specified Future Date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (vi) it has or will become unlawful for any Paying Agent, Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii) or (iv) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**Independent Adviser** means an independent financial institution of recognised standing or an independent financial adviser with appropriate expertise appointed by the Issuer (at its own expense).

**Original Reference Rate** means:

- (i) the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Notes; or
- (ii) any Successor Rate or Alternative Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 3.4,

as applicable.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

### 3.5 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 to 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 (*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 (*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 4, 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; or
  - (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 (*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 15 nor more than 60 calendar days' notice 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 5.2, 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 (*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)

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 15 calendar days' notice 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 these Conditions, **Optional Redemption Date** means any date so specified in the applicable Final Terms and/or any date falling in the Optional Redemption Period specified in the applicable Final Terms, the first and last days inclusive. 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.

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.

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): Subordinated Notes or Senior Notes*)), such option being referred to as an Issuer Call.

#### **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 of the first Tranche of Notes (including as a result of the implementation or applicability in Spain on or after the Issue Date of the EU Banking Reforms (as defined below)), 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 15 nor more than 60 calendar 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): Subordinated Notes or Senior Notes**

If the Notes are 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 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 15 nor more than 60 calendar 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).

Senior Notes and 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 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 have occurred where such ineligibility for inclusion of the Notes in the Eligible Liabilities arises as a result of (a) any Spanish legislation implementing or giving effect to the EU Banking Reforms differing in any respect from the form of the EU Banking Reforms as adopted (including if the EU Banking Reforms are not implemented in full in Spain) or (b) the official interpretation or application of the 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 EU Banking Reforms have been reflected in the Terms and Conditions of the Notes and including, in particular, a determination or interpretation of the existence of an embedded derivative against the literal terms of the last paragraph of Article 72a.2 of CRR.

**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 4, 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).

**BRRD 2** means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

**CRD 5 Directive** means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

**CRR 2** means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

**EU Banking Reforms** means the CRD 5 Directive, BRRD 2, CRR 2 and the SRM Regulation 2.

**MREL** means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 et seq. of the BRRD (as transposed in Spain), the CRR, 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.

**SRM Regulation 2** means Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms.

## **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 30 nor more than 60 calendar days (or such other period(s) as may be 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 5.6 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 for tax reasons*), 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*) and 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): 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, reissued, 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 (*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 (*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 (*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:

**Tax Jurisdiction** means Spain or any political subdivision or any authority thereof or therein having power to tax; and

**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

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) 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 7 or Condition 4.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 4.2 (*Presentation of definitive Notes and Coupons*).

## 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, liquidation or dissolution of the Issuer (except in any such case for the purpose of a Permitted Reorganisation (as defined in Condition 8.2(b) 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*)) 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 Additional Events 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

- (a) This Condition 8.2(a) only applies to Ordinary Senior Notes, in addition to Condition 8.1, 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, as the case may be, the Deed of Covenant 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 the

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, 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 and the Deed of Covenant, (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 or the Deed of Covenant.

(b) 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 S&P Global Ratings Europe Limited, Moody's Investors Service España, S.A., Fitch Ratings España, S.A.U. or DBRS Ratings GmbH 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 S&P Global Ratings Europe Limited, Moody's Investors Service España, S.A., Fitch Ratings España, S.A.U. and DBRS Ratings GmbH.

**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.*

### **8.3 Green, Social or Sustainability Notes**

In the case of any Notes where the "Reasons for the Offer" in Part B of the applicable Final Terms are stated to be for "green", "social" or "sustainability" projects as described in the "Use of Proceeds" section (the **Green, Social or Sustainability Notes Use of Proceeds Disclosure** and the **Green, Social or Sustainability Notes**, as appropriate), no Event of Default shall occur or other claim against the Issuer or right of a holder of, or obligation or liability of the Issuer in respect of, such Green, Social or Sustainability Notes arise as a result of the net proceeds of such Green, Social or Sustainability Notes not being used, any report, assessment, opinion or certification not being obtained or published, or any other step or action not being taken, in each case as set out and described in the Green, Social or Sustainability Notes Use of Proceeds Disclosure.

## **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 (*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**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the nominal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes any matter defined in the Agency Agreement as a Basic Terms Modification, including the modification of certain of these Conditions (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the nominal amount or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) 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 the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

### **14.2 Modification**

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification of, the Notes, the Coupons or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or
- (b) any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above)) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders.

Any modification shall be binding on the Noteholders and the Couponholders and, unless the Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

## 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, Talons and the Deed of Covenant (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 16) and the Substituted Debtor have granted or entered into a deed poll and such other 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 and the Deed of Covenant 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 16 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 England 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 parties thereto under English law;
- (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 Relevant Notes and any Coupons and 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 16) under the Relevant Notes and any related Coupons or Talons and the Agency Agreement and the Deed of Covenant 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 and the Deed of Covenant.
- (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 relation 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*).

## **17. LOSS ABSORBING POWER**

### **17.1 Acknowledgement**

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 17 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

- (a) to be bound by the effect of the exercise of the Loss Absorbing Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
  - (i) the reduction of all, or a portion, of the Amounts Due on a permanent basis;
  - (ii) 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;
  - (iii) the cancellation of the Notes or Amounts Due;

- (iv) 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
- (b) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Loss Absorbing Power by the Relevant Resolution Authority.

## **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 Condition Exhaustive**

The matters set forth in this Condition 17 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any Noteholder.

## **17.7 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, or entitle the Noteholders to any remedies (including equitable remedies) which are hereby expressly waived.

## **17.8 Definitions**

In this Condition 17:

**Amounts Due** means the principal amount of or outstanding 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, including by the SRM Regulation 2, 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) 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).

**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.

## **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 giving not less than 15 nor more than 60 calendar 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 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.

**Eligible Liabilities** means any liability which complies with the requirements set out in Applicable MREL Regulations to qualify as eligible liabilities for MREL purposes.

**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 a ranking which is the same as or higher than the ranking of the Notes set out in the applicable Final Terms; and
- (f) not, immediately following such substitution or variation, be subject to (i) in the case of Senior Notes and Subordinated Notes, an Eligible Liabilities Event or an early redemption right for taxation reasons according to Condition 5.2 (*Redemption for tax reasons*); 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 (*Redemption for tax reasons*); 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.

For the avoidance of doubt, (i) any change in the governing law of the Notes from English law to Spanish law so that the English Law Notes become again or remain Qualifying Notes shall not be subject to the requirement not to be materially less favourable to the interests of the Holders of the English Law Notes, and (ii) any variation in the ranking of the relevant Notes as set out in Condition 2 (*Status of the Senior Notes and Subordinated Notes*) resulting from any such substitution or modification (including, *inter alia*, through the removal of an Issuer Call) shall be deemed not to be materially less favourable to the interests of the Holders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes as set out in the applicable Final Terms on the issue date of such Notes.

## **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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

### **20.1 Governing law**

The status of the Notes, the capacity of the Issuer, the relevant corporate resolutions and the provisions relating to the exercise and effect of the Loss Absorbing Power by the Relevant Resolution Authority and the acknowledgment of the same are governed by Spanish law. The Agency Agreement, the Deed of Covenant, the Notes (save as provided above), the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law. The Notes are issued in accordance with the formalities prescribed by Spanish company law.

### **20.2 Submission to jurisdiction**

- (a) Subject to Condition 20.2(c) and 20.2(d) below, the English courts 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 the English courts.
- (b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) Notwithstanding the above, each of the Issuer and any Noteholder submits to the exclusive jurisdiction of the Spanish courts, in particular, to the venue of the city of Valencia, in relation to any dispute arising out of or in connection with the application of any Loss Absorbing Power by the Relevant Resolution Authority (a **Bail-in Dispute**). Each of the Issuer and any Noteholder in relation to a Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

- (d) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes (other than a Bail-in Dispute), take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### **20.3 Appointment of Process Agent**

The Issuer appoints CaixaBank, S.A., United Kingdom Branch at 8th floor, 63 St Mary Axe, London EC3A 8AA, as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of CaixaBank, S.A., United Kingdom Branch being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

## TERMS AND CONDITIONS OF THE SPANISH LAW NOTES

*The following are the Terms and Conditions of the Spanish Law Notes, if so specified in Part A – Contractual Terms of the Final Terms, 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 2020 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 Regulation** means Regulation (EU) 2017/1129.

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](http://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 (which term includes a CMS Linked Interest Note if this Note is specified as such in the Final Terms), 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.

Notwithstanding the above, 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 or the Maturity Date has occurred and, in either case, payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day, each account holder which has Notes represented by such Global Note credited to its securities accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer and will acquire all those rights that it would have had if at the relevant time it held, executed and authenticated definitive Notes in respect of the relevant Notes (including the right to claim and receive all payments due at any time in respect of the relevant Notes) under the provisions of this Condition 1 and the relevant Global Note and, from that time, the bearer of the Global Note will have no further rights under such Global Note (but without prejudice to the rights which the bearer or any other person may have as a holder of Notes other than the Global Note).

## 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. The Senior Non-Preferred Notes are intended to comply with the requirements of Article 72b of CRR so that they qualify as eligible liability instruments for the purposes of Article 72a of CRR. Accordingly, as set out in Article 72a of CRR, the Senior Non-Preferred Notes shall not be considered as debt

instruments with embedded derivatives solely because of any Issuer Call or Investor Put for the purposes of Additional Provision 14.2° of Law 11/2015.

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 (*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 14.1° 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).*

The obligations of the Issuer under the Senior Notes are subject to the Loss Absorbing Power.

## **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.*

The obligations of the Issuer under the Subordinated Notes are subject to the Loss Absorbing Power.

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 4, 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 amend or come into effect in place thereof (including the BRRD 2), 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 4** means any or any combination of the CRD 4 Directive, the CRR, and any CRD 4 Implementing Measures.

**CRD 4 Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment 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, including by the CRD 5 Directive).

**CRD 4 Implementing Measures** means any regulatory capital rules implementing the CRD 4 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 4 (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 26 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, including by CRR 2).

**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 or Notes where the Final Terms specify that this Condition 3.1 applies for a limited period. 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 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 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 a.m. 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 on or after the most recent Reset Date or, if none, the Issue Date, if any, as determined by the Agent. If no such 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 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 or Notes where the Final Terms specify that this Condition 3.3 applies for a limited period. 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:

- (i) 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
- (ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) 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
- (iv) 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 (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 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 referencing EURIBOR or LIBOR, other than CMS Linked Interest 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 and the applicable Final Terms specify that the Reference Rate is EURIBOR or LIBOR, 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.

If the Relevant Screen Page is not available or if, in the case of subclause 3.3(b)(ii)(A), no offered quotation appears or, in the case of subclause 3.3(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent



by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the relevant financial centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the relevant financial centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these Conditions:

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate.

(iii) *Screen Rate Determination for Floating Rate Notes referencing SONIA, other than CMS Linked Interest 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 and the applicable Final Terms specify that the Reference Rate is SONIA, the Rate of Interest for each Interest Period will, as provided below, be Compounded Daily SONIA, where:

**Compounded Daily SONIA** means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded up:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is, for any Observation Period, the number of calendar days in such Observation Period;

**d<sub>0</sub>** is, for any Observation Period, the number of London Banking Days in such Observation Period;

**i** is, for any Observation Period, a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Observation Period to, and including, the last London Banking Day in such Observation Period;

**Interest Determination Date** means, in respect of any Interest Period, the date falling p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable);

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**n<sub>i</sub>**, for any London Banking Day "i" in the relevant Observation Period, means the number of calendar days from and including such London Banking Day "i" up to but excluding the following London Banking Day;

**Observation Period** means, in respect of an Interest Period, the period from and including the date falling "p" London Banking Days prior to the first day of the such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, in any, on which the Notes become due and payable);

**p** means, for any Interest Period, the number of London Banking Days by which an Observation Period precedes an Interest Period, as specified in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the **SONIA reference rate**, means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (in each case on the London Banking Day immediately following such London Banking Day); and

**SONIA<sub>i</sub>** means, in respect of any London Banking Day "i", the SONIA reference rate for that day.

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA reference rate in respect of any London Banking Day. The SONIA reference rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA reference rate for the previous London Banking Day but without compounding.*

If, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (A) (I) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (II) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
- (B) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

If the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 3.3(b)(iii), the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 8, the final Interest Determination Date shall, notwithstanding the definition specified above, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *Floating Rate Notes which are CMS Linked Interest Notes*

Where the Reference Rate is specified as being the CMS Reference Rate, the Rate of Interest for each Interest Period will be calculated by the relevant Calculation Agent in accordance with the provisions set out below and the following formula:

CMS Rate + Margin

As used above:

**CMS Linked Interest Notes** means Floating Rate Notes where the Reference Rate is specified to be the CMS Rate.

**CMS Rate** shall mean the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the relevant Calculation Agent.

If the Relevant Screen Page is not available, the relevant Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If three or more of the Reference Banks provide the relevant Calculation Agent with such quotations,

the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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).

For this purpose:

**Margin** has the meaning specified in the Final Terms.

**Reference Banks** means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Calculation Agent.

**Relevant Screen Page** has the meaning specified in the Final Terms.

**Relevant Swap Rate** means:

- (A) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period 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 an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the relevant Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (B) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period 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 an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (C) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

- (D) where the Reference Currency is any other currency, the mid-market swap rate as determined by the relevant Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

**Relevant Time** has the meaning specified in the Final Terms.

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

If on any Interest Determination Date fewer than three or none of the Reference Banks provides the relevant Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the relevant Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

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; and

- (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 Benchmark Discontinuation**

If the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event (as defined below) has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer and the Independent Adviser (acting in good faith and in a commercially reasonable manner) determining, no later than three Business Days prior to the relevant Interest Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3.4(a)) and, in either case, an Adjustment Spread if any (in accordance with Condition 3.4(b)) and any Benchmark Amendments (in accordance with Condition 3.4(c) below).

(a) **Successor Rate or Alternative Rate**

If the Issuer and the Independent Adviser (acting in good faith and in a commercially reasonable manner):

- (i) agree that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3.4(b) below) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant



component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 3.4); or

- (ii) agree that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3.4(b)) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 3.4).

If the Issuer (i) is unable to appoint an Independent Adviser or (ii) the Issuer and the Independent Adviser, acting in good faith and in a commercially reasonable manner, do not agree on the selection of a Successor Rate or an Alternative Rate, the fallback provisions set out in Conditions 3.2 and 3.3 and the applicable Final Terms, as the case may be, shall continue to apply. For the avoidance of doubt, this Condition 3.4(a) shall apply to the relevant next succeeding Reset Period or Interest Period only and any subsequent Reset Periods or Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3.4(a).

(b) **Adjustment spread**

If the Issuer and the Independent Adviser agree (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(c) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3.4 and the Issuer and the Independent Adviser agree: (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer and the Principal Paying Agent shall, subject to giving notice thereof in accordance with Condition 3.4(d) below, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 3.4, the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 3.4(c) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 3.4(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 3.4, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Notes as Tier 2 capital or Eligible Liabilities, in each case of the Issuer or the Group, as applicable, or could reasonably result in the Regulator and/or

the Relevant Resolution Authority treating any future Interest Payment Date (including any Reset Date) as the effective maturity of the Notes, rather than the relevant Maturity Date.

(d) **Notice**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3.4 will be notified promptly by the Issuer to the Paying Agents and, in accordance with Condition 13 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any and will be binding on the Issuer, the Paying Agents and the Noteholders.

No later than the date on which the Issuer notifies the Noteholders of the same, the Issuer shall deliver to the Calculation Agent and the Paying Agents a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) any Adjustment Spread and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 3.4;
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor or Alternative Rate and any Adjustment Spread.

The Agent shall display such certificate at its offices, for inspection by the Noteholders, at all reasonable times during normal business hours.

Each of the Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 3.4, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 3.4, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(e) **Survival of Original Reference Rate Provisions**

Without prejudice to the obligations of the Issuer under Condition 3.4(a) to (d), the Original Reference Rate and the fallback provisions provided for in Condition 3.2 and 3.3 and the applicable Final Terms, as the case may be, will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with this Condition 3.4.

(f) **Definitions**

In this Condition 3.4, the following expressions shall have the following meanings:

**Adjustment Spread** means either a spread or quantum (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, quantum, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital market transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (iii) (if the Issuer determines that no such spread is customarily applied) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (iv) (if the Issuer determines that no such industry standard is recognised or acknowledged) if no such spread, quantum, formula or methodology can be determined in accordance with (i) to (iii) above, the Issuer, in its discretion and following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines to be appropriate, to reduce or eliminate to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

**Alternative Rate** means an alternative benchmark or screen rate which the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

**Benchmark Amendments** has the meaning given to it in Condition 3.4(c).

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will cease publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **Specified Future Date**) (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will, by a Specified Future Date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (vi) it has or will become unlawful for any Paying Agent, Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii) or (iv) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**Independent Adviser** means an independent financial institution of recognised standing or an independent financial adviser with appropriate expertise appointed by the Issuer (at its own expense).

**Original Reference Rate** means:

- (i) the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Notes; or
- (ii) any Successor Rate or Alternative Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 3.4,

as applicable.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

### 3.5 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 to 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 (*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 (*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 3 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, 3 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 4, 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 (*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 15 nor more than 60 calendar days' notice 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 5.2, 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 (*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)

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 15 calendar days' notice 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 these Conditions, **Optional Redemption Date** means any date so specified in the applicable Final Terms and/or any date falling in the Optional Redemption Period specified in the applicable Final Terms, the first and last days inclusive. 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.

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.

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): Subordinated Notes or Senior Notes*)), such option being referred to as an Issuer Call.

#### **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 of the first Tranche of Notes (including as a result of the implementation or applicability in Spain on or after the Issue Date of the EU Banking Reforms (as defined below)), 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 15 nor more than 60 calendar 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): Subordinated Notes or Senior Notes**

If the Notes are 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 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 15 nor more than 60 calendar 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).

Senior Notes and 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 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 have occurred where such ineligibility for inclusion of the Notes in the Eligible Liabilities arises as a result of (a) any Spanish legislation implementing or giving effect to the EU Banking Reforms differing in any respect from the form of the EU Banking Reforms as adopted (including if the EU Banking Reforms are not implemented in full in Spain) or (b) the official interpretation or application of the 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 EU Banking Reforms have been reflected in the Terms and Conditions of the Notes and including, in particular, a determination or interpretation of the existence of an embedded derivative against the literal terms of the last paragraph of Article 72a.2 of CRR.

**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 4, 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).

**BRRD 2** means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

**CRD 5 Directive** means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

**CRR 2** means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

**EU Banking Reforms** means the CRD 5 Directive, BRRD 2, CRR 2 and the SRM Regulation 2.

**MREL** means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 et seq. of the BRRD (as transposed in Spain), the CRR, 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.

**SRM Regulation 2** means Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms.

## **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 30 nor more than 60 calendar days (or such other period(s) as may be 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 5.6 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 for tax reasons*), 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*) and 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): 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 (*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 (*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 (*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:

**Tax Jurisdiction** means Spain or any political subdivision or any authority thereof or therein having power to tax; and

**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 7 or Condition 4.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 4.2 (*Presentation of definitive Notes and Coupons*).

## 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, liquidation or dissolution of the Issuer (except in any such case for the purpose of a Permitted Reorganisation (as defined in Condition 8.2(b) 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*)) 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 Additional Events 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**

- (a) This Condition 8.2(a) only applies to Ordinary Senior Notes, in addition to Condition 8.1, 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, 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) 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 S&P Global Ratings Europe Limited, Moody's Investors Service España, S.A., Fitch Ratings España, S.A.U. or DBRS Ratings GmbH 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 S&P Global Ratings Europe Limited, Moody's Investors Service España, S.A., Fitch Ratings España, S.A.U. and DBRS Ratings GmbH.

**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.*

### **8.3 Green, Social or Sustainability Notes**

In the case of any Notes where the "Reasons for the Offer" in Part B of the applicable Final Terms are stated to be for "green", "social" or "sustainability" projects as described in the "Use of Proceeds" section (the **Green, Social or Sustainability Notes Use of Proceeds Disclosure** and the **Green, Social or Sustainability Notes**, as appropriate), no Event of Default shall occur or other claim against the Issuer or right of a holder of, or obligation or liability of the Issuer in respect of, such Green, Social or Sustainability Notes arise as a result of the net proceeds of such Green, Social or Sustainability Notes not being used, any report, assessment, opinion or certification not being obtained or published, or any other step or action not being taken, in each case as set out and described in the Green, Social or Sustainability Notes Use of Proceeds Disclosure.

## **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 (*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 (i) 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 (**Basic Terms Modification**, 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 Condition 14.1(b)(ix)(F); or
  - (G) alteration of this proviso or the proviso to Condition 14.1(a)(v),

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 Condition 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 Condition 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 Condition 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), 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 Condition 14.1(b)(vi), 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 Condition 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 Conditions 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.
- (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 Condition 14.1(a) 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 Conditions 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) (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 16) 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 16 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 16) 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 relation 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**

### **17.1 Exercise of Loss Absorbing Power and Acknowledgment**

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.

### **17.2 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.

## 17.7 Definitions

In this Condition 17:

**Amounts Due** means the principal amount of or outstanding 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, including by the SRM Regulation 2, 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.

**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.

## 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 giving not less than 15 nor more than 60 calendar 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 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.

**Eligible Liabilities** means any liability which complies with the requirements set out in Applicable MREL Regulations to qualify as eligible liabilities for MREL purposes.

**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 a ranking which is the same as or higher than the ranking of the Notes set out in the applicable Final Terms; and
- (f) not, immediately following such substitution or variation, be subject to (i) in the case of Senior Notes and Subordinated Notes, an Eligible Liabilities Event or an early redemption right for taxation reasons according to Condition 5.2 (*Redemption for tax reasons*); 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 (*Redemption for tax reasons*); 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.

