



## Ibercaja Banco, S.A.

*(incorporated as a limited liability company (sociedad anónima) under the laws of Spain)*

### €350,000,000 Perpetual Non-Cumulative Additional Tier 1 Preferred Securities

**Issue Price: 100 per cent.**

The €350,000,000 Perpetual Non-Cumulative Additional Tier 1 Preferred Securities of €200,000 of Original Principal Amount (as defined in the terms and conditions of the Preferred Securities (the “**Conditions**”)) each (the “**Preferred Securities**”) have been issued by Ibercaja Banco, S.A. (the “**Bank**”, the “**Issuer**” or “**Ibercaja Banco**”) on 25 January 2023 (the “**Closing Date**”). The Bank and its consolidated subsidiaries are referred to herein as the “**Ibercaja Group**” or the “**Group**”.

As described in the Conditions, the Preferred Securities will accrue non-cumulative cash distributions (“**Distributions**”) on their Outstanding Principal Amount (as defined in the Conditions), as follows: (i) in respect of the period from (and including) the Closing Date to (but excluding) 25 July 2028 (the “**First Reset Date**”), at the rate of 9.125 per cent. per annum, and (ii) in respect of each period from (and including) the First Reset Date and every fifth anniversary thereof (each a “**Reset Date**”) to (but excluding) the next succeeding Reset Date (each such period, a “**Reset Period**”), at the rate per annum, calculated on an annual basis and then converted to a quarterly rate in accordance with market convention, equal to the aggregate of 6.833 per cent. per annum (the “**Initial Margin**”) and the 5-year Mid-Swap Rate (as defined in the Conditions) for the relevant Reset Period. Subject as provided in the Conditions, such Distributions will be payable quarterly in arrear on 25 January, 25 April, 25 July and 25 October, in each year (each a “**Distribution Payment Date**”), with the first Distribution Payment Date falling on 25 April 2023.

The Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution (including any additional amounts pursuant to Condition 12) in whole or in part at any time as further provided in Condition 4.3. Without prejudice to the right of the Bank to cancel the payments of any Distribution: (a) payments of Distributions in any financial year of the Bank shall be made only to the extent the Bank has sufficient Distributable Items (as defined in the Conditions). To the extent that the Bank has insufficient Distributable Items to make Distributions on the Preferred Securities, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities; (b) if the Competent Authority (as defined in the Conditions) requires the Bank to cancel a relevant Distribution in whole or in part, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities; (c) the Bank may make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities if and to the extent that such payment would cause the Maximum Distributable Amount (as defined in the Conditions) to be exceeded or otherwise would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital (as defined in the Conditions) pursuant to Applicable Banking Regulations (as defined in the Conditions); and (d) if a Trigger Event (as defined below) occurs at any time on or after the Closing Date, any accrued and unpaid Distributions up to (but excluding) the relevant Write Down Date (as defined in the Conditions), shall be automatically cancelled.

**If, at any time, as determined by the Bank or the Competent Authority (or any other agent appointed for such purpose by the Competent Authority), the CET1 ratio (as defined in the Conditions) of the Group falls below 5.125 per cent. (a “Trigger Event”), the Outstanding Principal Amount of the Preferred Securities will be Written Down by the relevant Write Down Amount, as further provided in Condition 6.1. The Outstanding Principal Amount may, in the sole and absolute discretion of the Bank and subject to certain conditions, be subsequently reinstated (in whole or in part), out of any positive Consolidated Net Income (as defined in the Conditions) generated by the Group, as further described in Condition 6.2.**

The Preferred Securities are perpetual. As further described in Condition 7.2, all, and not some only, of the Preferred Securities may be redeemed at the option of the Bank (i) on any day falling in the period commencing on (and including) 25 January 2028 and ending on (but excluding) the First Reset Date; and (ii) on the First Reset Date or on any Distribution Payment Date thereafter, in each case at the Outstanding Principal Amount plus, if applicable, where not cancelled pursuant to, or otherwise subject to the limitations on payment set out in, Condition 4, an amount equal to accrued and unpaid Distributions for the then current Distribution Period (as defined in the Conditions) to (but excluding) the date fixed for redemption (the “**Redemption Price**”) subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force and provided that any principal amount by which the Preferred Securities have been Written Down has first been reinstated in full. The Preferred Securities are also redeemable on or after the Closing Date at the option of the Bank, in whole but not in part, at any time, at the Redemption Price if there is a Capital Event or a Tax Event (each as defined in the Conditions). Any such redemption will be subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force.

Subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force, if a Capital Event or Tax Event has occurred and is continuing, the Bank may substitute all (but not some only) of the Preferred Securities or vary the terms of all (but not some only) of the Preferred Securities, without the consent of the Holders (as defined below), so that they become or remain Qualifying Preferred Securities (as defined in the Conditions).

**In the event of any voluntary or involuntary liquidation or winding-up of the Bank, Holders will be entitled to receive (subject to the limitations described in the Conditions), in respect of each Preferred Security, the Liquidation Distribution (as defined in the Conditions).**

The Preferred Securities are rated B1 by Moody’s Investors Services, S.A. (“**Moody’s**”). Moody’s is established in the European Union (“**EU**”) and is registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the “**CRA Regulation**”). As such, Moody’s is included in the latest update of the list of registered credit rating agencies (as of 21 October 2022) on the European Securities and Markets Authority (“**ESMA**”) website. The rating B1 given to the Preferred Securities is endorsed by **Moody’s Investors Service Limited** which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”).

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.**

This securities note (the “**Securities Note**”) has been prepared in accordance with, and including the information required by Annex 15 of Delegated Regulation (EU) 2019/980 of 14 March 2019 and has been approved by and registered with the Spanish Securities Market Commission (*Comisión Nacional de Mercado de Valores*) (the “**CNMV**”) on 26 January 2023. This Securities Note is only a part of the listing prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”) and is complemented during its validity with the Bank’s Registration Document drawn up pursuant to Annex 1 of the Prospectus Regulation, approved by and registered with the CNMV on 3 May 2022 (the “**Registration Document**”) and the supplements to the Registration Document approved by and registered with the CNMV on 31 May 2022, 29 September 2022 and 20 December 2022 (the “**Supplements**”) which are available on both the CNMV’s website (www.cnmv.es) and the Issuer’s website (www.ibercaja.com), subsection “Shareholders and Investors”. This Securities Note has been approved by the CNMV as competent authority under the Prospectus Regulation. The CNMV has only approved this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Bank or the quality of the Preferred Securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Preferred Securities.

Application has been made for the Preferred Securities to be admitted to trading on the Spanish AIAF Fixed Income Securities Market (“**AIAF**”). AIAF is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments directive (as amended, “**MiFID II**”).

Amounts payable under the Preferred Securities from and including the First Reset Date are calculated by reference to the 5-year Mid-Swap Rate (as defined in the Conditions) expressed as an annual rate which (i) appears on the “ICE SWAP/ISDAFIX2” page under the heading “EURIBOR BASIS – EUR” and above the caption “11AM FRANKFURT” as of 11.00 am (CET) on the Reset Determination Date, which is provided by ICE Benchmark Administration Limited or (ii) calculated by reference to EURIBOR 6-month (as defined in the Conditions) which appears on the “EURIBOR01” screen, which is provided by the European Money Markets Institute. As of the date of this Securities Note, ICE Benchmark Administration Limited does not appear on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Regulation (EU) No 2016/1011 of the European Parliament and of the Council of 8 June 2016 (as amended, the “**Benchmark Regulation**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that ICE Benchmark Administration Limited is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). As of the date of this Securities Note, the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmark Regulation.

Title to the Preferred Securities is evidenced by book entries, and each person shown in the central registry of the Spanish clearance and settlement system managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (“**Iberclear**”) and in the registries maintained by the participating entities (*entidades participantes*) in Iberclear (“**Iberclear Members**”) as having an interest in the Preferred Securities shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Preferred Securities recorded therein (a “**Holder**”).

**The Preferred Securities are complex financial instruments with high risk and are not a suitable or appropriate investment for all investors. The Preferred Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available in the European Economic Area (“EEA”) to any retail investor as defined in the rules set out in MiFID II or in the United Kingdom (the “UK”) to any retail investor as defined in Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of European Union (Withdrawal) Act of 2018 (“EUWA”). Prospective investors are referred to the section headed “Selling Restrictions” on pages 73 to 77 of this Securities Note for further information.**

Prospective purchasers of the Preferred Securities should ensure that they understand the nature of the Preferred Securities and the extent of their exposure to risks and that they consider the suitability of the Preferred Securities as an investment in the light of their own circumstances and financial condition.

An investment in the Preferred Securities involves certain risks. For a discussion of these risks see “*Risk Factors*” beginning on page 16.