For the avoidance of doubt, any variation in the ranking of the relevant Notes as set out in Condition 2 (*Status of the Senior Notes and Subordinated Notes*) resulting from any such substitution or modification (including, *inter alia*, through the removal of an Issuer Call) shall be deemed not to be materially less favourable to the interests of the Holders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes as set out in the applicable Final Terms on the issue date of such Notes.

## **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 common law (*Derecho civil común*). The Notes are issued in accordance with the formalities prescribed by Spanish companies 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), 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.

## USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer:

- (i) for the general financing requirements of the CaixaBank Group of which it forms a part;
- (ii) to finance or refinance, in whole or in part, new or existing Eligible Green Projects meeting the Eligibility Criteria, in which case the relevant Notes will be identified as "Green Notes" in the applicable Final Terms;
- (iii) to finance or refinance, in whole or in part, new or existing Eligible Social Projects meeting the Eligibility Criteria, in which case the relevant Notes will be identified as "Social Notes" in the applicable Final Terms; or
- (iv) to finance or refinance, in whole or in part, a combination of new or existing Eligible Green Projects and Eligible Social Projects, in each case meeting the Eligibility Criteria, in which case the relevant Notes will be identified as "Sustainable Bonds" in the applicable Final Terms.

If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

**Eligible Criteria** means the criteria prepared by CaixaBank as set out in the Sustainable Development Goals Framework.

**Eligible Green Projects** means projects falling under the categories set out in the Sustainable Development Goals Framework which are indicated to be ICMA GBP Categories, and, at any time, include any other "green" projects in accordance with any update of the ICMA Green Bond Principles at such time.

**Eligible Social Projects** means projects falling under the categories set out in the Sustainable Development Goals Framework which are indicated to be ICMA SBP Categories, and, at any time, include any other "social" projects in accordance with any update of the ICMA Social Bond Principles at such time.

**Sustainable Development Goals Framework** means the latest Sustainable Development Goals Framework published by CaixaBank, available for viewing on its website (<https://www.caixabank.com>) (including as amended, supplemented, restated or otherwise updated on such website from time to time).

**ICMA Green Bond Principles** means the Green Bond Principles published by the International Capital Markets Association, as updated from time to time.

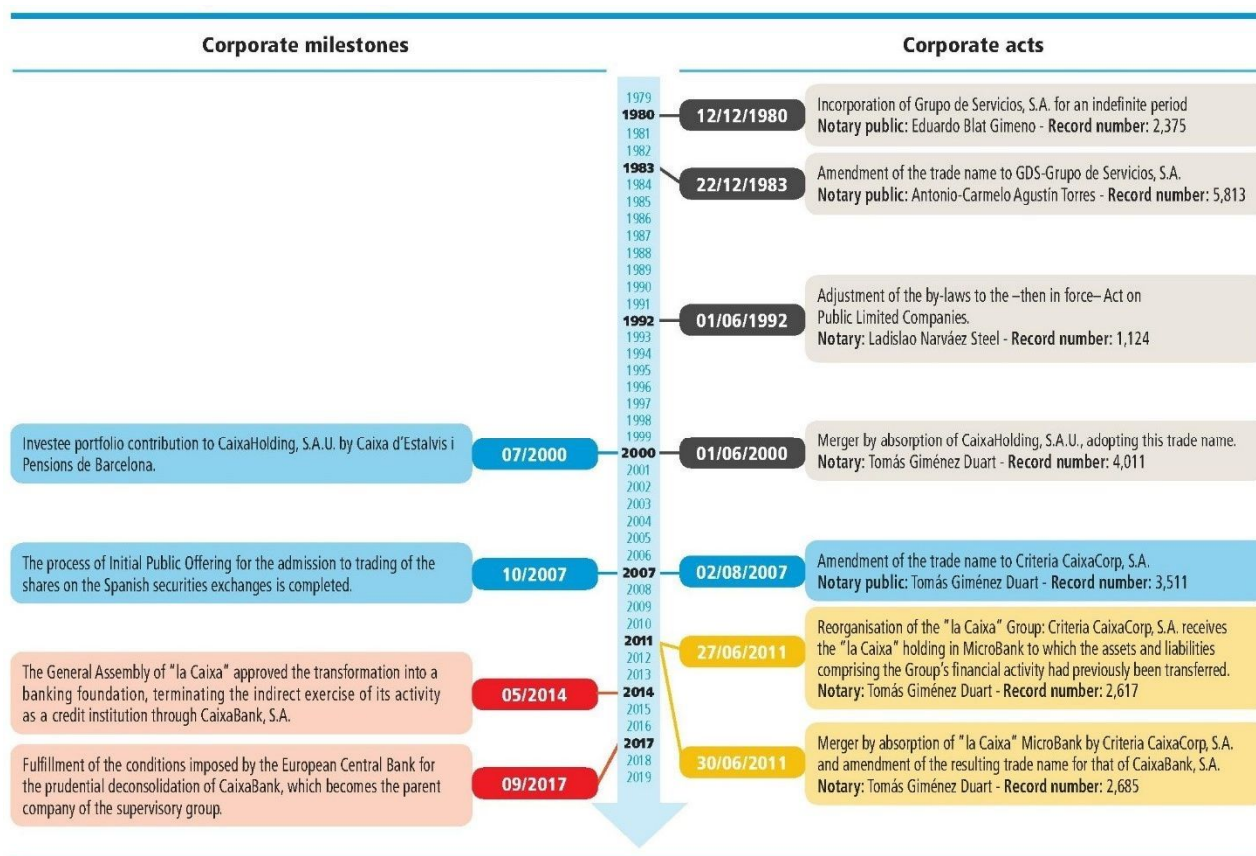
**ICMA Social Bond Principles** means the Social Bond Principles published by the International Capital Markets Association, as updated from time to time.

## DESCRIPTION OF THE ISSUER

### History and development of the Issuer

CaixaBank, S.A. (hereinafter, **CaixaBank** - its trade name - , the **Issuer** or the **Bank**), is a Spanish public limited company registered in the Commercial Register of Valencia, Volume 10370, Folio 1, Sheet V-178351, and in the Special Administrative Register of the Bank of Spain, under number 2100. The Legal Entity Identifier (LEI) of CaixaBank is 7CUNS533WID6K7DGF187, and its tax ID (NIF) is A08663619. As of 1 July 2011, CaixaBank's shares are listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges (the **Spanish Stock Exchanges**) and are quoted on the Automated Quotation System of the Spanish Stock Exchanges (*Sistema de Interconexión Bursátil* or *Mercado Continuo*). The registered office and tax address of CaixaBank is Calle Pintor Sorolla, 2-4 in Valencia (contact telephone number +34 93 411 75 03).

The Issuer's most relevant company milestones during its period of activity are:



CaixaBank and its subsidiaries comprise the CaixaBank Group (the **CaixaBank Group** or the **Group**).

CaixaBank is the parent company of the financial conglomerate formed by the Group's entities that are considered to be regulated, recognising CaixaBank as a significant supervised entity, whereby CaixaBank comprises, together with the credit institutions of its Group, a significant supervised group of which CaixaBank is the entity at the highest level of prudential consolidation.

As a listed bank, it is subject to oversight by the European Central Bank (ECB) and the Spanish national securities market regulator (the *Comisión Nacional del Mercado de Valores*, **CNMV**), however, the entities of the Group are subject to oversight by supplementary and industry-based bodies.

Since CaixaBank is a Spanish commercial enterprise structured as a public limited company, it is therefore subject to the Spanish Companies Act, enacted by Royal Legislative Decree 1/2010 of 2 July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the **Spanish Companies Act**) and its implementing provisions. Furthermore, given that it is a listed company, it is also governed by the Securities Markets Act, approved by Royal Legislative Decree 4/2015, of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the **Securities Market Act**), and its implementing provisions.

### **2019-2021 Strategic Plan**

The CaixaBank Group unveiled its 2019-2021 Strategic Plan on 27 November 2018. The 2019-2021 Strategic Plan takes into account that the economy is moving towards a more mature phase of the business cycle, with Spain and Portugal expected to achieve annual real GDP growth rates of approximately 2% in 2019E-2021E (*Source: CaixaBank Research*).

Financial projection in the 2019-2021 Strategic Plan is based on the expectation of a very gradual increase in the interest rates, as reflected in the interest rate forward rates used for those projections.

To enhance the customer experience, the 2019-2021 Strategic Plan aims to continue transforming the distribution network so as to provide added value to customers, strengthen the model of remote and digital customer relationship and continue adding new products and services.

The 2019-2021 Strategic Plan aims to generate sustainable value for all stakeholders (customers, shareholders, employees and society in general), in accordance with the Group's mission to contribute to the financial wellbeing of CaixaBank's customers and to the progress of society.

The 2019-2021 Strategic Plan has the following five strategic lines:

- To offer the best customer experience.
- To accelerate digital transformation to boost efficiency and flexibility.
- To foster a people-centric, agile and collaborative culture.
- To generate attractive shareholder returns and solid financials.
- To become a benchmark in responsible banking and social commitment.

### **Dividends**

The following dividends were distributed from 2018 onwards:

#### **DIVIDENDS PAID**

(Millions of euros)

	EUROS PER SHARE	AMOUNT PAID IN CASH	ANNOUNCEMENT DATE	PAYMENT DATE
Final dividend for 2017	0.08	478	06-04-2018	13-04-2018
Interim dividend for 2018	0.07	418	25-10-2018	05-11-2018
Final dividend for 2018	0.10	598	31-01-2019	15-04-2019
Interim dividend for 2019	0.07	418	26-03-2020	15-04-2020

On 31 January 2019 the Board of Directors approved and published an amendment to the dividend policy whereby shareholder remuneration will take place through a single cash payment, which will be paid once the relevant fiscal year has been closed, around the month of April each year. This amendment to the dividend policy has started applying in relation to the 2019 fiscal year profits. In line with the 2019-2021 Strategic Plan, CaixaBank has reiterated its intention to remunerate shareholders by distributing an amount

in cash greater than 50% of consolidated net attributable income, with a cap for 2019 fiscal year of 60% of consolidated net income.

On 30 January 2020, the Board of Directors announced its intention to propose at the Annual General Meeting the payment of a cash dividend of €0.15 per share against profit for 2019. This payment would represent 53% of the profit for 2019, in line with the Strategic Plan. In addition, it agreed to set the maximum amount payable against 2020 earnings at 60% of the consolidated net profit.

On 26 March 2020, due to the expected impact on the global economy of the expansion of COVID-19 and of the measures taken by the authorities to reduce its spread, and in order to adapt the Bank to this new environment, the Board of Directors agreed, among other decisions, to (i) reduce the proposed dividend for the 2019 fiscal year of €0.15 to €0.07 per share, representing a 24.6% pay-out, taking into account considerations of prudence and social responsibility; and (ii) that the aforementioned dividend would be paid on an interim basis against 2019 profits, on 15 April 2020, this being the only dividend paid against 2019 fiscal year profits. In addition, and regarding the current dividend policy of a cash pay-out of greater than 50% of consolidated earnings, the Board of Directors has announced to change it, exclusively for the 2020 fiscal year, to a cash pay-out not higher than 30% of reported consolidated earnings. The Board of Directors declared its intent to allocate, at least, an amount higher than 50% of consolidated reported earnings as cash remuneration in future fiscal years, once the circumstances which have led to this decision are over.

## Key events in 2018, 2019 and 2020

### Issuances

During 2019 and 2020 the Bank issued securities for a total aggregate amount of €5,882 million that were placed with institutional investors, a breakdown of which is set out in the table below. In September 2019 CaixaBank issued its inaugural social bond, an issue of €1 billion senior non-preferred notes supporting the UN Sustainable Development Goals, the net proceeds of which will be used for Eligible Social Projects as described in the CaixaBank's Sustainable Development Goals Framework (see "Use of Proceeds").

Issue	Total amount € million	Amount per issue	Date of Issuance	Maturity	Cost <sup>1</sup>
Ordinary Senior debt	2,000	1,000	27 March 2019	7 years	1.195% (midswap+ 0.90%)
		1,000	17 January 2020	5 years	0.375% (midswap + 0.58%)
Senior non-preferred debt	3,382	1,000	18 January 2019	5 years	2.47 % (midswap +2.25 %)
		50	30 May 2019	10 years	2.00 % (midswap +1.56 %)
		1,250	19 June 2019	7 years	1.464 % (midswap +1.45 %)
		82	3 July 2019	15 years	1.231%
		1,000	26 September 2019	5 years	0.765 % (midswap +1.13%)
Mortgage covered bonds	500	500	n.a. <sup>2</sup>	15 years	1.40 % (midswap +0.442 %)

(1) Yield on the issuance and equivalent floating rate at the time of issuance

(2) The Mortgage Covered Bonds correspond to 6 private placements with an average weighted cost of 1.40%

### Early Redemption of Bonds

#### Early redemption of subordinated bonds

On 8 June 2018, CaixaBank redeemed early in full the nominal outstanding amount of the Subordinated Bonds Series I/2012 (*Emisión de Obligaciones Subordinadas Serie I/2012*), with ISIN code ES0240609000, amounting to €2,072.3 million, after duly obtaining the relevant prior authorisation by the ECB and in accordance with the provisions contained in the securities note (*Nota de Valores*) approved on 26 December 2011 by the CNMV. The redemption price was 100% of the nominal outstanding amount, notwithstanding any accrued and unpaid coupon.

On 14 November 2018, CaixaBank redeemed early in full the nominal outstanding amount of the Subordinated Notes Series I/2013 (*€750,000,000 Subordinated Fixed Reset Notes due November 2023*), with ISIN code XS0989061345, with a nominal amount of €750,000,000, final maturity date on 14 November 2023, after duly obtaining the relevant prior authorisation by the ECB and in accordance with the provisions set out in its terms and conditions. The redemption price was 100% of the outstanding principal amount of the Issue. Any accrued interest due, if applicable, was also paid on the same date.

#### *Early redemption of self-retained covered bonds*

On 21 December 2018, CaixaBank redeemed early in full (i) the nominal outstanding amount of the *2ª Emisión 2009 de Cédulas Hipotecarias de Barclays Bank, S.A. – Junio 2019*”, with ISIN code ES0413985021, amounting to €1,000,000,000; (ii) the *4ª Emisión de Cédulas Territoriales de CaixaBank, S.A.*, with ISIN code ES0440609065, amounting to €500,000,000; and (iii) the *7ª Emisión de Cédulas Territoriales de CaixaBank, S.A.*, with ISIN code ES0440609289, amounting to €1,500,000,000.

On 26 February 2019, CaixaBank redeemed early in full the nominal outstanding amount of the *Emisión 2014 de Cédulas Hipotecarias de Barclays Bank, S.A.U. Julio 2024*, with ISIN code ES0413985047, amounting to €1,000,000,000.

The redemption price was 100% of the nominal outstanding amount in all cases, plus any accrued and unpaid coupon.

#### *Agreement of sale to Lone Star*

##### **1** Repurchase of Servihabitat Servicios Inmobiliarios, SL (**Servihabitat**)

On 8 June 2018, CaixaBank reached an agreement with the company SH Findel, S.À.R.L. (subsidiary company of TPG Sixth Street Partners) to repurchase 51% of the share capital of Servihabitat at a price of €176.5 million. After this purchase, which obtained the necessary authorisations and which was closed on 13 July 2018, the Group now holds 100% of the share capital of Servihabitat.

As a result of the combination of businesses, Servihabitat is now consolidated through the method of global integration, for accounting purposes, from 1 July 2018. The impact on equity and profit of the difference between the acquisition date and the date that control was effectively obtained (13 July 2018) was not significant. This operation involved the emergence of the following impacts on the Group's income statement:

- A** A review of the carrying amount of the prior stake in Servihabitat (49%) by virtue of the update of the valuation of this share, consistent with the sale offer accepted by the Group with regard to the operation announced on 28 June 2018 and described in the following section. It resulted in the recording of a €52 million loss under the heading "Impairment/(reversal) of impairment on investments in joint ventures and associates" of the accompanying consolidated income statement.
- B** The recognition of a loss amounting to €152 million under the heading "Provisions or reversal of provisions" in the accompanying consolidated income statement, corresponding to the difference between the transaction price (€176.5 million) and the fair value of the share purchased in 51% of Servihabitat, estimated in the context of the sale of this share to Lone Star.

Similarly, the result generated by this stake as a consequence of its business combination in July 2018 until sold, after the implementation of the transaction described in the following section, was classified under "Profit/(loss) after tax from discontinued operations" in the consolidated income statement.

##### **2** Agreement of sale to Lone Star

On 28 June 2018, CaixaBank arranged to sell 80% of its real estate portfolio to a company owned by Lone Star Fund X and Lone Star Real Estate Fund V. This transaction mainly included the portfolio of real estate assets available for sale on 31 October 2017, as well as 100% of the share capital of Servihabitat. The gross



value of the real estate assets at 31 October 2017 used for the sale was approximately €12,800 million, the net carrying amount of which was approximately €6,700 million.

The Group transferred the aforementioned portfolio, together with 100% of Servihabitat, to a new company (Coral Homes, S.L.), 80% of which was subsequently sold to Lone Star, retaining a 20% stake through BuildingCenter. The overall impact of the sale operation on the consolidated statement of profit or loss (including expenses, taxes and other costs) was €-48 million after tax and +15 basis points in the fully-loaded CET1 ratio at 31 December 2018.

#### *Guarantees given in the operation*

The sale agreed with Lone Star comprised a representations and warranties clause as regards the ownership of the transferred assets which, under certain circumstances, may be subject to claims brought against the Group until June 2020.

At 31 December 2019 and 2018, the Group did not deem there to be a material impact on equity as a result of the existence of these clauses.

#### *Labour agreements*

The Group has reached labour agreements on incentivised voluntary terminations, the latest one having been reached on 31 January 2020.

In relation to the above, the Group keeps funds to cover the commitments of its discontinuation programmes, both in terms of salaries and other social costs, from the moment of termination until reaching the age established in the agreements. Funds are also in place covering length of service bonuses and other obligations with existing personnel. The main programmes for which funds are kept are as follows:

#### **VOLUNTARY REDUNDANCY SCHEMES**

			INITIAL PROVISION
	YEAR RECOGNISED	NUMBER OF PEOPLE	(Millions of euros)
Labour agreement 17-07-2014	2014	434	182
Labour agreement for Barclays Bank personnel restructuring 2015	2015	968	187
Labour agreement 29-06-2015 (territorial reorganisation of the workforce)	2015	700	284
Paid early retirements and resignations 16-04-2016	2016	371	160
Labour agreement 29-07-2016	2016	401	121
Paid early retirements and resignations 10-01-2017	2017	350	152
Labour agreement 27-04-2017 – Banco BPI	2017	613	107
Labour agreement 28-04-2017 - Discontinuations 2017	2017	630	311
Labour agreement 28-04-2017 - Discontinuations 2018	2018	151	67
Labour agreement 08-05-2019	2019	2,023	978
Labour agreement 31-01-2020	2020	228	109

#### *Results of the EU-wide stress test*

The CaixaBank Group reported on 2 November 2018 that it took part in the EU-wide stress test, which was coordinated by the European Banking Authority (the **EBA**) and supervised by the ECB. The test used reference data from 31 December 2017 and comprised a three-year period (2018-2020) in two scenarios, baseline and adverse. The results obtained were as follows:

Under the adverse scenario, the fully loaded CET1 ratio of the Group at 31 December 2020 was depleted by 239 basis points, reaching a level of 9.11% from 11.50%, after the initial application of IFRS 9 on 31 December 2017. In this same scenario, the Group's phase-in CET1 ratio also reached 9.11% from an initial 12.54%, after the initial application of IFRS 9, implying a 343 basis point depletion.

Under the baseline scenario, the Group's fully loaded CET1 ratio at 31 December 2020 increased by 210 basis points to a level of 13.60% and the Group's phase-in CET1 ratio increased by 106 basis points.



The 2020 EU-wide stress test has been postponed to 2021 to allow banks to prioritise operational continuity as an action to mitigate the impact of COVID-19 on the EU banking sector.

***Formal communication regarding minimum requirement for own funds and eligible liabilities (MREL requirement)***

On 24 April 2019 CaixaBank received a formal communication from the Bank of Spain regarding its minimum requirement for own funds and eligible liabilities (**MREL requirement**), as determined by the Single Resolution Board (the **SRB**).

In accordance with such communication, CaixaBank has been required to reach, by 1 January 2021, an amount of own funds and eligible liabilities on a consolidated basis equal to 10.6% of its consolidated total liabilities and own funds as of 31 December 2017. This MREL requirement would be equal to 22.5% in terms of consolidated risk-weighted assets (**RWAs**), as of 31 December 2017.

According to the current eligibility criteria of the SRB, CaixaBank's best estimate of its MREL ratio stood at 21.8% on a consolidated basis as of 31 December 2019.

This decision, based on current legislation, is expected to be updated annually and could be subject to subsequent changes by the resolution authorities, also in light of the developments of the BRRD.

The MREL requirement is aligned with CaixaBank's expectations and the funding plan as described in its 2019-2021 Strategic Plan. This plan considers the roll-over of approximately €7,500 million of wholesale debt maturities, through the issuance of MREL eligible liabilities, primarily of a subordinated nature.

***Minimum prudential capital requirements for the CaixaBank Group for 2020***

CaixaBank was notified of the decision of the ECB regarding minimum capital requirements for CaixaBank Group for 2020 following the outcome of the Supervisory Review and Evaluation Process (**SREP**). In addition, the Bank of Spain also informed CaixaBank about the capital buffer applicable to Other Systemically Important Institutions (**O-SII**).

Both decisions on SREP and O-SII remain unchanged for 2020 at 1.50% and 0.25% respectively, and require that the CaixaBank Group maintain a CET1 ratio of 8.78%<sup>12</sup> during 2020, which includes the minimum Pillar 1 requirement (4.50%), the ECB Pillar 2 requirement<sup>13</sup> (1.50%), the Capital Conservation buffer (2.5%), the O-SII buffer (0.25%)<sup>14</sup> and the countercyclical buffer (0.03%)<sup>15</sup>. Similarly, based on the minimum requirements of Pillar 1 applicable to Tier 1 (6%) and Total Capital (8%), the requirements would reach 10.28% for Tier 1 and 12.28% for Total Capital.

The following table shows these solvency requirements compared to the capital position of CaixaBank Group as of 31 December 2019:

	Capital position Dec'19	Minimum requirements			
		Total	of which Pillar 1	of which Pillar 2R	of which Buffers
<b>CET1</b>	<b>12.0%</b>	<b>8.78%</b>	4.5%	1.5%	2.78%
<b>Tier 1</b>	<b>13.5%</b>	<b>10.28%</b>	6.0%	1.5%	2.78%
<b>Total Capital</b>	<b>15.7%</b>	<b>12.28%</b>	8.0%	1.5%	2.78%

<sup>12</sup> All percentages refer to the total amount of risk-weighted assets

<sup>13</sup> Applies only at a consolidated level. On 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to use capital instruments that do not qualify as CET1 (for example Additional Tier 1 instruments and Tier 2 instruments) to meet P2R

<sup>14</sup> Applies only at a consolidated level

<sup>15</sup> As of 31 December 2019. It applies to both individual and consolidated basis. Updated quarterly. It may differ between individual and consolidated level. As of 31 December 2019 both levels coincide.

As a result of these decisions, the CET1 threshold below which CaixaBank Group<sup>16</sup> would be forced to limit 2020 distributions in the form of dividend payments, variable remuneration and interest to holders of Additional Tier 1 instruments, commonly referred to as the activation level of the maximum distributable amount (or MDA trigger), is set at 8.78%, to which the potential capital shortfalls of Additional Tier 1 or Tier 2 should be added with respect to the minimum implicit Pillar 1 levels of 1.5% and 2%, respectively<sup>17</sup>.

Taking into account the current capital levels of the CaixaBank Group, these requirements do not imply any of the aforementioned limitations.

## **COVID-19**

The expansion of COVID-19 and the measures taken by the authorities to reduce its spread are expected to have an impact on the global economy during a limited period of time but which is very severe. The Group wishes to be a key contributor to a rapid recovery of the Spanish and Portuguese economies, facilitating the provision of credit where it may be needed, in coordination with the public guarantee schemes provided by the authorities, while making an efficient use of capital that provides an adequate return to shareholders.

In light of the above, on 26 March 2020, the Issuer announced the decisions taken by its Board of Directors:

- To postpone the annual general shareholders' meeting which was convened for 2 and 3 April 2020, on first and second call, respectively.
- To cancel the proposal for allocation of results that the Board of Directors agreed on 20 February 2020 and that was included in the fourth point of the agenda of the annual general shareholders' meeting. The Board of Directors will draw up a new proposal for allocation of results when appropriate.
- To reduce the proposed dividend for 2019 fiscal year to €0.07 per share, which represents a 24.6% pay-out, from €0.15 per share, taking into account considerations of prudence and social responsibility. It was announced that such dividend would be paid on an interim basis against 2019 year profits on 15 April 2020, this being the only dividend paid against 2019 fiscal year profits.
- To reduce the CET1 target established in the 2019-2021 Strategic Plan for December 2021 to 11.5%, suspending the former target of 12% plus an additional 1% buffer to absorb regulatory requirements including Basel IV, taking into account new regulatory and supervisory considerations including, among others, the impact of regulations established in CRD 5 (as defined in "*Capital Requirements*" below) regarding the composition of Pillar 2 Requirements (P2R).
- To change its current dividend policy of a cash pay-out of greater than 50% of consolidated earnings to a cash pay-out not higher than 30% of reported consolidated earnings exclusively for 2020 fiscal year. The Board of Directors declared its intention to allocate, at least, an amount higher than 50% of consolidated reported earnings as cash remuneration in future years, once the circumstances which have led to this decision are over.
- To express its intention to distribute, in the future, any excess above a CET1 ratio of 12% in the form of special dividends and/or buybacks. This extraordinary distribution of capital will be subject to a prior return to normality of macroeconomic conditions and will not take place, in any case, before 2021.

In addition to the previous decisions, the Issuer also announced on the same date that (i) it shall inform on the new call for the Annual General Meeting once approved by the Board of Directors; (ii) the Chief Executive Officer decided to forego his bonus for 2020; and (iii) remuneration of outstanding Additional Tier 1 instruments will not be affected by the aforementioned decisions and will continue to be paid according to the current regulatory and supervisory framework.

<sup>16</sup> At an individual level, CaixaBank's CET1 ratio reached 13.8% as of 31 December 2019. This is in comparison with a minimum requirement of CET1 for 2020 of 7.03% (including 0.03% of countercyclical buffer to be updated quarterly). Thus, capital requirements are more restrictive at a consolidated level than at an individual level.

<sup>17</sup> As of 31 December 2019, there was no shortfall at Additional Tier 1 and Tier 2 levels.

Taking into account the aforementioned decisions, the regulatory solvency ratios for 31 December 2019 would now stand as follows:

	As reported at 31 December 2019	Ratios post Dividend reduction
CET1	12.0%	12.4%
Tier 1	13.5%	13.9%
Capital Total	15.7%	16.0%
Subordinated MREL	19.6%	19.9%
Total MREL	21.8%	22.2%
Total MREL PF <sup>(1)</sup>	22.5%	22.8%
MDA Buffer	325bps	378bps

<sup>(1)</sup> Proforma for Jan '20 €1bn senior preferred issuance

*\* In response to the global COVID-19 crisis, the Basel Committee on Bank Supervision announced on 27 March 2020 that it will delay the implementation deadline of Basel IV from January 2022 to January 2023 (and accompanying transitional arrangements for the output floor by one year to 1 January 2028) so that this would allow both supervisors and the banking industry to focus their operational capacity on responding to the COVID-19 crisis*

On 16 April 2020 the Issuer announced that the Board of Directors agreed to call the Issuer's Ordinary Annual General Meeting (the **General Meeting**) in the city of Valencia on 21 May 2020 at 11:00 am CET at first call, or if the required quorum is not reached and the General Meeting cannot be held at first call, in the same place and at the same time on 22 May 2020. It is expected that the General Meeting will take place at second call, on 22 May 2020. In accordance with the currently applicable law, the Board of Directors agreed to allow also for the remote attendance of the General Meeting by giving shareholders the option to attend and take part in the meeting via a remote connection in real time. In the event that the state of alarm announced by Royal Decree 463/2020 of 14 March still remains in effect at the time the General Meeting is held, that is 21 and 22 May, at first and second call, respectively, or if the government or health authorities roll out any other measure that prevents the General Meeting from being held with the physical presence of shareholders and their proxies, then the General Meeting will be held remotely on the same dates and at the same times stated in the meeting announcement, i.e. without the physical presence of any shareholder or proxy. If this situation arises, shareholders will be duly notified through the publication of an addendum to the meeting announcement. In accordance with applicable regulations, the call notice was published on 17 April 2020 and all the documentation relating to the General Meeting was made available to shareholders and investors, also available for download from the Issuer's website ([www.CaixaBank.com](http://www.CaixaBank.com)).

Below are the main changes in relation to the General Meeting that was originally due to be held on 2 and 3 April 2020, at first and second call, respectively, but was subsequently called off:

- Shareholders may now attend the General Meeting remotely
- A new proposal for distribution of earnings, that, in line with the information announced on 26 March 2020, and after having suspended the previous proposal for distribution of earnings, takes into account the interim dividend paid on 15 April 2020, as well as the assignment of the remainder of 2019 earnings to reserves.
- New items added to the agenda regarding the proposed appointment of Mr Francisco Javier García Sanz as a new proprietary director upon the recommendation of Fundación Bancaria "la Caixa" and Criteria Caixa to cover the vacancy arising from the resignation tendered by Mr Marcelino Armenter Vidal.

- A new proposed amendment to the By-laws and to the Regulations of the Annual General Meeting in order to allow for the possibility of remote attendance at future General Meetings.

CaixaBank's Chief Executive Officer and the rest of the Management Committee have waived their variable remuneration for 2020. Following this waiver and in view of the current circumstances, the new meeting announcement includes the following amendments:

- Removal of the item on the agenda relating to the proposed delivery of shares to the Chief Executive Officer and to the members of the Management Committee within the framework of the Company's annual variable remuneration programme.
- Removal of the item on the agenda relating to approval of the maximum number of shares to be delivered under the second cycle (pertaining to 2020) of the annual incentive plan linked to the 2019-2021 Strategic Plan for the Chief Executive Officer, members of the Management Committee, the rest of the management team and other CaixaBank and the Group key employees. The removal of this item affects a total of 90 beneficiaries, exceeding the scope of the Management Committee, and implies that no payment will be made for the second cycle.
- Removal of the item on the agenda requesting approval of the maximum level of variable remuneration for all those employees whose professional activities have a significant impact on the risk profile.

### Business overview by segment

The objective of business segment reporting is to allow internal supervision and management of the Group's activity and profits. The information is broken down into several lines of business according to the Group's organisation and structure. The segments are defined and segregated taking into account the inherent risks and management characteristics of each one, based on the basic business units which have accounting and management figures.

The following is applied to create them: (i) the same presentation principles are applied as those used in Group management information, and (ii) the same accounting principles and policies as those used to prepare the financial statements.

After the sale of 80% of the real estate business in December 2018, starting from 2019 the non-core real estate business will no longer be reported separately, integrating the remaining assets in the Banking and Insurance business, with the exception of the stake in Coral Homes, SLU (**Coral Homes**), which is assigned to the Equity Investment business. For comparative purposes, the 2018 information is presented aggregating both segments (therefore, non audited).

As a result, the Group is made up of the following business segments:

- **Banking and insurance:** includes the results of the banking business (retail, corporate and institutional banking, cash management and markets), together with the insurance business and asset management, primarily carried out in Spain through the branch network and the other complementary channels. It covers the activity and results generated by the Group's customers, as well as management of liquidity and the Assets and Liabilities Committee, income from financing the other businesses and the corporate centre. In addition, it includes the businesses acquired by CaixaBank from Banco BPI during 2018 (i.e. insurance, asset management, and cards).

The insurance and banking business is presented in a unified way consistent with the joint business and risk management, since it is a comprehensive business model within a regulatory framework that shares similar monitoring and accounting objectives. The Group markets insurance products, in addition to the other financial products, through its business network with the same client base,

because the majority of the insurance products offer savings alternatives (life-savings and pensions) to the banking products (savings and investment funds).

- **Equity investments:** includes income from dividends and/or profit from banks accounted for using the equity method, net of financing costs, from the interests and gains/(losses) on financial assets and liabilities held in Erste Group Bank, Repsol SA (**Repsol**), Telefónica SA (**Telefónica**), Banco Fomento de Angola, SA (**BFA**) and Banco Comercial e de Investimentos, SA (**BCI**). From 1 January 2019 the 20% stake in Coral Homes is added to this segment, after the sale of the real estate business at the end of December 2018. Similarly, it includes the significant impacts on income of other relevant stakes acquired in various sectors.

It includes the stakes in BFA, which after reassessing the significant influence at year-end 2018 is classified as Financial assets at fair value with changes in other comprehensive income, and in Repsol, until completing its sale in 2019.

- **Banco BPI:** covers the income from the Banco BPI's domestic banking business, essentially in Portugal. The income statement includes the reversion of the adjustments resulting from the application of fair value to the assets and liabilities in the business combination. Furthermore, it excludes the financial statement and equity capital associated with Banco BPI's assets assigned to the aforementioned equity business (essentially BFA and BCI).

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

In 2019, the allocation of capital to the equity investment business has been adapted to the Group's capital corporate objective of maintaining a fully-loaded Common Equity Tier 1 (CET1) ratio of 12%, taking into account both the 12% consumption of capital for risk-weighted assets (11% in 2018) and any applicable deductions.

The allocation of capital to Banco BPI is at sub-consolidated level, i.e. taking into account the subsidiary's own funds. The capital consumed in Banco BPI by the investees allocated to the investment business is allocated consistently to this business.

The difference between the Group's total shareholders' equity and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

The table below shows the consolidated statement of profit or loss of the Group by business segments for the years ended 31 December 2019 (audited) and 2018 (non audited):

(Millions of euros)

	BANKING AND INSURANCE BUSINESS		INVESTMENTS		BANCO BPI	
	2019	2018	2019	2018	2019	2018
NET INTEREST INCOME	4,659	4,659	(124)	(149)	416	397
Dividend income and share of profit/(loss) of entities accounted for using the equity method *	232	220	335	746	21	6
Net fee and commission income	2,340	2,303			258	280
Gains/(losses) on financial assets and liabilities and others	239	219	35	11	24	48
Income and expenses under insurance and reinsurance contracts	556	551				
Other operating income and expense	(369)	(498)			(17)	(26)
GROSS INCOME	7,657	7,454	246	608	702	705
Administrative expenses	(4,803)	(3,813)	(4)	(4)	(397)	(436)
Depreciation and amortisation	(479)	(368)			(67)	(37)
PRE-IMPAIRMENT INCOME	2,375	3,273	242	604	238	232
Impairment losses on financial assets and other provisions	(811)	(673)			200	106
NET OPERATING INCOME/(LOSS)	1,564	2,600	242	604	438	338

Gains/(losses) on disposal of assets and others	(169)	(179)		(607)	2	51
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	1,395	2,421	242	(3)	440	389
Income tax	(332)	(695)	71	90	(108)	(107)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	1,063	1,726	313	87	332	282
Profit/(loss) attributable to minority interests	3	57		33		20
<b>PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>1,060</b>	<b>1,669</b>	<b>313</b>	<b>54</b>	<b>332</b>	<b>262</b>
Total assets	355,416	350,783	4,554	4,685	31,444	31,078
<i>Of which: positions in sovereign debt</i>	<i>91,549</i>	<i>87,786</i>			<i>4,637</i>	<i>3,307</i>

(\*) Insurance business includes the contribution of the stake in SegurCaixa Adeslas.

## ***Banking and Insurance***

This is the Group's core business segment and includes the entire banking business (retail banking, corporate and institutional banking, among others, cash management and market transactions) and insurance business, primarily carried out in Spain through its branch network and other distribution channels. The banking business segment also includes the liquidity management and the asset liability committee (ALCO) and income from financing other businesses.

The Group's gross balance of customer loans amounted to €203,103 million as at 31 December 2019 (compared to €201,417 million as at 31 December 2018). Total customer funds, using management criteria, amounted to €354,497 million as at 31 December 2019 (compared to €330,462 million as at 31 December 2018).

### ***Banking Business***

The Banking Business relies on a universal banking model based on quality, innovation, accessibility and personalised service, with a wide range of products and services that are adapted to customers' various needs and an extensive multi-channel distribution network.

As of 31 December 2019, CaixaBank had over 13.7 million customers in Spain, including individuals, companies and institutions, served through a network of 4,118 branches in Spain, of which 3,918 are retail branches. The Banking business has different divisions based on the type of customers its services are directed at:

#### **Retail Banking**

Retail Banking is directed at individuals with less than €60,000 in net worth, as well as businesses, including retail establishments, self-employed and freelance professionals, micro-companies and agribusiness, with a turnover of less than €2 million annually. This division represents the Group's most traditional business, and provides the basis for the development of other, more specialised, lines of business. As a result of CaixaBank's high-quality multi-channel approach it has strengthened customer loyalty through the launch of a wide range of new products and services.

The market share for payroll deposits, which is a key indicator of customer engagement, has evolved from 26.8% as of 31 December 2018 to 27.1% as of 31 December 2019 (data prepared in-house based on Social Security data).

Premier Banking division is directed towards individual customers with a net worth of between €60,000 and €500,000, with advisory services provided by specialised managers that are focused on tailored solutions to customer needs. Meanwhile, the Private Banking division is aimed at customers with assets under management in excess of €500,000, with services offered by professionals through exclusive Private Banking Centres.

## Business Banking

The Business Banking division provides services to business customers with annual turnover of between €2 million and €200 million. The purpose of this specialised business line is to establish a long-term relationship with companies, underpinning their growth and day-to-day management.

CaixaBank manages this business line through a network of specialised offices and specialist managers. Customers also receive support from the Group's branch network and advisory services from its professionals specialised in financing and services, treasury and foreign trade.

## Corporate and Institutional Banking

The Corporate and Institutional division provides services to business customers with annual turnover in excess of €200 million.

Corporate Banking's value proposition offers a tailor-made service to corporate clients, seeking to become their main bank. This involves crafting personalised value propositions and working with clients in export markets.

Institutional Banking serves public and private-sector institutions, through specialist management of financial services and solutions.

## International Business

The Group provides international banking services to its clients through operating branches (1 Poland (Warsaw); 1 in the United Kingdom (London); 3 in Morocco (Casablanca, Tangier and Agadir); 1 in Germany (Frankfurt) and 1 in France (Paris)), representative offices and correspondent banks.

## *Insurance*

CaixaBank complements its banking services with a variety of life insurance, pension and general insurance products and services. The Group offers these insurance and pension products and services through the following entities:

- VidaCaixa, a wholly-owned subsidiary through which the Group provides life insurance products and pension plans.
- SegurCaixa Adeslas, S.A. (**SegurCaixa Adeslas**), an associate to the Group (49.9% of which is owned by VidaCaixa, 50% of which is owned by Mutua Madrileña and the remaining 0.1% of which is owned by minority shareholders), through which the Group provides non-life insurance products.

As of 31 December 2019 and 31 December 2018, VidaCaixa was the largest provider in the Spanish market, with 25.5% and 24.1% share of the pension market, respectively, according to INVERCO (*Asociación de Instituciones de Inversión Colectiva y Fondos de Pensiones*) and 28.1% and 28.9% share of the life insurance market, respectively, regarding technical provisions, according to ICEA (*Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones*).

As of 31 December 2019 and 31 December 2018, SegurCaixa Adeslas was the market leader in health insurance in Spain, with a market share of 30.1% and 29.2%, respectively, and had a number two market position in the Spanish home insurance market (Source: ICEA (*Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones*)).

## ***Equity Investments***

The Equity Investments business line includes the income of equity stakes in international financial entities, such as Erste Group Bank, as well as stakes in certain corporates mainly in the service sector, such as Telefónica, among others.

## *Erste Group Bank*

Erste Group Bank is one of the leading banking groups in Austria and the Central and Eastern Europe region in terms of total assets. Erste Group Bank is present in Austria, the Czech Republic, Romania, Slovakia, Hungary, Croatia and Serbia. Erste Group Bank serves a total of around 16.6 million customers through a network of 2,373 branches. As of 31 December 2019, Erste Group Bank had total assets amounting to €245,693 million (€236,792 million as of 31 December 2018) (Source: *Erste Group Annual Report 2019*).

As of 31 December 2019 and 2018, CaixaBank held 9.92% of the issued outstanding share capital of Erste Group Bank.

## *Telefónica*

Telefónica is a digital telecommunications operator, present in 14 countries across Europe and Latin America. It generated 74% of its business outside Spain (source: *Telefónica's Yearly Results 2019 January – December*) and has established itself as the leading operator in the Spanish-Portuguese speaking market. For the year 2019, Telefónica achieved consolidated revenues of €48.4 billion and, at 31 December 2019, its total accesses amounted to more than 344.3 million, of which, 261.5 million were mobile phones, 31.3 million fixed telephony, 21.2 million Internet and data, 8.4 million pay TV and 21.9 million wholesale accesses. As of 31 December 2019, total assets managed by Telefónica amounted to approximately €119 billion (€114 billion as of 31 December 2018) (Source: *Telefónica's financial statements and company website*).

As of 31 December 2019 and 2018, CaixaBank held 5.00% of the issued outstanding share capital of Telefónica.

## **Banco BPI**

The Banco BPI business segment includes the profit and loss contributed by Banco BPI to the consolidated Group from the acquisition of control in February 2017, at which time the Group began fully consolidating the interest held. The statement of profit and loss reflects the reversal of the adjustments derived from the fair value measurement of assets and liabilities assumed in the business combination. Equity in this business segment relates exclusively to Banco BPI's equity at the sub-consolidated level.

As of 31 December 2019, Banco BPI had solid market shares in Portugal, with over 1.9 million customers: 10.2% in lending activity and 11.1% in customer funds (data prepared in-house; for customers funds includes deposits, mutual funds, capitalisation insurance and insured pensions plans) (Source: *Banco de Portugal, APS, APFIPP*).

As of 31 December 2019, CaixaBank's stake in Banco BPI stood at 100% (100% as of 31 December 2018) (See "*Main singular equity investments and disinvestments*" for additional information).

## **Business by Geographical Area**

The Group's ordinary income for the years ended 31 December 2019 and 2018 by geographical area is as follows:

### **DISTRIBUTION OF ORDINARY INCOME**

(Millions of euros)

	ORDINARY INCOME FROM CUSTOMERS		ORDINARY INCOME BETWEEN SEGMENTS		BANCO BPI	
	2019	2018	2019	2018	2019	2018
<b>Banking and insurance</b>	<b>11,345</b>	<b>11,071</b>	<b>138</b>	<b>160</b>	<b>11,483</b>	<b>11,231</b>
Spain	11,170	10,981	138	160	11,308	11,141
Other countries	175	90			175	90
<b>Equity Investments</b>	<b>370</b>	<b>758</b>			<b>370</b>	<b>758</b>
Spain	106	347			106	347
Other countries	264	411			264	411



<b>Banco BPI</b>	<b>757</b>	<b>820</b>	<b>64</b>	<b>60</b>	<b>821</b>	<b>880</b>
Portugal/Spain	749	812	64	60	813	872
Other countries	8	8			8	8
<b>Ordinary adjustments and eliminations between segments</b>			(202)	(220)	(202)	(220)
<b>TOTAL</b>	<b>12,472</b>	<b>12,649</b>	<b>0</b>	<b>0</b>	<b>12,472</b>	<b>12,649</b>

(\*) Corresponding to the following items in the Group's public statement of profit or loss.