MiFID II professionals/ECPs-only/No PRIIPs KID/FCA PI RESTRICTION – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). The target market assessment indicates that Preferred Securities are incompatible with the needs, characteristic and objectives of clients which have no risk tolerance or are seeking on-demand full repayment of the amounts invested. No packaged retail and insurance-based investment products (PRIIPs) key information document (KID) has been prepared as the Preferred Securities are not available to retail investors in the EEA.

In addition to the above, pursuant to the UK Financial Conduct Authority (“FCA”) Conduct of Business Sourcebook (“COBS”) the Preferred Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK.

The Preferred Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any U.S. state securities laws, and are subject to United States tax law requirements. The Preferred Securities are being offered outside the United States in accordance with Regulation S under the U.S. Securities Act (“**Regulation S**”), and 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) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

**The listing prospectus consists of this Securities Note, the Registration Document and the Supplements. Given that the listing prospectus refers to the admission to trading of the Preferred Securities, its period of validity is up to (and including) the admission to trading of the Preferred Securities. For the avoidance of doubt, the obligation to supplement the listing prospectus in case of significant new factors, material errors or serious inaccuracies does not apply if the listing prospectus is not valid. Therefore, the Issuer shall have no obligation to supplement this Securities Note after the admission to trading of the Preferred Securities.**

*Structuring Advisor and Lead Manager*

**Barclays**

*Joint Lead Managers*

**HSBC**

**J.P. Morgan**

**Morgan Stanley**

**The date of this Securities Note is 26 January 2023**

## IMPORTANT NOTICES

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Preferred Securities other than as contained in this Securities Note, the Registration Document or the Supplements or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by Barclays Bank Ireland PLC, HSBC Continental Europe, J.P. Morgan SE and Morgan Stanley Europe SE (together, the “**Joint Lead Managers**”).

Neither the Joint Lead Managers, nor any of their respective affiliates, has separately verified the information contained or incorporated by reference in this Securities Note, the Registration Document or the Supplements. Neither the Joint Lead Managers nor any of their respective affiliates has authorised the whole or any part of this Securities Note, the Registration Document or the Supplements and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Securities Note, the Registration Document or the Supplements or any other information supplied by Ibercaja Banco in connection with the Preferred Securities or any responsibility for the acts or omissions of Ibercaja Banco or any other person in connection with the issue and offering of the Preferred Securities. Neither the delivery of this Securities Note, the Registration Document or the Supplements nor the offering, sale or delivery of any Preferred Securities shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group, since the date of this Securities Note or that any other information supplied in connection with the Preferred Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Joint Lead Managers shall not be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Securities Note, the Registration Document or the Supplements, or any other agreement or document relating to the Preferred Securities, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.

Each potential purchaser of Preferred Securities should determine for itself the relevance of the information contained or incorporated by reference in this Securities Note, the Registration Document and the Supplements and its purchase of Preferred Securities should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Securities Note nor to advise any investor or potential investor in the Preferred Securities of any information coming to the attention of the Joint Lead Managers.

This Securities Note does not constitute an offer of, or an invitation to subscribe for or purchase, any Preferred Securities.

The distribution of this Securities Note, the Registration Document or the Supplements and the offering, sale and delivery of Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Securities Note, the Registration Document or the Supplements come are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Preferred Securities and on distribution of this Securities Note and other offering material relating to the Preferred Securities, see “*Subscription and Sale*”.

In particular, the Preferred Securities have not been and will not be registered under the U.S. Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Preferred Securities may not be offered, sold or delivered within the United States or to U.S. persons.

In this Securities Note, unless otherwise specified, references to a “**Member State**” are references to a Member State of the EEA, references to “**€**”, “**EUR**” or “**euro**” are to the currency introduced at the start of the third

stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/1498 of 3 May 1998 on the introduction of the euro, as amended.

Words and expressions defined in the Conditions (see “*Conditions of the Preferred Securities*”) shall have the same meanings when used elsewhere in this Securities Note unless otherwise specified.

This Securities Note, the Registration Document and the Supplements include forward-looking statements that reflect the Bank’s intentions, beliefs or current expectations and projections about its future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates. These forward-looking statements are based on numerous assumptions regarding the Bank’s present and future business and the environment in which it expects to operate in the future and have not been verified by an independent entity; the accuracy, completeness or correctness thereof should not be relied upon. The forward-looking events described in this Securities Note, the Registration Document and the Supplements may not occur. These forward-looking statements speak only as at the date on which they are made. Except as otherwise required by applicable securities law and regulations and by any applicable stock exchange regulations, the Bank undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Securities Note. Given the uncertainty inherent in forward-looking statements, the Bank cautions prospective investors not to place undue reliance on these statements.