1. Interest income
2. Dividend income
3. Share of profit/(loss) of entities accounted for using the equity method
4. Fee and commission income
5. Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
6. Gains/(losses) on financial assets and liabilities held for trading, net
7. Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net
8. Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net
9. Gains/(losses) from hedge accounting, net
10. Other operating income
11. Income from assets under insurance and reinsurance contracts

## Main singular equity investments and disinvestments in 2017, 2018 and 2019

### *Banco BPI acquisition process*

The business combination with Banco BPI was implemented in 2017. The takeover of Banco BPI entailed a change in the nature of this investment, from an investment in an associate to an investment in a Group company. From an accounting perspective, the change in the nature of the investment led to a revaluation of the previous stake of 45.5% in Banco BPI to the bid price, generating a gross loss of €186 million under Gains/(losses) on derecognition of non-financial assets and investments (net) in the Group's consolidated statement of profit or loss for 2017, and a simultaneous recognition of 100% of the assets and liabilities comprising the stake in Banco BPI as part of the purchase price allocation (**PPA**) required under IFRS 3. The accounting of the PPA resulted in a negative difference arising on consolidation of €442 million in the 2017 consolidated statement of profit or loss.

In view of the foregoing, at the date of acquisition of control, the total impact – on the 2017 income statement – of the business combination reached €256 million.

On 6 May 2018 CaixaBank announced the acquisition of an 8.42% stake of the share capital of Banco BPI owned by Allianz group, for a total price of €178 million (€1.45 per share), becoming the holder of 92.93% of the share capital of Banco BPI. This price represented a premium of 22.67% on the share price and a premium of 22.16% with respect to the average price weighted by the price volume of the last 6 months.

With a majority of 99.26% of the votes issued, on 29 June 2018 the Banco BPI General Shareholder's Meeting approved the delisting and the purchase offered by CaixaBank to the shareholders that did not vote in favour, at a price of €1.45 per share. Subsequently, on 12 July 2018, Banco BPI requested its delisting from the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) (the **CMVM**).

Between 5 May and 23 August 2018, CaixaBank purchased shares in Banco BPI on the market for a price equal to or lower than €1.45 per share, until reaching 94.9% of its share capital.

Finally, on 27 December 2018, after the delisting and the combination of the offer intended for the shareholders who had not voted in favour of the delisting and the takeover offer in the area of article 490 of the Company Code, CaixaBank exercised its sell-out right on the Banco BPI shares which it did not yet hold at a price of €1.47 per share, and thus, became the holder of 100% of the Banco BPI share capital.

The sell-out right was settled at the beginning of January 2019. The disbursement in order to acquire 5.1% of the share capital after the delisting from the stock exchange and to reach 100% of the Banco BPI share capital amounted to €108 million and did not affect the consolidated statement of profit or loss.

## ***Banco de Fomento de Angola (BFA)***

### **1** Loss of significant influence

On 5 January 2017, Banco BPI sold 2% of BFA to Unitel SA. This transaction gave rise to a net loss of €212 million for Banco BPI, €97 million of which was attributable to CaixaBank because of its 45.5% stake at that date, which was recognised under "Share of profit/(loss) of entities accounted for using the equity method" in the consolidated statement of profit or loss for said year.

After the sale of 2% of BFA to Unitel in 2017, Banco BPI's stake in BFA stood at 48.1% of the share capital and a contract was entered into between the two BFA shareholders, whereby Banco BPI had the right to designate two members out of a maximum of 15 on the board of directors, as well as a member on the Conselho Fiscal and a member on the Risk Committee and the Remuneration Committee. Banco BPI's stake in the share capital of BFA and its presence on the governing bodies of BFA, albeit a minority representation and not proportional to its holding, afforded it a significant influence in BFA in accordance with the provisions of IAS 28 and as a result, after the aforementioned sale of 2% of BFA, Banco BPI classified its ownership interest in BFA as an associate. This classification remained in the consolidated financial statements of the Group after the takeover of Banco BPI in February 2017.

At every close, the Group assesses the most relevant judgments and estimates used to prepare the financial information. Following on from this, due to the existence of indications of a possible significant loss of influence at year-end 2018, the Group proceeded to classify BFA as an associate. It is worth stressing, among the main matters considered, that the absence of Banco BPI representatives on the BFA executive body – its executive committee, which is the body that oversees the bank's operational management – ultimately determined a lack of actual capacity of Banco BPI to participate in decisions on the financial policy and operations of the entity in the terms set out in paragraph 6 of IAS 28. Banco BPI's minority position on the board of directors, together with the presence of a controlling shareholder, also prevented it, in practice, from having a real ability to influence the management of BFA. In this context, the weight of the Banco BPI stake on BFA's operational and financial decisions has been far from the initial expectations based on the experience of many years of shareholding relations, where Banco BPI played a key role in the development of BFA.

In accordance with the regulatory framework for accounting, the loss of significant influence resulted in the reclassification, in 2018, of the stake in BFA from associate to "Financial assets at fair value with changes in other comprehensive income - equity instruments" of the consolidated balance sheet, at its fair value at the date of its reclassification. This involved reclassifying – in the income statement – the valuation adjustments that remained recorded in the Group's equity until now. This has resulted in recording a net loss in the consolidated income statement amounting to €154 million (€139 million, net) under the heading "Gains/(losses) on derecognition of non-financial assets, net" of the accompanying income statement. Until the date of reclassification, the total net contribution of BFA as an associate to the Group's profit or loss for 2018 recognised under "Share of profit/(loss) of entities accounted for using the equity method", after deducting profit/(loss) attributable to non-controlling interests and related taxes, came to €190 million net. The total contribution to the Group's profit or loss after deducting the loss linked to the reclassification of this holding was €51 million net.

### **2** Hyperinflation

Angola was classified as a hyperinflationary economy during 2017 by the main international audit firms, considering the fact that it had a cumulative inflation rate near to 100% over the last three years, as well as the changes recorded prices, wages and interest rates.

Until the date on which our holding in BFA was reclassified under the heading "Financial assets at fair value with changes in other comprehensive income - equity instruments", the heading "Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Foreign currency exchange"

included any changes arising from the requirements of IAS 29. In 2017 and 2018, the effect of IAS 29 resulted in a credit to this heading in of €76 million and €78 million respectively, while in turn resulting in a negative impact of €76 million and €90 million, respectively, on "Share of profit/(loss) of entities accounted for using the equity method" in the statement of profit or loss. As a consequence of the several devaluations of the Angolan kwanza, a decrease of €293 million net was recorded in "Accumulated other comprehensive income", arising from the conversion of BFA's financial statements into euros in accordance with IAS 21.

### ***Agreement to sell the stake in Repsol***

On 20 September 2018, the Group began disposal of the current shareholding in Repsol, in line with the guidelines set out in the current strategic plan.

The impact deriving from the loss of significant influence in the shareholding in Repsol, after the execution of the equity-swap contracts and the reclassification of the residual shareholding to the financial heading "Financial assets at fair value with changes in other comprehensive income" of the consolidated balance sheet stood at a gross loss of €453 million, registered under the heading "Gains/(losses) on derecognition of non-financial assets, net" of the 2018 income statement.

The divestment of the residual holding recorded under "Financial assets at fair value with changes in other comprehensive income" finalised in 2019.

### **Trend information**

In light of recent global events (in particular, the impact of COVID-19), which have occurred since 31 December 2019 up to the date of registration of this Base Prospectus, the essential aspects of the macroeconomic framework have been reviewed and the relevant scenarios for the purposes of the Bank's activity are developed in this section.

#### *Scenarios subject to extreme degree of uncertainty*

The scenarios that follow have been constructed under an unusually high level of uncertainty, due to both the many unknown aspects in strictly epidemiological and health terms of the COVID-19 pandemic and also to the variety of economic policy responses that may be taken in the different countries in response to this shock.

#### *Global outlook*

At the beginning of 2020, the growth forecasts indicated a certain global acceleration during the year. These scenarios were soon superseded by the spread of the global COVID-19 pandemic that is likely to result in economic consequences of an unprecedented scale in the short term, as suggested by the few indicators published since the start of the pandemic.

In China, where the outbreak began, radical containment measures were applied and have shown success after two months, although the rate of activity has also been severely affected. As a consequence, Chinese GDP declined 6.8% year-on-year in the first quarter of 2020.

The pandemic's evolution to date suggests that no country will avoid being directly affected. Moreover, all economies are exposed, to a greater or lesser extent, to the slump in global demand, which was first felt in China at the beginning of the year in the wake of the pandemic and is likely to intensify in the coming months as it spreads to the rest of the world. Nor will any economy be able to emerge unscathed from the disruptions experienced by global supply chains, as well as from the restrictions imposed on people's movements internationally. In addition, a deterioration in the financial environment has occurred, which is reflected in the historic losses posted in recent weeks by all the world's stock markets.

In this sense, a very strong negative impact is expected on the pace of activity in the short term, on the country, whether in the first or second quarter of 2020, and then a rebound, also intense, is expected in 2021.

To address this shock, economic measures of extraordinary breadth and depth are being rapidly deployed. The measures being implemented share (with variations) the same overall goal: to prevent a temporary shock from having any long-lasting negative effects.

#### *European, Spanish and Portuguese outlook*

At a European level, CaixaBank believes the euro area is entering a brief but severe recession in the first half of 2020 of around -7%, although higher falls in GDP are not excluded. However, the recovery is expected to culminate in strong growth in 2021, which could exceed 6%.

The Spanish economy is likely to follow a pattern similar to Europe as a whole. CaixaBank estimates the fall in GDP in the first half of 2020 to easily exceed 10%, mainly due to the slowdown in activity that will be experienced by those sectors directly affected by the containment measures, such as the restaurant and hotel industry, commerce, leisure and transport, among others, accounting for around 25% of Spain's GDP. The impact on most other sectors will also play a role. The profound effect of the measures taken to date can already be seen in the few indicators available to date, which point to a sharp contraction in consumption (despite the notable upswing seen in expenditure on food and basic needs).

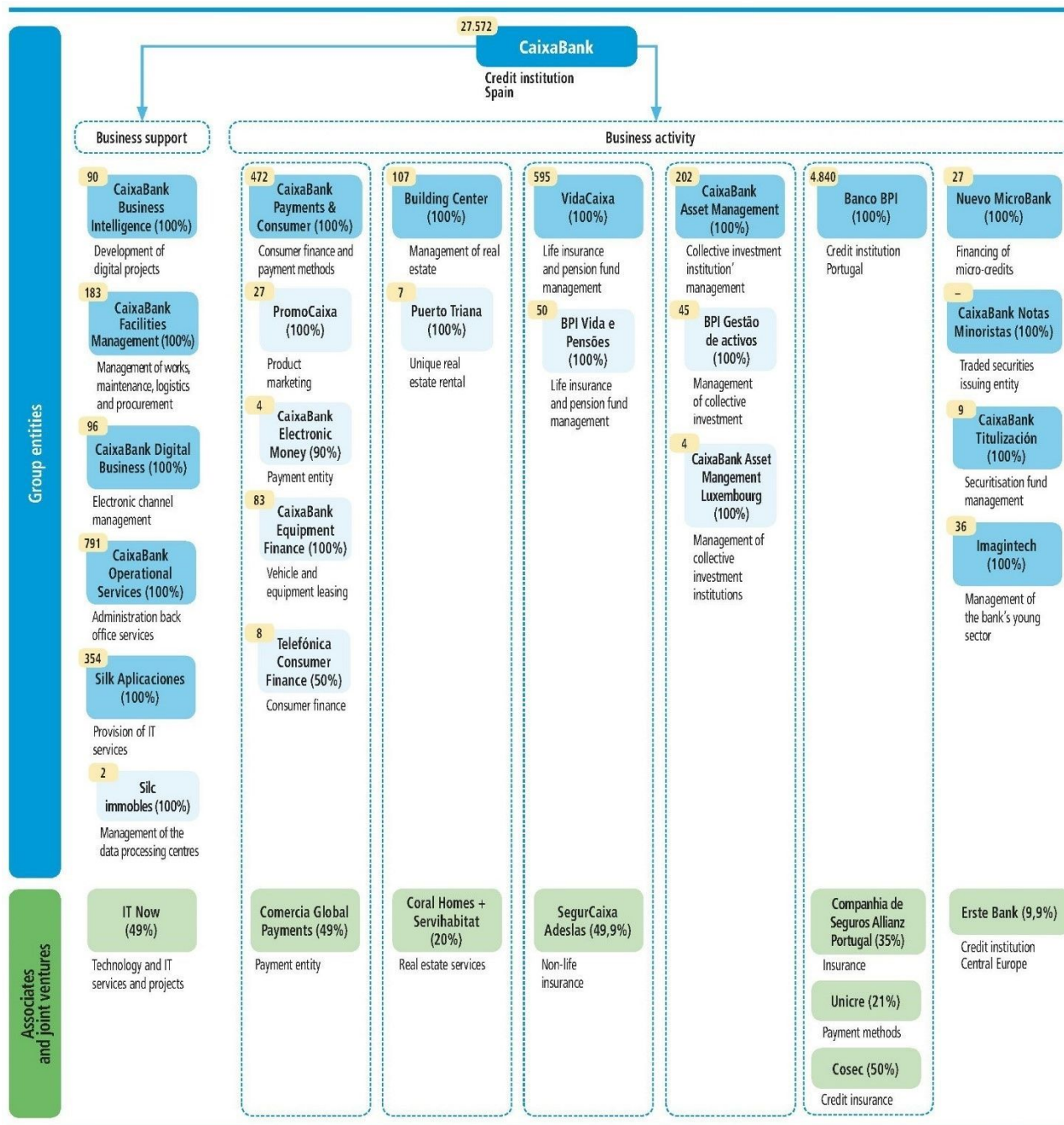
In any case, once the pandemic is over, CaixaBank expects the measures taken by the authorities (which may be extended, if necessary) to stimulate economic recovery in the third quarter of 2020, so that GDP growth for 2020 as a whole could end up being around -7.2%, and it may be close to 7% in 2021. Nevertheless, and since the current circumstances are unprecedented and entail an extremely high degree of uncertainty, a two-digit fall in the Spanish GDP in 2020 cannot be excluded.

Given this situation, the unemployment rate is expected to rise sharply to over 20% in the second quarter of 2020, then fall rapidly in the 2021 in line with the recovery in economic activity, to around 15% in the fourth quarter of 2021. As in the other major European economies, CaixaBank expects the necessary fiscal stimulus measures to push up the public deficit, as well as public debt.

The economic scenario for Portugal is similar to that of Spain. As a result of the limitations to activity generated by the state of emergency which has been adopted, it is foreseeable that there will be a sharp drop in GDP in 2020 (-8.1%) and a rebound in growth in 2021 (+6.1%). The intensity of the shock would be similar to that of the Spanish economy and it is in the high-impact zone within the eurozone (due to the weight of tourism and close commercial links with Spain, especially). The Government has adopted, to date, a package of support for the economy equivalent to 4.6% of GDP, which is expected to be followed by more measures to mitigate the shock.

#### **Organisational Structure**

The table below shows the main subsidiaries, joint ventures and associates within the Group as of 31 December 2019, and their type of link:



Number of employees.

Subsidiaries in which CaixaBank has a direct shareholding.

Subsidiaries in which CaixaBank has an indirect shareholding.

N.B. Includes the most relevant companies contributing to the Group, excluding share-based operations (dividends) and extraordinary.

## Capital structure

As at the date of this Base Prospectus, CaixaBank's share capital is €5,981,438,031 divided into 5,981,438,031 fully subscribed and paid ordinary shares with a par value of €1 each. All shares are of the same class with the same rights attached.

CaixaBank's shares are admitted to trading on the Spanish stock exchanges and on the continuous market, and have been included in the IBEX 35 since 4 February 2008. CaixaBank is subject to the oversight of the CNMV, the ECB and the Bank of Spain.

## Major Shareholders

The following table sets forth information as of 6 April 2020 concerning the significant ownership interests of CaixaBank's shares (as defined by Spanish regulations, those who hold a stake in the Issuer's share capital representing 3% or more of the total voting rights, or 1% or more if the relevant significant shareholder is established in a tax haven), based on filings with the CNMV, excluding the members of the Board of Directors:

Name of Shareholder	Ownership (voting rights in shares)		
	Direct	Indirect	% Total
la Caixa Banking Foundation <sup>(1)</sup>	3,493	2,392,575,212	40.00
Invesco Limited <sup>(2)</sup>	0	117,711,815	1.968
Blackrock INC <sup>(3)</sup>	0	172,175,814	2.879

Notes:

- (1) la Caixa Banking Foundation's indirect stake is held through its wholly subsidiary CriteriaCaixa.
- (2) Invesco Limited holds its stake through Invesco Asset Management Limited (1.919%) and other entities (0.049%), as reported to the CNMV on 22 January 2020
- (3) In addition to the 2.879% voting rights in shares, Blackrock INC has reported on 30 March 2020 entitlement to 0.063% voting rights through financial instruments and 0.012% voting rights through CFDs, that represents a total position of 2.954% of voting rights of CaixaBank.

The Savings Banks and Banking Foundations Act requires banking foundations to enter into a protocol for managing their stakes in financial institutions. This protocol must establish, at least, the strategic criteria for managing the interest, the relations between the board of trustees and the governing bodies of the bank, specifying the criteria for proposing appointments of directors and the general criteria for carrying out transactions between the banking foundation and the investee credit institution, and the mechanisms to avoid potential conflicts of interest. Accordingly, la Caixa Banking Foundation signed the relevant protocol for managing its ownership interest in CaixaBank on 24 July 2014 (the **Management Protocol**). The Management Protocol regulates, among others, the following aspects:

- The basic strategic lines governing the management by la Caixa Banking Foundation of its ownership interest in CaixaBank;
- The relationships between the board of trustees of la Caixa Banking Foundation and CaixaBank's governing bodies;
- The general criteria governing transactions between la Caixa Banking Foundation and CaixaBank and the mechanisms to avoid conflicts of interest;
- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by la Caixa Banking Foundation by CaixaBank and its Group;
- The granting to la Caixa Banking Foundation of a right of first refusal in respect of the interest of CaixaBank in Monte de Piedad;
- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through la Caixa Banking Foundation, and, at the same time (b) la Caixa Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means; and

- The flow of adequate information to allow la Caixa Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies.

In accordance with Article 43 of the Savings Banks and Banking Foundations Act, Article 3 of Circular 6/2015, of 17 November, of the Bank of Spain (**Circular 6/2015**) and the By-laws of la Caixa Banking Foundation, on 18 February 2016, the members of the board of trustees of la Caixa Banking Foundation signed a new adapted Management Protocol in order to align it to the content of Circular 6/2015. In May 2017, the board of trustees approved a new protocol to regulate the internal relationship between la Caixa Banking Foundation and CaixaBank that would replace the previous one executed on 1 July 2011, as subsequently amended to reflect the changes in the Group's structure (the **Internal Relations Protocol**) in order to adapt its content to the commitments undertaken by la Caixa Banking Foundation in order to comply with the conditions approved and notified by the ECB for the prudential deconsolidation of CaixaBank. In September 2017 the ECB issued the decision of considering that la Caixa Banking Foundation no longer exercised control or had a dominant influence on CaixaBank. In February 2018, la Caixa Banking Foundation as parent company of the “la Caixa” group, CriteriaCaixa, as direct shareholder of CaixaBank, and CaixaBank, as a listed company, signed a new Internal Relations Protocol which replaced the previous protocol and whose main objectives are:

- To manage the related-party transactions deriving from transactions or services rendered;
- To establish mechanisms that attempt to avoid the emergence of conflicts of interest;
- To make provision for la Caixa Banking Foundation to have a pre-emptive right in the event of a transfer by CaixaBank of Monte de Piedad;
- To establish the basic principles for a possible collaboration between CaixaBank and la Caixa Banking Foundation; and
- Regulate the proper flow of information so that la Caixa Banking Foundation, CriteriaCaixa and CaixaBank can elaborate their financial statements and comply with periodical information and supervision obligations.

Another essential objective of the protocol is the acceptance and firm commitment of the parties to comply with the conditions established by the ECB for the prudential deconsolidation of Criteria in CaixaBank.

CaixaBank is not aware of the existence of any agreement which could lead to a change of control at a subsequent date.

### **Agreement Among Shareholders**

In accordance with Article 531 of the Spanish Companies Law, the Issuer is required to be notified of shareholders' agreements affecting our shares. On the basis of information provided to the Issuer by shareholders, the Issuer has knowledge of the agreement described below.

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, la Caixa Banking Foundation and Caja Navarra Banking Foundation, Cajasol Foundation, Caja Canarias Foundation and Caja de Burgos, Banking Foundation (the **Foundations**) entered into an agreement which regulates the relationships between the Foundations and la Caixa Banking Foundation as shareholders of CaixaBank, and their cooperation, with the aim of strengthening their respective positions at CaixaBank and supporting the control of la Caixa Banking Foundation.

The shareholders agreement foresees that la Caixa Banking Foundation would vote in favour of the appointment of two members of the Board of Directors of CaixaBank proposed by the Foundations and, in



order to give stability to their shareholding in CaixaBank, the Foundations agreed to a four-year lock-up period, and to grant a pre-emptive acquisition right in favour of the other Foundations in the first place and then to la Caixa Banking Foundation, in the case any of the Foundations intended to transfer all or part of their stake, during two years once the lock-up period expires.

On 17 October 2016, CaixaBank published a relevant event announcement (*hecho relevante*) reporting the amendments to the mentioned agreement that determine: (i) the savings banks that constituted Banca Cívica will appoint one director at CaixaBank and one director at VidaCaixa, a subsidiary of CaixaBank, instead of two directors at CaixaBank and (ii) the extension of the agreements, which in August 2016 was set automatically for three years, will now last for four years instead of the afore-mentioned three (i.e., until 2020).

Finally, on 29 October 2018, CaixaBank published a significant event (*hecho relevante*) informing of the amendments to the mentioned agreement that, among others (i) clarified the autonomy of the parties in relation to the management of their participations in the Bank's share capital; and (ii) eliminated the preferential right to acquire shares in the Bank referred to above. Also, as a result of this amendment Cajasol Foundation is no longer party to the shareholders agreement.

## Management of the Issuer

### Board of Directors

The table below sets out the names of the members of the Board of Directors, the respective dates of their first appointment, their positions within CaixaBank and the nature of their membership:

Name / Title	Nature	Date of first appointment	Report / Proposal of the Appointments Committee	Shareholder represented
Jordi Gual <i>Chairman</i>	Proprietary	30/06/2016 <sup>(6)</sup>	√	"la Caixa" Banking Foundation
Tomás Muniesa <i>Deputy Chairman</i>	Proprietary	01/01/2018 <sup>(7)(8)</sup>	√	"la Caixa" Banking Foundation
Gonzalo Gortázar <i>CEO</i>	Executive	30/06/2014 <sup>(1)(2)(4)</sup>	√	-
Xavier Vives <i>Lead Independent Director</i>	Independent	05/06/2008 <sup>(3)</sup>	√	-
Fundación CajaCanarias represented by: Natalia Aznárez <i>Director</i>	Proprietary	23/02/2017 <sup>(6)</sup>	√	Fundación Bancaria Caja Navarra, Fundación CajaCanarias and Fundación Caja de Burgos, Fundación Bancaria <sup>(9)</sup>
Maria Teresa Bassons <i>Director</i>	Proprietary	26/06/2012 <sup>(1)</sup>	√	"la Caixa" Banking Foundation
María Verónica Fisa <i>Director</i>	Independent	25/02/2016 <sup>(5)</sup>	√	-
Alejandro García-Bragado <i>Director</i>	Proprietary	01/01/2017 <sup>(6)</sup>	√	"la Caixa" Banking Foundation
Cristina Garmendia <i>Director</i>	Independent	05/04/2019	√	-
Ignacio Garralda <i>Director</i>	Proprietary	06/04/2017	√	Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija
María Amparo Moraleda <i>Director</i>	Independent	24/04/2014 <sup>(1)</sup>	√	-
John S. Reed <i>Director</i>	Independent	03/11/2011 <sup>(1)</sup>	√	-
Eduardo Javier Sanchiz <i>Director</i>	Independent	21/09/2017 <sup>(7)</sup>	√	-
José Serna <i>Director</i>	Proprietary	30/06/2016 <sup>(6)</sup>	√	Fundación Bancaria "la Caixa"
Koro Usarraga <i>Director</i>	Independent	30/06/2016 <sup>(6)</sup>	√	-

Notes:—

- (1) Reelected on 5 April 2019.
- (2) Ratified and appointed Director on 23 April 2015.
- (3) Re-elected Director on 23 April 2015. Appointed as Lead Independent Director by the Board on 22 June 2017, with effect since 18 July 2017, after authorization by the ECB.
- (4) Reelected CEO on 23 April 2015 and 5 April 2019.
- (5) Ratified and appointed as Director on 28 April 2016.
- (6) Ratified and appointed Board of Director member on 6 April 2017.
- (7) Ratified and appointed Board of Director member on 6 April 2018.
- (8) Qualified as Proprietary Director on 22 November 2018.



(9) In October 2018, Fundación Cajasol ceased its participation in the Shareholders' Agreement.

On 26 March 2020, the Board of Directors agreed to postpone the Annual General Shareholders' Meeting called by means of a notice published on 25 February 2020 to be held on 2 April 2030 and 3 April 2020, on first and second call, respectively. The market will be notified as soon as the Board of Directors agrees on a new call for the Annual General Meeting.

On 2 April 2020, Mr Marcelino Armenter resigned as member of the Board of Directors and, subsequently, as member of the Innovation, Technology and Transformation Digital Committee, effective as of that day.

The reason for the resignation is that Criteria Caixa, of which he is the Chief Executive Officer and at the proposal of which he was appointed director of CaixaBank, is intensifying its recently implemented investment diversification strategy, mainly in listed companies, which could lead to possible situations in which his condition of director of CaixaBank may interfere with his responsibilities as Chief Executive Officer of Criteria Caixa. The resignation is performed within the framework of the good corporate governance.

On 16 April 2020 the Board of Directors agreed to call the Issuer's Ordinary Annual General Meeting (the **General Meeting**) on 21 and 22 May 2020, at first or second call, respectively. In the event that at the time the General Meeting is held, that is 21 and 22 May, at first and second call, respectively, the state of alarm still remains in effect or the government or health authorities roll out any other measure that prevents the General Meeting from being held with the physical presence of shareholders and their proxies, then the General Meeting will be held remotely on the same dates and at the same times stated in the meeting announcement, i.e. without the physical presence of any shareholder or proxy. If this situation arises, shareholders will be duly notified through the publication of an addendum to the meeting announcement.

As of the date of this Base Prospectus, at the General Meeting convened, on 21 and 22 May 2020, on the first and second call, respectively, it is planned to submit to the approval of the shareholders, among others, the following items of the agenda, without prejudice to the items regarding remuneration mentioned in the section titled "*Key events in 2018, 2019 and 2020*":

- The possibility of attending future General Meetings remotely. And, to provide statutory coverage and regulate remote attendance for future General Meetings, a new proposal to modify the By-laws and the Regulations of the General Shareholders' Meeting.
- Re-elect Ms María Verónica Fisas Vergés as a member of the Board of Directors, in the capacity of Independent Director, for a period of four years, at the proposal of the Appointments Committee.
- Appoint Mr Francisco Javier García Sanz as a member of the Board of Directors, as a proprietary director, at the proposal of Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" (indirect shareholder of the Company through its subsidiary, CriteriaCaixa, S.A.U.) and CriteriaCaixa, S.A.U., for a period of four years to fill the vacancy generated by the resignation of Mr Marcelino Armenter Vidal from the Board, following the issuance of the favourable report by the Appointments Committee.
- Set the number of Board members at fifteen (15), within the limits set out in the Company's By-Laws. Accordingly, it is approved to reduce the total number of members of the Board of Directors by one (1).

The Board of Directors, following the favourable report of the Appointments Committee, has agreed to appoint the Independent Director John S. Reed as a new Lead Independent Director to replace Xavier Vives Torrents, who, having expired his term in office, has not been proposed to be reelected as a Director at the General Meeting.

The appointment of John S. Reed as new Lead Independent Director shall take effect once the General Meeting has been held.

In addition to the foregoing, as of the date of this Base Prospectus, no further changes have been agreed regarding the Board of Directors or its committees which could have a significant impact on the corporate governance of CaixaBank.

The table below sets out all entities in which the members of the Board of Directors are members of administrative, management or supervisory bodies or in which they hold partnership positions as of the date of this Base Prospectus, notified to the Register of Senior Officers at the Bank of Spain, except (i) purely familiar or patrimonial companies, (ii) subsidiaries of an issuer in which they are also a member of the administrative, management or supervisory bodies and (iii) CaixaBank Group companies.

Name	Company	Title
Jordi Gual Solé	Erste Bank	Member of the Supervisory Board
	Telefonica, S.A.	Member of the Board
Tomás Muniesa Arantegui	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros (multigrupo)	Deputy Chairman
	Companhia de Seguros Allianz Portugal, S.A	Director
	Laboratorios Ordesa, S.A.	Director
María Teresa Bassons Boncompte	Natura Bissé Int. S.A. (España)	CEO
María Verónica Fisas Vergés	Criteria Caixa, S.A.	1 <sup>st</sup> Deputy Chairman and Board Member
Alejandro García-Bragado Dalmau	Mediaset España Comunicación, S.A.	Director
Cristina Garmendia Mendizábal	Compañía de Distribución Integral Logista Holding, S.A.	Director
	Ysios Asset Management, S.L.	Director
	Atlantis Microsats, S.L.	Chairwoman
Ignacio Garralda Ruiz de Velasco	Mutua Madrileña Automovilista, Sociedad de Seguros a prima fija	Executive Chairman
	Endesa, S.A.	Director
	BME Holding, S.A.	1 <sup>st</sup> Deputy Chairman
María Amparo Moraleda Martínez	Vodafone Group, PLC	Director
	Solvay, S.A.	Director
	Airbus Group, N.V.	Director
John.S. Reed	American Cash Exchange	Chairman
Eduardo Javier Sanchiz Irazu	Pierre Fabre, S.A.	Director
Koro Usarraga Unsain	2005 KP Inversiones, S.L.	Director
	Vehicle Testing Equipment, S.L.	Director
	Vocento S.A.	Director

Since 1 January 2020, no director has notified the Issuer of any situation that places him or her in a conflict of interest with the Group. However, on the following occasions, directors abstained from intervening and voting in the deliberation of issues in sessions of the Board of Directors:

DIRECTOR	CONFLICT
Mr Jordi Gual Solé (Chairman)	- Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for the re-election of independent director.
Mr Tomás Muniesa Arantegui (Vice-chairman)	- - Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for the re-election of independent director.
Mr Gonzalo Gortázar Rotaeche (Managing Director)	- Abstention from deliberations and voting on the resolution regarding the 2020 bonus scheme and business goals. - Abstention from deliberations and voting on the resolution regarding the 2020 business goals for the second cycle of the 2020-2022 LTIP. - Abstention from deliberations and voting on the resolution regarding proposed individual objectives for 2020, with respect to his objectives proposal. - Abstention from deliberations and voting on the resolution regarding the appointment of the Co-ordinating Director.
Fundación Caja Canarias (represented by Ms Natalia Aznárez Gómez)	- Abstention from deliberations and voting on resolutions regarding the section "Considerations on the Dividend from the 2019 Financial Year".
Mr Alejandro García-Bragado Dalmau	- Abstention from deliberations and voting on resolutions regarding the Conflict of Interest Policy with respect to Securities Markets. - Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for the re-election

DIRECTOR	CONFLICT
	of independent director.
Ms Maria Teresa Bassons Boncompte	- - Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for the re-election of independent director.
Ms Maria Verónica Fisas Vergés	- - Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for her re-election as independent Board member.
Mr José Serna Masiá	- Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for the re-election of independent director.

Article 26 of the Regulations of the Board of Directors regulates the duty of diligence of the Board members, which mainly requires the directors to have adequate dedication to adopt the necessary measures for the good management and control of CaixaBank, to demand adequate and necessary information to prepare the Board of Directors meetings and internal Committees and to take an active part in the deliberations and decision-making process. Article 27 regulates the duty of loyalty, mainly stating that directors must abstain from attending and intervening in deliberations and voting which affect matters in which they are personally interested. Article 29 of the Regulations of the Board of Directors regulates the duty to not compete of CaixaBank's directors. Article 30 of the Board Regulations regulates the duty to avoid situations of conflict of interest applicable to all directors, referring to (among other duties) not using CaixaBank's assets or availing themselves of their position in CaixaBank to obtain an economic advantage or for private aims, and to avoid developing activities on their own account or for third parties that position them in permanent conflict of interests with the CaixaBank.

It should be noted that the statutory amendments adopted in the general shareholders' meeting of CaixaBank held on 6 April 2017, notwithstanding their connection with the deconsolidation conditions established by the ECB, are within the framework of the recommendations and best practices of good corporate governance, considering that, in essence, they are measures designed to favour the role of independent directors in the Board of Directors and prevent any significant shareholder from exerting a decisive influence on the performance and decisions of the Board of Directors. Regarding the good governance measures introduced in connection with the deconsolidation conditions, the Issuer complemented those measures developing the duties attributed by the Spanish Companies Law and the good governance recommendations to the Chairman of the Board of Directors ("responsible for the effective functioning of the Board"), expressly contemplating the impetus for the Board of Directors to develop its powers and coordination with its committees for a better performance of the Board of Directors' duties. Additionally, the regime in which the Board of Directors appoints the members of the internal committees at the proposal of the Appointments Committee was maintained, but introducing the specialty that, when it comes to appointing the members of the Appointments Committee itself, the proposal shall be made by the Audit and Control Committee in order to give greater autonomy and independence to the process of selection and preparation of proposals, also in accordance with the powers granted to the Audit and Control Committee by the current Regulations of the Board of Directors in relation to corporate governance rules.

Finally, it must be mentioned that the Issuer amended the internal regulations of the Board of Directors in order to develop the rules regarding the composition, powers and functioning of the Audit and Control Committee as set forth in the Bank's By-laws, including the criteria and basic principles of the CNMV Technical Guide published on 27 June 2017 – and, in this regard, to expressly include certain Recommendations of the Code of Good Governance (CGG) which the Bank declared to be complying with in its 2017 Annual Corporate Governance Report - and also to implement the regulations in the Bank's By-laws concerning the powers of the Appointments Committee, attributing it with the function of ensuring compliance with the diversity policy applied to the Board of Directors, as established in Royal Decree-Law 18/2017. In this regard, the Bank's Board of Directors approved on 22 February 2018 the amendment of Articles 14 (*The Audit and Control Committee and the Risk Committee*), 15 (*The Appointments Committee and the Remuneration Committee*) and 37 (*Auditor relationships*) of the internal regulations of the Board of Directors. Such amendments will be described in the sections related to the relevant committee. Additionally, the Bank's Board of Directors approved on 21 February 2019 the amendment to Article 15 of the Regulations of the Board of Directors. The sole purpose of this amendment is to expressly establish that

the minutes of the Appointment Committee and the Remuneration Committee are to be forwarded or delivered to all the members of the Board of Directors rather than being made available at the Company's Secretary Office, using the same system as for minutes of the Audit and Control Committee and the Risk Committee.

The business address of each member of the Board of Directors is Calle Pintor Sorolla, 2-4, 46002 Valencia, Spain.

### ***Executive Committee***

The Board of Directors has delegated all of its powers in favour of the Executive Committee, except for those which cannot be delegated pursuant to the provisions of the Spanish Companies Law, the Board Regulations and CaixaBank's By-laws.

The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.

The Executive Committee will meet when it deems appropriate and when called by its Chairman, and its meetings are considered to be validly constituted when the majority of its members are present or represented. Its resolutions are adopted by the majority of the directors present or represented at the relevant meeting.

The resolutions adopted by the Executive Committee are valid and binding without any need for subsequent ratification by the Board of Directors, although the Board of Directors must be informed of the matters discussed and the resolutions adopted at its meetings. Without prejudice to the terms of Article 4.5 of the Regulations of the Board of Directors.

As of the date of this Base Prospectus, the Executive Committee is composed of the following members:

<b>Name</b>	<b>Title</b>	<b>Category</b>	<b>Date of first appointment</b>
Jordi Gual	Chairman	Proprietary	30 June 2016 <sup>(1)</sup>
Tomás Muniesa	Member	Proprietary	1 January 2018 <sup>(2)</sup>
Gonzalo Gortázar	Member	Executive	30 June 2014 <sup>(3)</sup>
María Verónica Fisas	Member	Independent	27 July 2017
María Amparo Moraleda	Member	Independent	24 April 2014
Xavier Vives	Member	Independent	27 October 2016

Notes:—

- (1) Reelected on 6 April 2017.
- (2) Reelected on 6 April 2018.
- (3) Reelected on 23 April 2015.

### ***Audit and Control Committee***

The Audit and Control Committee must comprise a minimum of three and a maximum of seven members, with the number to be set by the Board of Directors. The Audit and Control Committee must be comprised of non-executive directors and the majority of which must be independent directors. At least one of the independent directors must be appointed based on their background in accounting and/or audit. The Board of Directors will endeavour to ensure that the Audit and Control Committee members, and particularly its Chairman, have the necessary accounting, auditing or risk management knowledge as well as knowledge in any other fields that may be relevant for the Audit and Control Committee's performance. As a whole, without prejudice to endeavouring to encourage diversity, the Committee members must have the relevant technical knowledge in relation to the Issuer's business.

The Audit and Control Committee typically meets on a quarterly basis, to review the regular financial information to be submitted to the authorities as well as the information which the Board of Directors must approve and include within its annual public documentation, with the presence of the internal auditor and, as

the case may be, the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters can be discussed. The Audit and Control Committee will meet whenever convened by its Chairman at his own initiative or at the request of the Chairman of the Board of Directors or two or more members of the Audit and Control Committee.

CaixaBank's management team or personnel are obliged to attend the meetings of the Audit and Control Committee and to collaborate and provide with any information, if so requested by the Audit and Control Committee.

Among others, the functions of the Audit and Control Committee are:

- Reporting to the Annual General Meeting on matters raised by shareholders that fall within the committee's remit and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial information and the committee's role in this process.
- Monitoring the process of preparing and ensuring the integrity of the financial information on the Bank and, as the case may be, the Group, by reviewing the Bank's accounts, checking for compliance with legal provisions and ensuring an accurate demarcation of the consolidation perimeter and the correct application of generally accepted accounting principles.
- Striving to ensure that the Board of Directors is able to present the Bank's annual financial statements at the Annual General Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the Audit and Control Committee and the auditors should give a clear account to shareholders of their scope and content.
- Reporting in advance to the Board of Directors on the financial and related non-financial information that the Bank must periodically release to the markets and its supervisory bodies.
- Supervising the effectiveness of the internal control systems and discussing with the auditor any significant weaknesses in the internal control system that may have been detected during the audit, all this without compromising the auditor's independence. For such purposes, and if appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.
- Supervising the effectiveness of the internal audit function and establishing and overseeing a mechanism whereby Bank or Group employees may confidentially and, if deemed appropriate, anonymously report any irregularities of potential significance – especially financial and accounting irregularities – they may observe within the Bank. It shall likewise receive periodic information on how the system is operating and may propose suitable courses of action to improve and reduce the risk of any such irregularities arising in future.

As of the date of this Base Prospectus, the Audit and Control Committee is composed of the following members:

Name	Title	Category	Date of appointment
Koro Usarraga	Chairwoman	Independent	27 October 2016 <sup>(1)</sup>
Eduardo Javier Sanchiz	Member	Independent	1 February 2018 <sup>(2)</sup>
José Serna	Member	Proprietary	23 March 2017

Notes:—

(1) Appointed Chairwoman on 5 April 2019.

(2) Reelected on 6 April 2018.

## *Appointments Committee*

The Appointments Committee comprises a number of non-executive directors determined by the Board of Directors, subject to a minimum of three and a maximum of five members. A majority of its members must be independent. Members of the Appointments Committee will be appointed by the Board of Directors on a proposal received from the Audit and Control Committee. Meanwhile, the Appointments Committee's Chairman will be appointed from among the independent directors sitting on the committee.

The Appointments Committee shall meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two Appointments Committee members. The Chairman of the Appointments Committee must call a meeting whenever the Board of Directors or its Chairman requests that a report be issued or a resolution carried.

Its duties include, among others, the following:

- Evaluating and proposing to the Board of Directors the assessment of skills, knowledge and experience required of Board of Directors members and key personnel at the Bank.
- Submitting to the Board of Directors suggested candidates for the position of independent directors to be appointed by co-option or for submission to the decision of the Annual General Meeting, as well as proposals relating to the reappointment or removal of such directors at the Annual General Meeting.
- Reporting on the appointment and, as the case may be, dismissal of the Lead Director, the Secretary and the Deputy Secretaries for approval by the Board of Directors.
- Examining and organising, in collaboration with the Chairman of the Board of Directors and with the support of the Lead Director, the succession of the Chairman and of the Bank's chief executive and, as the case may be, sending proposals to the Board of Directors so as to ensure that the succession process is suitably planned and takes place in orderly fashion.
- Reporting to the Board of Directors on matters relating to gender diversity, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge and facilitate the selection of women directors, and establishing a representation target for the less represented sex on the Board of Directors as well as preparing guidelines on how this should be achieved. It shall likewise ensure that the diversity policy applied at the Board of Directors is duly observed and will report on the matter in the Annual Corporate Governance Report.
- Periodically evaluating, at least once a year, the structure, size, composition and actions of the Board of Directors and of its committees, its Chairman, CEO and Secretary, while making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the Lead Director when assessing the performance of the Chairman. The committee shall also evaluate the composition of the Management Committee as well as its replacement lists to ensure proper coverage as members come and go.
- Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board of Directors those proposals it deems appropriate in this matter.

As of the date of this Base Prospectus, the Appointments Committee is composed of the following members:

Name	Post	Nature	Date of appointment
John S. Reed	Chairman	Independent	1 February 2018 <sup>(1)</sup>
Maria Teresa Bassons	Member	Proprietary	12 December 2013
Xavier Vives	Member	Independent	5 April 2019

Notes:—

(1) Appointed Chairman on 1 February 2018

### ***Remuneration Committee***

The Remuneration Committee comprises a number of non-executive directors determined by the Board of Directors, subject to a minimum of three and a maximum of five members. A majority of its members must be independent. The Chairman of the committee is appointed from among the independent directors sitting on the Remuneration Committee.

The Remuneration Committee shall meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two members of the committee. The Chairman must call a meeting whenever the Board of Directors or its Chairman requests that a report be issued or a resolution carried.

Its duties include, among others, the following:

- Drafting resolutions relating to remuneration and, in particular, reporting and proposing to the Board of Directors the remuneration policy, the system and amount of annual remuneration payable to directors and senior managers, as well as the individual remuneration payable to executive directors and senior managers and the other terms and conditions of their contracts, particularly the financial conditions, and without prejudice to the competences of the Appointments Committee in relation to any conditions it may have proposed that are unconnected with the remuneration side.
- Ensuring compliance with the remuneration policy for directors and senior managers and reporting on the basic conditions set out in their contracts and on compliance with those contracts.
- Reporting and preparing the Bank's general remuneration policy and in particular the policies relating to categories of staff whose professional activities have a significant impact on the Bank's risk profile and those policies that are intended to prevent or manage conflicts of interest with the Bank's customers.
- Analysing, formulating and periodically reviewing the remuneration programmes, weighing their adequacy and performance and ensuring compliance.

As of the date of this Base Prospectus, the Remuneration Committee is composed of the following members:

<b>Name</b>	<b>Title</b>	<b>Category</b>	<b>Date of appointment</b>
María Amparo Moraleda	Chairwoman	Independent	25 September 2014
María Verónica Fisas Vergés	Member	Independent	5 April 2019
Alejandro García Bragado	Member	Proprietary	1 February 2018

### ***Risks Committee***

The Risks Committee shall comprise exclusively non-executive directors who possess the appropriate knowledge, skills and experience to fully understand and manage the Bank's risk strategy and risk propensity, in the number determined by the Board of Directors, subject to a minimum of three and a maximum of six (6), with a majority of members to be independent directors.

The Risks Committee will meet as often as necessary to fulfil its duties and will be convened by its Chairman, either on their own initiative or at the request of the Chairman of the Board of Directors or of two members of the Risks Committee itself.

Its duties include, among others, the following:

- Advising the Board of Directors on the overall susceptibility to risk, current and future, of the Bank and its strategy in this regard, reporting on the risk appetite framework, helping to monitor

implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and monitoring the appropriateness of the risks assumed and the profile put in place.

- Proposing to the Board of Directors the Group's risk policy.
- Determining with the Board of Directors the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establishing what the committee should receive.
- Regularly reviewing exposures with main customers, business sectors and by geographic region and type of risk.
- Examining the information and control processes of the Group's risk as well as the information systems and indicators.
- Evaluating regulatory compliance risk within its scope of its remit and decision-making authority, this being understood as the risk management of legal or regulatory sanctions, financial or material loss or any reputational damage the Bank may suffer as a result of non-compliance with laws, rules, regulations, standards and codes of conduct, while also detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.
- Reporting on new products and services or significant changes to existing ones.

As of the date of this Base Prospectus, the Risks Committee is composed of the following members:

Name	Title	Category	Date of appointment
Eduardo Javier Sanchiz	Chairman	Independent	1 February 2018 <sup>(1)</sup>
Koro Usarraga	Member	Independent	1 February 2018
Fundación CajaCanarias, represented by Natalia Aznárez Gómez	Member	Proprietary	1 February 2018

Notes:—

(1) Reelected on 6 April 2018. Appointed Chairman on 5 April 2019.

### ***Innovation, Technology and Digital Transformation Committee***

On 23 May 2019 CaixaBank approved the creation of the Innovation, Technology and Digital Transformation Committee, an advisory committee that will advise the Board of Directors on issues related to technology innovation and digital transformation.

The Innovation, Technology and Digital Transformation Committee comprises a minimum of three and a maximum of five members.

The Chairman of the Board of Directors and the Chief Executive Officer will always sit on the committee. The other members are appointed by the Board of Directors, on the proposal of the Appointments Committee, paying close attention to the knowledge and experience of candidates on those subjects that fall within the Innovation, Technology and Digital Transformation Committee's remit, such as technology and innovation, information systems and cybersecurity.

The Chairman of the Board of Directors shall also chair the Innovation, Technology and Digital Transformation Committee.

Similarly, the Secretary to the Board of Directors shall serve as Secretary of the Innovation, Technology and Digital Transformation Committee.



The Innovation, Technology and Digital Transformation Committee will meet as often as required to discharge its functions and will be called by the Innovation, Technology and Digital Transformation Committee's Chairman, either on his or her own initiative or when a meeting is requested by two or more Innovation, Technology and Digital Transformation Committee members. The Chairman must always call a meeting when the Board of Directors asks it to issue a report or adopt a resolution.

The Innovation, Technology and Digital Transformation Committee will be validly convened when a majority of members is in attendance. Resolutions will be carried by a majority of members physically in attendance or represented by proxy, and minutes will be taken of the resolutions carried at each meeting. The minutes will be heard by the Board of Directors and a copy will be sent or delivered to all of the members Board of Directors.

Without prejudice to any other functions entrusted to it by the Board of Directors, the Innovation, Technology and Digital Transformation Committee will exercise the main following functions:

- Assisting the Board of Directors in identifying, monitoring and analysing new competitors, new business models, technological advances and main trends and initiatives relating to technological innovation, while studying those factors that make certain innovations more likely to succeed and increase their transformation capacity.
- Advising the Board of Directors on the implementation of the strategic plan in aspects relating to digital transformation and technological innovation (the digital strategy) and, in particular, reporting on plans and projects designed by CaixaBank in this field, as well as any new business models, products, customer relationships, and so on, that may be developed.
- Fostering a climate of debate and reflection to allow the Board of Directors to identify new business opportunities emerging from technological developments, as well as possible threats.
- Supporting the Board of Directors in analysing the impact of technological innovation on market structure, the provision of financial services and customer habits. Among others aspects, the Innovation, Technology and Digital Transformation Committee shall analyse the potential disruption of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and matters relating to protection of privacy and data usage.
- Stimulating discussion and debate on the ethical and social implications deriving from the use of new technologies within the banking and insurance business.
- Supporting the Risks Committee, on the latter's request, in monitoring technological risks and matters relating to cybersecurity.

As of the date of this Base Prospectus, the Innovation, Technology and Digital Transformation Committee is composed of the following members:

Name	Title	Category	Date of appointment
Jordi Gual	Chairman	Proprietary	23 May 2019
Gonzalo Gortázar	Member	Executive	23 May 2019
María Amparo Moraleda	Member	Independent	23 May 2019
Cristina Garmendia	Member	Independent	23 May 2019

### ***Management Committee***

The following table identifies the members of the senior management (*Comité de Dirección*) of CaixaBank, which is composed of CaixaBank's CEO and the persons responsible for the different areas as of the date of this Base Prospectus:

First Appointment	Name	Title
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30 June 2011	Gonzalo Gartázar Rotaecche	CEO
30 June 2011	Juan Antonio Alcaraz García	Chief Business Officer
30 June 2011	Francesc Xavier Coll Escursell	Chief Human Resources and Organisation Officer
10 July 2014 <sup>(1)</sup>	Jordi Mondéjar López	Chief Risks Officer
22 November 2018 <sup>(2)</sup>	Ignacio Badiola Gómez	Head of CIB and International Banking
28 November 2016	Matthias Bulach	Head of Financial Accounting, Control and Capital
30 October 2019 <sup>(3)</sup>	Luis Javier Blas Agüeros	Head of Resources
27 May 2016	María Luisa Martínez Gistau	Head of Communication, Institutional Relations, Brand and CSR
22 November 2018 <sup>(2)</sup>	María Luisa Retamosa Fernández	Head of Internal Audit
22 November 2018 <sup>(2)</sup>	Javier Valle T-Figueras	Head of Insurance
24 October 2013	Javier Pano Riera	Head of Finance
29 May 2014	Oscar Calderón de Oya	General Secretary and Secretary to the Board of Directors

Notes:—

- (1) Date of first appointment as a member of the Management Committee. He has been the Chief Risk Officer since November 2016.  
(2) With effect from 1 January 2019.  
(3) With effect from 1 February 2020.

Regarding the composition of the Management Committee, until 1 February 2020, Mr. Jorge Fontanals held the position of Head of Resources, date from which said position is held by Mr. Luis Javier Blas, nevertheless Mr. Fontanals will continue to be linked to CaixaBank to ensure the complete transfer of its functions.

The table below sets out all entities in which the members of senior management are members of administrative, management or supervisory bodies or in which they hold partnership positions as of the date of this Base Prospectus, except (i) purely familiar or patrimonial companies, (ii) subsidiaries of an issuer in which they are also a member of the administrative, management or supervisory bodies and (iii) CaixaBank Group companies.

Director	Company	Title
Juan Antonio Alcaraz García	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Member of the Board
Matthias Bulach	Erste Group Bank AG	Member of the Supervisory Board and of the Audit Committee
Jordi Mondéjar López	SAREB	Director
Javier Pano Riera	CecaBank	Director and member of the Appointment Committee
Javier Valle T-Figueras	Consorcio de Compensación de Seguros	Director
	Unespa	Deputy Chairman/Member of the Executive Committee and the Board of Directors
	Icea	Director

## Litigation

The Group is party to certain legal proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. Based on available information, the Group considers that it has reliably estimated the obligations arising from each proceedings and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these ongoing lawsuits. The outcome of court proceedings is inherently uncertain. The Group maintains provisions under the concept "Pending legal issues and tax litigation" that it considers reasonable to cover the obligations that may arise from ongoing lawsuits based on available information, which totalled €394 million as of 31 December 2019 (€429 million as of 31 December 2018). In addition, the Group maintains provisions under the concept "Other Provisions", which totalled €497 million as of 31 December 2019 (€480 million as of 31 December 2018) in order to cover the losses from agreements not formalised and other risks such as those related with the class action brought by ADICAE due to the application of floor clauses in certain mortgage loans as described below. Given the nature of these obligations, the expected timing of these economic outflows, if any, is uncertain.

However, in view of the inherent difficulty in predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the Group cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or

penalties related to each pending matter may be. As such, the provisions made by the Group or the estimate for maximum risk could prove to be inadequate, and may have to be increased to cover the impact of the different proceedings or to cover additional liabilities, which could lead to higher costs for the Group. This could have a material adverse effect on the Group's results and financial situation.

### ***Floor clauses in mortgages***

The legal proceeding initiated by the class action brought by ADICAE due to the application of floor clauses in certain mortgage loans is currently in the phase of Reversal and Procedural Infringement before the Spanish Supreme Court.

The risk associated with this matter has been managed with specific provisions amounting to €625 million, and a team and specific procedures were developed to comply with the requests filed under the framework of Royal Decree-Law 1/2017, of 20 January, on urgent measures to protect consumers against floor clauses. The disbursements accumulated in 2019 and associated with this procedure have reached €102 million.

With the available information, the risk derived from the disbursements that could arise due to these litigation proceedings is reasonably covered by the corresponding provisions.

### ***Ongoing criminal investigation of certain corporate transactions***

As a result of a private prosecution, a set of corporate transactions in 2015 and 2016, together with an asset transaction, as alleged by the referred prosecution, are under investigation, the latter however being non-existent (since it was never granted and therefore never executed). Without prejudice to the reputational damage resulting from any judicial investigation, it is not considered as probable that an economic risk linked to this criminal proceeding would materialise or cause a negative effect.

### ***Transparency of IRPH interest rate clauses***

In relation to the reference rate for mortgages in Spain, a request for a preliminary ruling was filed before the Court of Justice of the European Union (CJEU) which challenges the legitimacy, due to alleged lack of transparency, of mortgage loan contracts subject to the official benchmark rate called the IRPH (*Índice de Referencia de Préstamos Hipotecarios*).

The legal matter under debate is the transparency test based on article 4.2 of Directive 93/13, when the borrower is a consumer. Since the IRPH is the price of the contract and it falls within the definition of the main subject-matter of the contract, it must be drafted in plain, intelligible language, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, what the economic consequences derived from such contract are for him.

This request for a preliminary ruling was formulated by a First Instance Court several months after the Spanish Supreme Court had issued a ruling, on 14 December 2017, establishing that these contracts were lawful.

In line with the criteria established by the Advocate General (*Abogado General*) in his Opinion published on 10 September 2019, the CJEU issued a ruling on 3 March 2020 confirming that the IRPH index rate is not abusive and establishing the following guidelines to determine the fulfilment of the transparency requirements of the relevant clause in which the IRPH is agreed -which will have to be made on a case by case basis- and taken into account by the relevant national courts-: should (i) be grammatically and a formally intelligible and (ii) allow an average consumer, who is reasonably well-informed and reasonably observant and circumspect to be in a position to understand the specific functioning of the mechanism agreed for estimating the applicable interest rate and thus, to evaluate the economic burden of this mechanism in relation to his or her financial obligations.

In relation to the abovementioned requirements, the CJEU considers it especially relevant for the transparency examination to be made by the national courts that the essential information relating to the calculation of the IRPH rate was easily accessible, given that the IRPH is an official benchmark rate included in the transparency circular of the Bank of Spain, published in turn in the Official Gazette of Spain (*Boletín Oficial del Estado*) and, additionally, the provision of data to the consumer relating to the fluctuations of the IRPH during the two calendar years preceding the conclusion of the relevant loan agreement and up to the last available value of the index.

Likewise, the CJEU establishes the consequences of an eventual ruling issued by the national courts finding a lack of transparency in the commercialisation. In such cases, if the national court rules that the relevant clause lacks the necessary transparency and considers that declaring the contract null and void in its entirety will expose the consumer to particularly unfavourable consequences, the relevant court shall replace the IRPH with the relevant fallback provision agreed by the parties as substitutive index. In such cases where no substitutive index has been previously agreed, the relevant court shall substitute the IRPH for a “supplementary legal” index (the CJEU quote in this respect expressly the “IRPH Entidades” index included in the Additional Provision 15 of the Law 14/2013, of 27 September 2013 (*Disposición Adicional Decimoquinta de la Ley 14/2013, de 27 de septiembre*)). On 31 December 2019, the total amount of mortgages up to date with payments indexed to the IRPH with individuals was approximately €6,060 million (the majority of which are with consumers). On 31 March 2020, the total amount of mortgages up to date with payments indexed to the IRPH with individuals was approximately €5,863 million (the majority of which are with consumers). The Group does not maintain provisions for this concept.

### ***Anti-money laundering investigation***

In April 2018, the Anti-Corruption Prosecutor's Office started legal proceedings against CaixaBank, the Entity's former head of Regulatory Compliance and 11 employees, for events that could be deemed to constitute a money laundering offence, primarily due to the activity carried out in 10 branches of CaixaBank by alleged members of certain organisations formed of Chinese nationals, who allegedly conducted fraud against the Spanish Treasury between 2011 and 2015. The procedure is currently in its investigation phase and neither CaixaBank nor its legal advisers consider the risk associated with these criminal proceedings as being likely to arise. The potential impact of these events is not currently considered material, although CaixaBank is exposed to reputational risk due to these ongoing proceedings.

### ***Spanish Supreme Court ruling regarding interest rates***

The Spanish Supreme Court (*Tribunal Supremo*) has recently issued a ruling with specific relevance to credit agreements relating to credit cards as a form of revolving credit and/or deferred payments. The ruling establishes (i) that credit cards as a form of revolving credit are a specific segment within the credit facilities market; (ii) that the Bank of Spain publishes a specific benchmark interest rate for this product in its official statistics gazette (*Boletín Estadístico*), which is the one to be used to determine the “normal interest of money”; (iii) that the average interest rate applicable to credit card and revolving credit transactions as published in the official statistics of the Bank of Spain was slightly higher than 20% and (iv) that an APR like the one analysed in the case studied by the Spanish Supreme Court, that is, between 26.82% and 27.24%, is “significantly disproportionate”, which entails that the relevant contract shall be considered null and void and the relevant interest paid by the consumer shall be refunded. Unlike the preceding court ruling in this matter, which applied the *supra duplum* rule to determine when the interest rate shall be considered disproportionate (i.e. when exceeding twice the average ordinary interest rate), this new ruling does not provide specific criteria or accuracy which may allow entities to establish with legal certainty which level or gap from the “normal interest of money” can lead to the relevant agreement being considered null and void. This circumstance will probably lead to an increase in litigation and diverse judicial positions the impact of which cannot be determined at this time and which will be specifically followed up and specifically managed.

### ***Portuguese Resolution Fund proceedings***

On 3 August 2014, the Bank of Portugal applied a resolution procedure to Banco Espírito Santo, SA (BES) through the transfer of its net assets and under the management of Novo Banco, SA (Novo Banco). Within the framework of this procedure, the Portuguese Resolution Fund (**PRF**) completed a capital increase in Novo Banco for an amount of €4,900 million, becoming the sole shareholder. The increase was financed through loans to the PRF for an amount of €4,600 million, €3,900 million of which was granted by the Portuguese State and €700 million granted by a banking syndicate through the Portuguese financial institutions, including Banco BPI with €116 million.

On 19 December 2015, the Bank of Portugal initiated a procedure to put Banco Internacional do Funchal (Banif) into resolution, which came to a head with (i) the partial sale of its assets for €150 million to Banco Santander Totta, S.A.; and (ii) the contribution of the rest of its assets that were not sold to Oitante, SA. The resolution was financed through the issuance of €746 million of debt, guaranteed by the PRF and the Portuguese State as a counter-guarantee. The operation also included the ultimate guarantee of the Portuguese State amounting to €2,255 million intended to cover future contingencies.

For the reimbursement of the PRF obligations with the Portuguese State (in the form of loans and guarantees) in relation to resolution measures adopted, the PRF has contributed ordinary instruments through the various contributions of the banking sector. Along these lines, the conditions of the loans with the PRF have been amended to bring them in line with the collection of the aforementioned contributions; there is no foreseen need to turn to additional contributions from the banking sector.

In 2017, the Bank of Portugal chose Lone Star to conclude the sale of Novo Banco, after which the PRF would hold 25% of the share capital and certain contingent capital mechanisms would be established by the shareholders. To cover the contingent risk, the PRF has the financial means of the Portuguese State, the reimbursement of which –where applicable– would have repercussions on the contributory efforts of the banking sector.

At this time, it is not possible to estimate the possible effects for the Resolution Funds deriving from: (i) the sale of the shareholding in Novo Banco; (ii) the application of the principle that none of the creditors of a credit institution under resolution may assume a loss greater than that which it would have assumed if that entity had gone into liquidation; (iii) the guarantee granted to the bonds issued by Oitante, SA. and (iv) other liabilities that – it is concluded – must be assumed by the PRF.

Notwithstanding the possibility considered in the applicable law for the collection of special contributions, given the renegotiation of the terms of the loans granted to the PRF, which include Banco BPI, and the public statement made by the PRF and the Office of the Minister of Finance of Portugal, declaring that this possibility will not be used, the expectation is that no special contributions or any other type of extraordinary contributions will have to be made to finance the resolution measures applied to BES and Banif or any other contingent liability or liabilities assumed by the PRF.

Any change in this regard may have material implications for the financial statements of the Group.

### **Credit ratings**

As at the date of this Base Prospectus, the Issuer has been assigned the following debt ratings by the following credit rating agencies:

<b>Agency</b>	<b>Review date</b>	<b>Short-term rating</b>	<b>Long-term rating</b>	<b>Outlook</b>
Fitch	27 March 2020	F2	BBB+	Negative
S&P	31 May 2019	A-2	BBB+	Stable
DBRS	30 March 2020	R-1 (low)	A	Stable
Moody's	17 May 2019	P-2	Baa1	Stable

## Additional Alternative Performance Measures

This Base Prospectus (and the documents incorporated by reference in this Base Prospectus) contains certain management measures of performance or alternative performance measures (**APMs**), which are used by management to evaluate the Group's overall performance or liquidity. These APMs are not audited, reviewed or subject to review by CaixaBank's auditors and are not measures required by, or presented in accordance with, International Financial Reporting Standards as adopted by the EU (**IFRS-EU**). Accordingly, these APMs should not be considered as alternatives to any performance or liquidity measures prepared in accordance with IFRS-EU. Many of these APMs are based on CaixaBank's internal estimates, assumptions, calculations and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore, these APMs, as used by CaixaBank, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Group's profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU and investors are advised to review these APMs in conjunction with the audited Consolidated Financial Statements incorporated by reference in this Base Prospectus.

CaixaBank believes that the description of these APMs in this Base Prospectus follows and complies with the "ESMA Guidelines on Alternative Performance Measures" dated 5 October 2015.

These measures are used in the Issuer's planning, operational and financial decision-making. These measures are commonly used in the finance sector as indicators to monitor institutions' assets, liabilities and economic/financial positions.

In addition to the APMs contained in CaixaBank's management report in respect of the 2019 Audited Consolidated Financial Statements, which is included by reference to this Base Prospectus, the following APMs are used in this Base Prospectus.

### Definitions

**Core revenues:** the addition of net interest income; net fee and commission income; income and expense arising from insurance or reinsurance contracts; and equity accounted income from SegurCaixa Adeslas.

### Relevance

This metric is used in the banking sector to monitor the evolution of the revenues generated by the main or principal business.

### Reconciliation

#### Core revenues (CaixaBank Group)

(€ million)	FY2019	FY2018
Net interest income .....	4,951	4,907
Net fee and commission income .....	2,598	2,583
Income and expense arising from insurance or reinsurance companies .....	556	551
Equity accounted income from SegurCaixa Adeslas and income from Banco BPI insurance investees .....	211	177
<b>Core revenues .....</b>	<b>8,316</b>	<b>8,217</b>

## CAPITAL REQUIREMENTS

The following is a summary of the most relevant aspects of the regulatory framework applicable to the Group relating to regulatory capital requirements and to the minimum level of capital and eligible liabilities (**MREL**). In addition, see "Risk Factors" which includes the relevant information on regulatory liquidity and funding requirements.

The CaixaBank Group is subject to capital requirements according to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (as amended) (**CRR**), Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended). (the **CRD 4 Directive**), any regulatory capital rules implementing the CRD 4 Directive or the CRR which may from time to time be introduced and which are applicable to CaixaBank or to the Group (including, without limitation, Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit entities (as amended) (**Law 10/2014**), Royal Decree 84/2015, of 13 February, implementing Law 10/2014) (as amended) (all of them together, **CRD 4**), and any other regulations, regulatory technical standards, circulars or guidelines implementing CRD 4 through which the EU is implementing the Basel III capital reforms.

In addition to the minimum capital requirements under CRD 4, the regime under Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms (as amended) (the **BRRD**), that has been implemented in Spain through Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms (as amended) (**Law 11/2015**) and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 (as amended) (**RD 1012/2015**), prescribes that banks shall hold a minimum level of capital and eligible liabilities in relation to total liabilities and own funds.

On 23 November 2016, the European Commission presented a comprehensive package of reforms amending CRR, the CRD 4 Directive and the BRRD and the SRM Regulation. On 14 May 2019 the text was formally approved by the Council of the European Union. On 7 June 2019 the following regulations were published in the Official Journal: (i) Directive (EU) 2019/878 of the European Parliament and of the Council, of 20 May 2019 (the **CRD 5 Directive**) amending the CRD 4 Directive, (ii) Directive (EU) 2019/879 of the European Parliament and of the European Council of 20 May 2019 ( **BRRD 2**) amending, among other things, the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, (iii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (**CRR 2**) amending, among other things, the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements, and (iv) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 ( the **SRM Regulation 2**) amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the CRD 5 Directive, BRRD 2, CRR 2 and the SRM Regulation 2 together, the **EU Banking Reforms**). The EU Banking Reforms entered into force on 27 June 2019 and are scheduled to apply beginning on 29 December 2020, other than in the case of CRR 2, where a two-year period from the date of its entry into force is provided for, subject to certain exceptions. Until the CRD 5 Directive and the BRRD 2 are transposed into Spanish law, it is uncertain how they will affect the Group. In addition, there is also uncertainty as to how the EU Banking Reforms will be implemented and applied by the relevant authorities.

The package of reforms presented by the European Commission on 23 November 2016 included a proposal to create a new asset class of "non preferred" senior debt. On 27 December 2017, Directive 2017/2399 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the European Union. Before that, Royal Decree-

Law 11/2017, of 23 June, approving urgent measures on financial matters created in Spain the new asset class of senior non preferred debt.

### Overview of applicable capital requirements

Under CRD 4, institutions are required, generally on an individual and consolidated basis, to hold a minimum amount of regulatory capital of 8% of RWAs of which at least 4.5% must be CET1 capital and at least 6% must be Tier 1 capital (together, the **Minimum "Pillar 1" Capital Requirements**).

Moreover, Article 104 of CRD 4 Directive, as implemented in Spain by Article 68 of Law 10/2014, and similarly Article 16 of Council Regulation (EU) No 1024/2013, of 15 October 2013, conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the **SSM Regulation**), also contemplates that in addition to the Minimum "Pillar 1" Capital Requirements, the supervisory authorities may require further capital to cover other risks. This may result in the imposition of further CET1, Tier 1 and Total Capital requirements on the Issuer and/or the Group pursuant to this "Pillar 2" framework. Following the introduction of the single supervisory mechanism (the **SSM**), the ECB is in charge of assessing additional "Pillar 2" capital requirements (**P2R**) through the supervisory review and evaluation processes (**SREP**) to be carried out at least on an annual basis (accordingly requirements may change from year to year).

In addition to the Minimum "Pillar 1" Capital Requirements and the P2R, credit institutions must comply with the "combined buffer requirement" set out in the CRD 4 Directive as implemented in Spain. The "combined buffer requirement" has introduced up to five new capital buffers to be satisfied with additional CET1 capital: (i) the capital conservation buffer of 2.5% of RWAs; (ii) the global systemically important institutions (G-SIIs) buffer, of between 1% and 3.5% of RWAs; (iii) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may be as much as 2.5% of RWAs (or higher pursuant to the competent authority); (iv) the other systemically important institutions (**O-SIIs**) buffer, which may be as much as 2% of RWAs; and (v) the systemic risk buffer to prevent systemic or macro prudential risks, of at least 1% of RWAs (to be set by the relevant competent authority).

As set out in the "Opinion of the European Banking Authority on the interaction of "Pillar 1", "Pillar 2" and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital available to meet the "combined buffer requirement" for the purposes of the Maximum Distributable Amount (as defined below) calculation is limited to the amount not used to meet the Minimum "Pillar 1" Capital Requirements and the P2R of the institution and, accordingly, the "combined buffer requirement" is in addition to the Minimum "Pillar 1" Capital Requirements and to the P2R, and therefore it would be the first layer of capital to be eroded pursuant to the applicable stacking order. CRD 5 clarifies that P2R should be positioned in the relevant stacking order of own funds requirements above the Minimum "Pillar 1" Capital Requirements and below the combined buffer requirement or the leverage ratio buffer requirement, as relevant. In addition, CRD 5 also clarifies that P2R should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution) and it also allows the P2R to be partially covered with Tier 1 and Tier 2 instruments.

According to Article 48 of Law 10/2014, Article 73 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, those entities failing to meet the "combined buffer requirement" or making a distribution in connection with CET1 capital to an extent that would decrease its CET1 capital to a level where the "combined buffer requirement" is no longer met will be subject to restrictions on (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to Additional Tier 1 instruments, until the maximum distributable amount calculated according to CRD 4 (the **Maximum Distributable Amount**) has been calculated and



communicated to the competent supervisor. Thereafter, any such distributions or payments will be subject to such Maximum Distributable Amount for entities (a) not meeting the “combined buffer requirement” or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends.

As communicated by the EBA on 1 July 2016 and included in the CRD 5, in addition to the Minimum “Pillar 1” Capital Requirements, the P2R and the “combined buffer requirements”, the supervisor can also set a “Pillar 2” capital guidance (**P2G**). While P2R are binding requirements and breaches can have direct legal consequences for the banks, P2G is not directly binding and a failure to meet it does not automatically trigger legal action, even though the ECB expects banks to meet P2G. Following this clarification, the clarifications contained in the “EBA Pillar 2 Roadmap” (April 2017) and the guidelines on the revised common procedures and methodologies for the SREP and supervisor stress testing published by the EBA on 19 July 2018, banks are expected to meet the P2G with CET1 capital on top of the level of binding capital requirements (“Pillar 1” capital requirements, P2R and the “combined buffer requirements”). Under the EU Banking Reforms, the P2G is not relevant for the purposes of triggering the automatic restriction of the distribution and calculation of the Maximum Distributable Amount. CRD 5 provides that when an institution repeatedly fails to meet the P2G, the competent authority should be entitled to take supervisory measures and, where appropriate, to impose additional own funds requirements. The ECB recommends not to disclose the P2G and the CRD 5 Directive also does not require its disclosure.

In reaction to the COVID-19 outbreak, on 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to (i) operate temporarily below the level of capital defined by P2G, the “capital conservation buffer” and the LCR and (ii) use capital instruments that do not qualify as CET1 (for example Additional Tier 1 instruments and Tier 2 instruments) to meet P2R<sup>18</sup>.

In addition to the above, Article 429 of the CRR requires institutions to calculate their leverage ratio (**LR**) in accordance with the methodology laid down in that article. The EU Banking Reforms contain a binding 3% Tier 1 LR requirement that has been added to the own funds requirements in Article 92 of the CRR, and which institutions must meet in addition to their risk-based requirements. A new Article 141b of the CRD 4 Directive, included by the CRD 5 Directive, will restrict distributions by G-SIIs in the form of dividends, variable remuneration and payments to holders of Additional Tier 1 instruments above the LR related maximum distributable amount in case of a failure to meet the LR.

This LR requirement is a parallel requirement to the risk-based own funds requirements described above. Thus, any additional own funds requirements imposed by competent authorities to address the risk of excessive leverage should be added to the minimum leverage ratio requirement and not to the minimum risk-based own funds requirement. Furthermore, institutions should also be able to use any CET 1 instruments that they use to meet their leverage-related requirements to meet their risk-based own funds requirements, including the combined buffer requirement.

Further to the minimum capital requirements under CRD 4, the BRRD regime prescribes that banks shall hold a minimum level of capital and eligible liabilities. The MREL shall be calculated as the amount of own funds and eligible liabilities and expressed as a percentage of the total liabilities and own funds of the institution (pursuant to BRRD 2, it shall be expressed as a percentage of the total risk exposure amount or the total exposure measure of the institution, calculated in each case in accordance with CRR). The level of capital and eligible liabilities required under MREL is set by the resolution authority for each bank (and/or group) based on the resolution plan and other criteria. The SRB is the resolution authority for the Bank as the central body of the single resolution mechanism (**SRM**), as well as the Bank of Spain, as the national preventive resolution authority and the FROB, as the Spanish executive resolution authority. Eligible

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<sup>18</sup> The CRD 5 establishes that P2R can be partially covered by AT1 instruments and Tier 2 instruments, at least 56% must be covered with CET1, 19% with AT1 and 25% with Tier 2. Before CRD 5, the ECB required P2R to be covered with CET1 in its entirety.

liabilities may be senior or subordinated liabilities, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIIs and “top tier” banks (such as the Bank) involving a minimum “Pillar 1” subordination requirement and an institution specific “Pillar 2” subordination requirement. This “Pillar 1” subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior debt instruments and only MREL instruments constituting “non-preferred” senior debt under the new insolvency hierarchy introduced into Spain will be eligible for compliance with the subordination requirement as other eligible MREL instruments). Resolution authorities may also impose “Pillar 2” subordination requirements to institutions not constituting G-SIIs or “top tier” banks, which would be determined on a case-by-case basis but subject to a minimum level equal to the lower of 8% of a bank’s total liabilities and own funds and 27% of its RWAs.

Furthermore, a new Article 16.a) of the BRRD, as recently amended by BRRD 2, better clarifies the stacking order between the “combined buffer requirement” and the MREL requirement. Pursuant to this new provision, a resolution authority will have the power to prohibit an entity from distributing more than the “maximum distributable amount” for own funds and eligible liabilities (calculated in accordance with the new Article 16.a)(4) of the BRRD) (the **MREL-Maximum Distributable Amount Provision**) through distribution of dividends, variable remuneration and payments to holders of Additional Tier 1 instruments, where it meets the “combined buffer requirement” but fails to meet that “combined buffer requirement” when considered in addition to the MREL requirements. The referred Article 16.a) of the BRRD includes a potential nine-month grace period whereby the resolution authority will assess on a monthly basis whether to exercise its powers under the MREL-Maximum Distributable Amount Provision before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

### Capital requirements of the Bank

Capital requirements are applied to CaixaBank, on both an individual and consolidated basis, and also to Banco BPI on both an individual and sub-consolidated basis.

Neither the Bank nor the Group has been classified as G-SII by the Financial Stability Board (**FSB**) nor by any competent authority so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it is not required to maintain the G-SII buffer. According to the note published by the Bank of Spain on 25 November 2019, the Bank is considered an O-SII and accordingly, during 2020 it will be required to maintain a full O-SII buffer of 0.25%. In addition, the Bank of Spain agreed to maintain the countercyclical capital buffer applicable to credit exposures in Spain at 0% for the second quarter of 2020 (percentages will be revised each quarter), and also on 31 March 2020, the Bank of Portugal published that the countercyclical buffer for credit exposures in Portugal was to be maintained at 0% for the second quarter of 2020, but a 0.03% countercyclical capital buffer applied both on a consolidated and an individual basis in December 2019, based on the geographical composition of the portfolio of the Group for credit exposures other than in Spain and Portugal (to be updated quarterly) (this buffer may not be the same on consolidated and on individual basis in the future).

Based on the assessment of the systemic importance of the Bank as mentioned above and following the outcome of the most recent SREP, the Bank was notified in December 2019 of the decision of the ECB regarding minimum capital requirements for 2020 for the Group. These decisions require the Group to maintain a CET1 ratio of 8.78% over the total amount of RWAs, which includes the Minimum “Pillar 1” Capital Requirement (4.50% of RWAs), the P2R<sup>19</sup> (1.50% of RWAs to be covered 100% by CET1<sup>20</sup>), the

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<sup>19</sup> Applies only at a consolidated level.

<sup>20</sup> On 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to use capital instruments that do not qualify as CET1 (for example Additional Tier 1 instruments and Tier 2 instruments) to meet P2R.

capital conservation buffer (2.5% of RWAs), the O-SII buffer (0.25% of RWAs)<sup>21</sup> and the countercyclical capital buffer<sup>22</sup> (0.03% of RWAs based on the geographical composition of the portfolio at 31 December 2019 (updated quarterly)). The minimum Tier 1 and Total Capital ratios would consequently reach 10.28% of RWAs and 12.28% of RWAs, respectively, based on the 6% of RWAs and 8% of RWAs Minimum “Pillar 1” Capital Requirements at a Tier 1 and Total Capital level, respectively.

The following tables show the solvency requirements compared to the capital position of the Group on a consolidated basis as of 31 December 2019:

<b>Capital position</b>					
	<b>31 December 2019</b>	<b>Requirements<sup>23</sup></b>	<b>of which Pillar 1</b>	<b>of which Pillar 2R</b>	<b>of which buffers</b>
CET1	12.0%	8.78%	4.5%	1.5%	2.78%
Tier 1	13.5%	10.28%	6.0%	1.5%	2.78%
Total Capital	15.7%	12.28%	8.0%	1.5%	2.78%

As a result of the ECB's decision, the CET1 threshold below which the Group<sup>24</sup> would be forced to limit 2020 distributions in the form of dividend payments, variable remuneration and interest to holders of Additional Tier 1 instruments, commonly referred to as the activation level of the maximum distributable amount (or MDA Trigger), is set at 8.78% of RWAs, to which potential shortfalls of Additional Tier 1 or Tier 2 should be added with respect to the minimum implicit Pillar 1 levels of 1.5% and 2% of RWAs, respectively<sup>25</sup>. As of 31 December 2019, the Group had a Tier 2 capital level above 2% of RWAs and an Additional Tier 1 capital level above 1.5%.

At an individual level, as of 31 December 2019 CaixaBank's CET1 reached 13.8% compared to a minimum requirement of 7.03% for 2019 and 2020. The capital requirements are more restrictive at a consolidated level compared to an individual level.

The LR at a consolidated level stood at 5.9% of the regulatory exposure on 31 December 2019.

On 24 April 2019, CaixaBank received the formal communication from the Bank of Spain regarding the MREL requirement, as determined by the SRB according to its 2018 policy for the "second wave" of resolution plans (January 2019), based on December 2017 data. In accordance with such communication, the Bank has been required to reach, by 1 January 2021, an amount of own funds and eligible liabilities on a consolidated basis equal to 22.5% of its RWAs as of 31 December 2017. The subordinated MREL ratio of CaixaBank stood at 19.6% as of 31 December 2019. According to the current eligibility criteria of the SRB, CaixaBank's best estimate of its total MREL ratio stood at 21.8% on a consolidated basis as of 31 December 2019. This amount includes senior non-preferred debt (including €3,382 million issued in 2019), senior preferred debt (including €1,000 million issued in March 2019) and other *pari passu senior* liabilities. In January 2020 a new €1,000 million issuance of senior preferred debt raised the MREL ratio on a pro-forma basis up to 22.5%, thus already complying with the SRB requirement for January 2021. The MREL requirement is aligned with CaixaBank's expectations and its funding plan as described in its 2019-2021 Strategic Plan; this plan considers the roll-over of approximately €7,500 million of wholesale debt maturities, through the issuance of MREL eligible liabilities, primarily of a subordinated nature.

<sup>21</sup> Applies only at a consolidated level.

<sup>22</sup> As of 31 December 2019, it applies to both individual and consolidated basis. Updated quarterly. It may differ between individual and consolidated level. As of 31 December 2019 both levels coincide.

<sup>23</sup> On 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to use capital instruments that do not qualify as CET1 (for example Additional Tier 1 instruments and Tier 2 instruments) to meet P2R, in line with CRD 5. According to that the minimum capital requirement for CaixaBank would reach 8.12% of RWAs for CET1, 9.91% of RWAs for Tier 1 and 12.28% of RWAs for Total Capital.

<sup>24</sup> At an individual level, CaixaBank's CET1 ratio reached 13.8% as of 31 December 2019. This is in comparison with a minimum requirement of CET1 for 2020 of 7.03% (including 0.03% of countercyclical buffer to be updated quarterly). Thus, capital requirements are more restrictive at a consolidated level than at an individual level.

<sup>25</sup> As of 31 December 2019, there was no shortfall at Additional Tier 1 and Tier 2 levels.

See the Risk Factor “*Increasingly onerous capital requirements constitute one of the Group’s main regulatory challenges*” for the risks associated to the failure by the Group to comply with its regulatory capital requirements.

On 26 March 2020, due to the expected impact on the global economy of the expansion of COVID-19 and of the measures taken by the authorities to reduce its spread and in order to adapt the Bank to this new environment, the Board of Directors agreed, among other decisions, to reduce the proposed dividend for the 2019 fiscal year of €0.15 to €0.07 per share, which represents a 24.6% pay-out, this being the only dividend to be paid against 2019 fiscal year profits and to reduce the CET1 target established in the 2019-2021 Strategic Plan for December 2021 to 11.5%, suspending the former target of 12% plus an additional 1% buffer to absorb regulatory requirements including Basel IV, taking into account new regulatory and supervisory considerations including, among others, the impact of regulations established in CRD 5 Directive regarding the composition of Pillar 2 Requirements (P2R) (see “*Key Events in 2018, 2019 and 2020*” – “*COVID-19*”).

Taking into account the decisions agreed by the Board of Directors, the regulatory solvency ratios as of 31 December 2019 would now stand as follows:

	As reported at 31 December 2019	Ratios post Dividend reduction
CET1	12.0%	12.4%
Tier 1	13.5%	13.9%
Capital Total	15.7%	16.0%
Subordinated MREL	19.6%	19.9%
Total MREL	21.8%	22.2%
Total MREL PF <sup>(1)</sup>	22.5%	22.8%
MDA Buffer	325bps	378bps

<sup>(1)</sup> Proforma for Jan ‘20 €1bn senior preferred issuance

### ***Deductions related to Deferred Tax Assets***

CRD 4 Directive provides that deferred tax assets that rely on the future profitability of a financial institution (**DTAs**) must be deducted from its regulatory capital (specifically from its core capital or CET1 capital) for prudential reasons, as there is generally no guarantee that DTAs will retain their value in the event of the financial institution facing difficulties.

This new deduction introduced by CRD 4 had a significant impact on Spanish banks due to the particularly restrictive nature of certain aspects of Spanish tax law. For example, in some EU countries when a bank reports a loss, the tax authorities refund a portion of taxes paid in previous years, but in Spain the bank must earn profits in subsequent years in order for this set-off to take place. Additionally, Spanish tax law does not recognise as tax-deductible certain amounts recorded as costs in the accounts of a bank, unlike the tax legislation of other EU countries.

Due to these differences and the impact of the requirements of CRD 4 on DTAs, the Spanish regulator implemented certain amendments to Law 27/2014, of 27 November, on Corporate Income Tax (the **CIT Law**) through Royal Decree Law 14/2013, of 29 November, on urgent measures to adapt the Spanish law to EU regulations on supervision and solvency of financial institutions which also provided for a transitional regime for DTAs generated before 1 January 2014. These amendments enabled certain DTAs to be treated as a direct claim against the Spanish tax authorities if a Spanish bank was unable to reverse the relevant differences within 18 years or if it is liquidated, becomes insolvent or incurs accounting losses. This, therefore, allowed a Spanish bank not to deduct such DTAs from its regulatory capital. The transitional

regime provided for a period in which only a percentage (which increases yearly) of the applicable DTAs would have to be deducted. However, the European Commission initiated a preliminary state aid investigation in relation to the Spanish DTAs regime. Such investigation is now resolved to the extent that the European Commission, the Bank of Spain and the Spanish Ministries of Treasury and Economy agreed a commitment to amend the applicable law in order to reinforce the compatibility of the regime with European Law. In general terms, the amendment passed requires payment of a special tax charge in order for the conversion of the DTAs into a current asset to be enforceable. Royal Decree-Law 3/2016, of 2 December (**RD-L 3/2016**) implemented a number of amendments to the CIT Law including the limitation on the use of the DTAs treated as a direct claim and carried forward tax losses up to 25%.

### ***Other relevant regulations related to capital - Prudential treatment of NPLs***

Prior to the publication of CRR 2, an amendment of CRR entered into force on 26 April 2019, by which a minimum loss coverage requirement for non-performing exposures (also known as **NPLs Prudential Backstop**) was introduced. According to this amendment of the capital regulation, any shortfall of the stock of accounting provisions or other adjustments as compared to the prudential backstop shall be deducted from own funds. This backstop is only applicable to loans originated from 26 April 2019 onwards that turn non-performing. The coverage requirements are different depending if the loan is “secured” or “unsecured” and also on whether the collateral is movable or immovable.

Prior to the above referred capital requirements legislation, on 15 March 2018, the ECB had already published its supervisory expectations on prudent levels of provisions for NPLs. This was published as an addendum (the **Addendum**) to the ECB’s guidance to banks on non-performing loans published on 20 March 2017, which clarified the ECB’s supervisory expectations regarding the identification, management, measurement and write-off of NPLs. The ECB stated that the Addendum set out what it deems to be a prudent treatment of NPLs with the aim of avoiding an excessive build-up of non-covered aged NPLs on banks’ balance sheets in the future, which would require supervisory measures. The ECB clarified that the Addendum is applicable only to loans originated prior to the entry into force of the NPLs Prudential Backstop (26 April 2019) that have turned non-performing on or after 1 April 2018. In order to make the Addendum and the NPLs Prudential Backstop more consistent and, thereby, simplify banks’ reporting, the calibration of both initiatives have been fully aligned. However, the main differences between the NPLs Prudential Backstop and the Addendum is that (i) the latter is not legally binding, (ii) it only sets a starting point for the supervisory dialogue (Pillar 2 approach) and (iii) is subject to a case-by-case assessment. Further to the Addendum, the ECB has also disclosed that supervisory expectations will also be set on a case-by-case basis for loans that had already turned non-performing on or before 31 March 2018.

### ***Other relevant regulations related to capital – The Basel III post-crisis regulatory reform agenda***

On 7 December 2017, the Group of Governors and Heads of Supervision (**GHOS**) published the finalisation of the Basel III post-crisis regulatory reform agenda (also known as **Basel IV**). This review of the regulatory framework covers credit, operational and credit valuation adjustment (**CVA**) risks and introduces a floor to the consumption of capital by internal ratings-based methods (**IRB**) and the revision of the calculation of the leverage ratio. The main features of the reform are: (i) a revised standard method for credit risk, which will improve the soundness and sensitivity to risk of the current method; (ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of non-compliance; (iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the inclusion of a standardised and basic method; (iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the advanced measurement approaches (**AMA**); (v) the introduction of a leverage ratio buffer for global systemically important institutions (**G-SIIs**); and (vi) regarding capital consumption, a minimum limit on the aggregate results (output floor), which prevents the RWA of the banks generated by internal models from being lower than the 72.5% of the RWA that are calculated with the standard methods of the Basel III framework. The GHOS extended the implementation of

the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks.

On 27 March 2020, the GHOS endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of COVID-19 on the global banking system. The measures endorsed by the GHOS comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- The implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor have also been extended by one year to 1 January 2028.
- The implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.
- The implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

## LOSS ABSORBING POWERS

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an **institution**) so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRB, as the case may be and according to Law 11/2015, or any other entity with the authority to exercise any such tools and powers from time to time (each, a **Relevant Resolution Authority**) as appropriate, considers that (a) an institution is failing or likely to fail in the near future, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business (which enables the Relevant Resolution Authority to direct the sale of the institution or the whole or part of its business on commercial terms); (ii) bridge institution (which enables the Relevant Resolution Authority to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control)); (iii) asset separation (which enables the Relevant Resolution Authority to transfer certain categories of assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only)); and (iv) the bail-in, which gives the Relevant Resolution Authority the right to exercise certain elements of the Spanish Bail-in Power (as defined below). This includes the ability of the Relevant Resolution Authority to write down (including to zero) and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims and subordinated obligations (including the Notes).

The **Spanish Bail-in Power** is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) RD 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power to absorb losses and cover the amount of the recapitalisation, the sequence of any resulting write-down or conversion shall be as follows: (i) CET1 items; (ii) the principal amount of Additional Tier 1 instruments; (iii) the principal amount of Tier 2 instruments; (iv) the principal amount of other subordinated claims that do not qualify as Additional Tier 1 capital or Tier 2 capital and (v) the principal or outstanding amount of eligible liabilities in accordance with the hierarchy of claims in normal insolvency proceedings (with "non-preferred" senior claims subject to the Spanish Bail-in Power after any subordinated claims against the Bank but before the other senior claims against the Bank) (following the

entry into force of BRRD 2, Article 48 of BRRD now refers to “bail-inable liabilities”, defined as the liabilities and capital instruments that do not qualify as CET1, Additional Tier 1 instruments or Tier 2 instruments of an institution and that are not excluded from the scope of the bail-in tool).

In addition to the Spanish Bail-in Power, (i) the BRRD, Law 11/2015 and the SRM Regulation provide for the Relevant Resolution Authority to have the further power to permanently write down or convert into equity capital instruments at the point of non-viability of an institution or a group, and (ii) the BRRD 2 (pending implementation in Spain) and the SRM Regulation 2, which shall apply from 28 December 2020, provide for the Relevant Resolution Authority to have the further power to also permanently write down or convert into equity eligible liabilities at the point of non-viability (both of them, together, the **Non-Viability Loss Absorption**) of an institution or a group. The point of non-viability of an institution is the point at which the Relevant Resolution Authority determines that the institution meets the conditions for resolution or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of any other Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

In accordance with Article 64.1(i) of Law 11/2015, the FROB has also the power to alter the amount of interest payable under debt instruments and other eligible liabilities of institutions subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

In addition, the EBA has published certain regulatory technical standards and implementing technical standards to be adopted by the European Commission, and certain other guidelines are pending. These acts could be potentially relevant to determining when or how a Relevant Resolution Authority may exercise the Spanish Bail-in Power. No assurance can be given that, once adopted, these standards will not be detrimental to the rights of a holder of Notes under, and the value of a holder’s investment in, the Notes.



## CONTRIBUTIONS TO THE RESOLUTION FUND

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone. Banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the SRM.

The SSM (comprising both the ECB and the national competent authorities) is intended to help make the banking sector more transparent, unified and safe. The SSM has represented a significant change in the approach to bank supervision at a European and global level, even if it has not resulted nor is it expected to result in any radical change in bank supervisory practices in the short term, and has resulted in the direct supervision by the ECB of the largest financial institutions, among them the Bank.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost. The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund (as defined below). The SRM Regulation complements the SSM which established a centralised power of resolution entrusted to the SRB and to the national resolution authorities as an integral part of the process of harmonisation of the resolution regime provided for by the BRRD. The SRB began operation on 1 January 2015 and fully assumed its resolution powers on 1 January 2016. From that date a single resolution fund (the **Single Resolution Fund**) has also been in place, funded by contributions from European banks. The Single Resolution Fund is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8% total liabilities and own funds (or 20% RWA in certain cases) have already been bailed-in (in line with the BRRD).

Law 11/2015 and RD 1012/2015 established a requirement for banks to make at least an annual contribution to the National Resolution Fund (*Fondo de Resolución Nacional*) in addition to the annual contribution to be made to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*) by member institutions. The total amount of contributions to be made to the National Resolution Fund by all Spanish banking entities must equal 1% of the aggregate amount of all deposits guaranteed by the Deposit Guarantee Fund by 31 December 2024. The contribution is adjusted to the risk profile of each institution in accordance with the criteria set out in RD 1012/2015 and in the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to *ex ante* contributions to resolution financing arrangements. The National Resolution Fund was combined with the rest of the EU Member State's national funds into the Single Resolution Fund on 1 January 2016. The SRM Regulation was enacted whereby the SRB replaces the national resolution authorities and assumes administration of the Single Resolution Fund and calculation of the bank contributions, applying the calculation methodology set out in Commission Delegated Regulation 2015/63, of 21 October 2014.

In addition to the above, the FROB may request extraordinary contributions. Law 11/2015 has also established an additional charge (*tasa*) which will be used to further fund the activities of the FROB as resolution authority and which equals to 2.5% of the annual contribution to be made to the National Resolution Fund.

## TAXATION

**Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.**

### Spain

*The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes.*

### Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this document:

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June on the organisation, supervision and solvency of credit institutions, as well as Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011, of 29 July (**Royal Decree 1065/2007**);
- (b) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax (**IIT**), Law 35/2006 of 28 November, on the IIT, as amended, and Royal Decree 439/2007 of 30 March promulgating the IIT Regulations, as amended, along with Law 19/1991, of 6 June on Wealth Tax, as amended, and Law 29/1987, of 18 December on the Inheritance and Gift Tax, as amended;
- (c) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax (**CIT**), Law 27/2014, of 27 November, on the CIT, as amended, and Royal Decree 634/2015, of 10 July, approving the CIT Regulations, as amended; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax (**NRIT**), Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004 of 30 July promulgating the NRIT Regulations, as amended, along with Law 19/1991, of 6 June on Wealth Tax as amended and Law 29/1987, of 18 December on the Inheritance and Gift Tax as amended.

This analysis is a general description of the tax treatment under the currently in force Spanish legislation, without prejudice of regional tax regimes in the Historical Territories of the Basque Country and the Community of Navarre, or provisions passed by Autonomous Communities which may apply to investors for certain taxes.

### Indirect taxation

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and

exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax as amended.

## **Individuals with Tax Residency in Spain**

### ***Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)***

Both interest payments periodically received and income derived from the transfer, redemption or repayments of the Notes obtained by individuals who are resident in Spain constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the IIT Law, and therefore must be included in the investor's IIT savings taxable base pursuant to the provisions of the aforementioned law.

The IIT savings taxable base is taxed at the following rates: (i) 19% for taxable income up to €6,000; (ii) 21% for taxable income from €6,001 to €50,000; and (iii) 23% for any amount in excess of €50,000. Income from the transfer of the Notes is computed as the difference between their transfer value and their acquisition or subscription value. Also, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Notes, in the event that the Noteholder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her IIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

Article 44 of the Royal Decree 1065/2007 has established information procedures for debt instruments issued under the Law 10/2014 (which do not require identification of the Noteholders) and has provided that the interest will be paid by the Issuer to the Issuing and Principal Paying Agent for the gross amount, provided that such information procedures are complied with, so that any payment under the Notes will not be subject to withholding tax to the extent that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Issuing and Principal Paying Agent as it is described under "*Simplified information procedures*". If these information procedures are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the general rate of 19% which will be made by the depositary or custodian.

Amounts withheld may be credited against the final IIT liability.

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are individuals resident in Spain for tax purposes.

### ***Wealth Tax (Impuesto sobre el Patrimonio)***

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December of each year, the applicable rates ranging between 0.2% and 2.5%. The Autonomous Communities may have different provisions in this respect.

In accordance with Second section of Article 1 of the Royal Decree 13/2011, of 16 September, as amended by Royal Law-Decree 18/2019, of 27 of December, a full exemption (*bonificación del 100%*) on Wealth Tax would apply in 2021 unless such exemption is revoked.

### ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65% and 81.6% depending on relevant factors, although the final tax rate may vary depending on any applicable regional tax laws.

### **Legal Entities with Tax Residency in Spain**

#### ***Corporate Income Tax (Impuesto sobre Sociedades)***

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT (at the current general tax rate of 25%) in accordance with the rules for this tax. This general rate will not be applicable to all CIT taxpayers and, for instance, it will not apply to banking institutions (which will be taxed at the rate of 30%). Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

In accordance with Section 44.5 of Royal Decree 1065/2007 and in the opinion of the Issuer, there is no obligation to withhold on income payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers to the extent that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Issuing and Principal Paying Agent as it is described under "*Simplified information procedures*". If these information procedures are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the generally applicable rate of 19%, if the Notes do not comply with applicable exemption requirements including those specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 in which case the required withholding will be made by the depositary or custodian.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final CIT liability.

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

#### ***Wealth Tax (Impuesto sobre el Patrimonio)***

Legal entities resident in Spain for tax purposes are not subject to Wealth Tax.

### ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes.

### **Individuals and Legal Entities with no Tax Residency in Spain**

#### ***Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)***

##### *With permanent establishment in Spain*

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See "*Spain – Legal Entities with Tax Residency in Spain – Corporate Income Tax (Impuesto sobre Sociedades)*". Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are individuals or legal entities not resident in Spain for tax purposes who act with respect to the Notes through a permanent establishment in Spain.

##### *With no permanent establishment in Spain*

Both interest payments received periodically and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner described under "*Simplified information procedures*" as laid down in section 44 of Royal Decree 1065/2007. If these information obligations are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

### ***Wealth Tax (Impuesto sobre el Patrimonio)***

Non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2% and 2.5%. However, non-Spanish resident individuals will be exempt from Wealth Tax in respect of the Notes which income is exempt from NRIT as described above.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax.

If the exemptions outlined do not apply, individuals who are not resident in Spain for tax purposes and who are residents in an EU or European Economic Member State may apply the rules approved by the Spanish region where the assets and rights with more value: (i) are located; (ii) can be exercised; or (iii) must be fulfilled.

In accordance with Second section of Article 1 of the Royal Decree 13/2011, of 16 September, as amended by Royal Law-Decree 18/2019, of 27 of December, a full exemption (*bonificación del 100%*) on Wealth Tax would apply in 2021 unless such exemption is revoked.

Non-Spanish resident legal entities are not subject to Wealth Tax.

### ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules (individuals who are resident for tax purposes in an EU or European Economic Member State (other than Spain) may apply the regional rules), unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax. In such case, the provisions of the relevant double tax treaty will apply.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Holder.

### **Tax Rules for Notes not Listed**

#### ***Withholding on Account of IIT, CIT and NRIT***

If the Notes are not listed on any Payment Date, payments to Noteholders will be subject to withholding tax at the general rate of 19%, except in the case of Noteholders which are: (a) resident in a Member State of the European Union other than Spain and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union, provided that such Holders (i) do not obtain the interest income on the Notes through a permanent establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through, a tax haven (as defined by Royal Decree 1080/1991, of 5 July, as amended) or (b) resident for tax purposes of a country which has entered into a double tax treaty with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Holder.

#### ***Wealth Tax (Impuesto sobre el Patrimonio)***

See "*Spain — Individuals with Tax Residency in Spain – Wealth Tax (Impuesto sobre el Patrimonio)*" and "*Spain — Individuals and Legal Entities with no Tax Residency in Spain – Wealth Tax (Impuesto sobre el Patrimonio)*".

### **Simplified information procedures**

According to Law 10/2014 the information to be reported by issuers to the Spanish Tax Authorities will be developed in relevant regulations. Royal Decree 1065/2007 sets out the procedures to be followed in order to make payments under the Notes without withholdings or deductions for or on account of Spanish taxes.

The procedures set out in the Agency Agreement provide that the Issuer will pay on each Interest Payment Date the full amount of the payment due and payable to the Issuing and Principal Paying Agent. The Issuing and Principal Paying Agent, on behalf of the Issuer, will deliver a statement in the required form to the Issuer the business day immediately before the relevant Interest Payment Date. The statement shall contain the following information:

- (a) identification of the Notes;
- (b) income payment date (or refund if the Notes are issued at a discount or segregated);

- (c) total amount of income (or total amount to be refunded if the Notes are issued at a discount or segregated); and
- (d) total amount payable under the Notes to each of the Clearing Systems.

If the procedures set out above are complied with, the Issuing and Principal Paying Agent, on behalf of the Issuer, will pay the relevant amount to (or for the account of) the clearing systems without withholdings or deductions for or on account of Spanish taxes. If the statement is not delivered to the Issuer as described above, the Issuer shall pay such additional amounts as required under terms of the Notes and pay an appropriate amount to the Spanish tax authorities to the extent required to comply with its obligations with respect thereto. The Issuing and Principal Paying Agent will pay the relevant amount to (or for the account of) the clearing systems.

If, following clarifications by the Spanish Tax Authorities, procedures in relation to Royal Decree 1065/2007 are subsequently amended, the Issuer and the Issuing and Principal Paying Agent will implement such procedures as may be required to enable the Issuer to comply with its obligations under applicable legislation as clarified by the Spanish Tax Authorities. The Issuer undertakes to ensure that the Noteholders are informed of such new procedures and their implications.

Regarding the interpretation of Royal Decree 1065/2007 and the new simplified information procedures please refer to *"Risk Factors – Risks related to Notes generally – 16. Risks relating to the Spanish withholding tax regime"*.

### **The Proposed EU Financial Transactions Tax**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common Financial Transactions Tax (the **EU FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the EU FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In the ECOFIN meeting of 17 June 2016, the EU FTT was discussed between the EU Member States. It was reiterated in this meeting that participating Member States envisage introducing an EU FTT by means of the so-called enhanced cooperation process.

The proposed Directive defines how the EU FTT would be implemented in participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT based on a system already in place in France. Under the new proposal, the tax obligation would apply only to transactions involving shares issued by domestic companies with a market capitalisation of over €1 billion.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Members States may withdraw.

Prospective holders of Notes are advised to seek their own professional advice in relation to the EU FTT.

### **The proposed Spanish financial transactions tax**

On 18 January 2019, the Spanish Council of Ministers approved a draft bill (the Draft Bill), according to which, due to the delay in the EU FTT being approved, the intention is to implement a Spanish financial transactions tax (the Spanish FTT). However, the Spanish Council of Ministers stated that Spain will continue to participate in the enhanced co-operation for the approval of the EU FTT and, if finally approved, Spain will adapt the Spanish FTT to align it with the EU FTT.

The Draft Bill was sent to Parliament for debate and approval. However, early general elections were called for 28 April 2019 and the legislative process was suspended.

On 18 February 2020, the Draft Bill has been sent to the Spanish Parliament in order to reinstitute the parliamentary process to approve the Spanish FTT law. This Draft Bill does not defer from the previous one, so in case the Spanish FTT is approved as per the wording sent to the Spanish Parliament, the Spanish FTT should not apply in relation to an issue of Notes under the Programme or subsequent transfer, although there can be no assurance that such Spanish FTT will be modified and apply in those cases in the future.

Therefore, once the Spanish FTT is in force, it is expected that an indirect tax, at a rate of 0.2%, will apply on acquisitions of shares of Spanish listed companies, regardless of the residence of the agents that intervene in the transactions, provided the market value of the capitalisation thereof is greater than €1,000 million. The tax payer will be the financial traders that transfer or execute the purchase order and must submit an annual tax return.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the Spanish FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under *"Terms and Conditions—Further Issues"*) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of



the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 23 April 2020, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and the Terms and Conditions of the Notes. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered for sale outside the US in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period (as defined in Regulation S under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer if it was not an authorised person; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Prohibition of Sales to EEA and UK Retail Investors**

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
- (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 Insurance Distribution Directive, 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 Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a **Relevant State**), each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) (above) shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 17 of the Prospectus Regulation or supplement a prospectus pursuant to Article 18 of the Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## Spain

Neither the Notes nor this Base Prospectus have been or will be registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). The Notes may not be sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in compliance with the provisions of the Prospectus Regulation and the consolidated text of the Spanish Securities Market Law approved by Royal Legislative Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*). No publicity or marketing of any kind shall be made in Spain in relation to the Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not and will not direct or make any offer of the Notes to investors located in Spain.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## France

Each Dealer has represented and agreed that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Base Prospectus, any Final Terms or any other offering material relating to the Notes.

## Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;

- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **Switzerland**

The offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (**FinSA**). This Base Prospectus does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### 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 a resolution of the Board of Directors of the Issuer dated 26 March 2020.

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*).

### Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 23 April 2020.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available at the website of the Issuer (in respect of the document listed at (a) below) or the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)) (in respect of the documents listed at (b) and (c) below):

- (a) the By-laws (with an accurately reproduced English translation thereof) of the Issuer;
- (b) a copy of this Base Prospectus; and
- (c) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Copies of the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons will be available in hard copies for inspection from the registered office of the Issuer and from the specified offices of the Paying Agent(s) for the time being in Luxembourg.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no material adverse change in the prospects of the Issuer since 31 December 2019.

There has been no significant change in the financial performance or position of the Group since 31 December 2019.

### **Litigation**

Other than as described in the section entitled "Litigation" on page 200 and under the heading "*The Group is exposed to risk of loss from legal and regulatory claims*" in the Risk Factors section, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

### **Independent Auditors**

The current auditors of the Issuer are PricewaterhouseCoopers Auditores, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*) who audited the Issuer's accounts for each of the two financial years ended on 31 December 2018 and 31 December 2019 and will audit the Issuer's accounts for the financial year ended on 31 December 2020.

### **Dealers transacting with the Issuer**

Certain of the 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. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealer or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



## **ISSUER**

**CaixaBank, S.A.**  
Pintor Sorolla, 2-4  
46002 Valencia  
Spain

## **ISSUING AND PRINCIPAL PAYING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Postal Address: L - 2085 Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to English law and Spanish law*

**Clifford Chance, S.L.P.U.**  
Paseo de la Castellana 110  
28046 Madrid  
Spain

*To the Dealers as to English law and Spanish law*

**Allen & Overy**  
Serrano 73  
28006 Madrid  
Spain

## **AUDITORS**

*To the Issuer for 2018 and 2019*

**PricewaterhouseCoopers Auditores, S.L.**  
Torre PwC  
Paseo de la Castellana, 259 B  
28046 Madrid  
Spain

## **ARRANGER**

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
Ireland D02 RF29

## **DEALERS**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
Ciudad BBVA  
Calle Saucedo 28, Edificio Asia  
Madrid 28050  
Spain

**Banco Santander, S.A.**  
Calle Juan Ignacio Luca de Tena, 11  
Edificio Magdalena, Planta 1  
28027, Madrid  
Spain

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
Ireland D02 RF29

**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

**BofA Securities Europe SA**  
51 rue La Boétie  
75008 Paris

**CaixaBank, S.A.**  
Pintor Sorolla, 2-4  
46002 Valencia

France

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

**Commerzbank Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Goldman Sachs Bank Europe SE**

Marientum  
Taunusanlage 9-10  
60329 Frankfurt am Main  
Germany

**HSBC France**

103, avenue des Champs Elysees  
75008 Paris  
France

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**

2 King Edward Street  
EC1A 1 HQ London  
United Kingdom

**NATIXIS**

30 Avenue Pierre Mendès France  
75013 Paris  
France

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**UniCredit Bank AG**

Arabellastrasse 12  
D-81925 Munich

Spain

**Citigroup Global Markets Europe AG**

Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Crédit Agricole Corporate and Investment Bank**

12, Place des Etats-Unis  
CS 70052  
92547 – Montrouge Cedex  
France

**Deutsche Bank Aktiengesellschaft**

Mainzer Landstr. 11-17  
60329 Frankfurt am Main  
Germany

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan AG**

Taunustor 1 (TaunusTurm),  
60310 Frankfurt am Main  
Germany

**Mediobanca - Banca di Credito Finanziario**

**S.p.A.**

Piazzetta Enrico Cuccia, 1  
20121 Milan  
Italy

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**UBS Europe SE**

Bockenheimer Landstraße 2-4,  
60306 Frankfurt am Main,  
Germany

Germany

**LISTING AGENT**

**Maples and Calder**  
75 St. Stephen's Green  
Dublin 2, Ireland