Potential investors are advised to exercise caution in relation to any purchase of the Preferred Securities. If a potential investor is in any doubt about any of the contents of this Securities Note, the Registration Document or the Supplements, it should obtain independent professional advice. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Securities Note, the Registration Document or the Supplements, or incorporated by reference therein.

The Preferred Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. Each potential investor in the Preferred Securities 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 Preferred Securities, the merits and risks of investing in the Preferred Securities and the information contained in this Securities Note, taking into account that the Preferred Securities are a suitable investment for professional or institutional investors only;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Preferred Securities and the impact the Preferred Securities 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 Preferred Securities, including where the currency for payments in respect of the Preferred Securities is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Preferred Securities, including the provisions relating to the payment and cancellation of Distributions and any Write Down (as defined in the Conditions), redemption or substitution of the Preferred Securities and any variation of their terms, and is familiar with the behaviour of 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.

A potential investor should not invest in the Preferred Securities unless it has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Preferred Securities will perform under changing conditions, the resulting effects on the value of the Preferred Securities and the impact this investment will have on the potential investor's overall portfolio.

The Preferred Securities are rated B1 by Moody's. Similar ratings assigned to different types of securities do not necessarily mean the same thing and any rating assigned to the Preferred Securities does not address the likelihood that interest (including any additional amounts payable in accordance with Condition 12) or any other payments in respect of the Preferred Securities will be made on any particular date or at all. Credit ratings also do not address the marketability or market price of securities.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal, at any time, by the assigning rating organisation. Potential investors should not rely on any rating of the Preferred Securities and should make their investment decision in light of its own circumstances. The Bank does not participate in any decision making of the rating agencies and any revision or withdrawal of any credit rating assigned to the Bank or any securities of the Bank is a third party decision for which the Bank does not assume any responsibility.

### **Prohibition on marketing and sales to retail investors**

1. The Preferred Securities are complex financial instruments with high risk and are not a suitable or appropriate investment for all investors (see also "*Risk Factors—Risks related to the Preferred Securities*"), especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Preferred Securities. Potential investors in the Preferred Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Preferred Securities (or any beneficial interests therein).

2.

- (a) In the UK, the FCA COBS requires, in summary, that the Preferred Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.
- (b) In addition, in October 2018, the Hong Kong Monetary Authority (the "**HKMA**") issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss-absorption features and related products (the "**HKMA Circular**"). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of such instruments (together, "**Loss Absorption Products**"), are to be targeted in Hong Kong at Professional Investors only and are generally not suitable for retail investors in either the primary or secondary markets.

Investors in Hong Kong should not purchase the Preferred Securities in the primary or secondary markets unless they are Professional Investors only and understand the risks involved. The Preferred Securities are generally not suitable for retail investors.

- (c) Certain of the Joint Lead Managers are required to comply with COBS and/or the HKMA Circular.
- (d) By purchasing, or making or accepting an offer to purchase any Preferred Securities (or a beneficial interest in the Preferred Securities) from the Issuer and/or the Joint Lead Managers each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

- (i) it is not a retail client in any jurisdiction (including the EEA or the UK);
  - (ii) it will not sell or offer the Preferred Securities (or any beneficial interest therein) to retail clients in the UK or to investors in Hong Kong who are not Professional Investors; or communicate (including the distribution of the Securities Note) or approve an invitation or inducement to participate in, acquire or underwrite the Preferred Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client or a client in Hong Kong who is not a Professional Investor.
- (e) In selling or offering the Preferred Securities or making or approving communications relating to the Preferred Securities, it may not rely on the limited exemptions set out in COBS.
3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or in the UK) relating to the promotion, offering, distribution and/or sale of the Preferred Securities (or any beneficial interests therein), whether or not specifically mentioned in the Securities Note, including (without limitation) any requirements under MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Preferred Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.
  4. Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Preferred Securities (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

Offers of the Preferred Securities in Spain shall only be directed specifically at or made to professional investors (*clientes profesionales*) as defined in Article 205 of the consolidated text of the Spanish Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (the “**Spanish Securities Market Law**”) and article 58 of Royal Decree 217/2008, of 15 February, or eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Preferred Securities 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. 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 (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. Consequently, no key information document (KID) required by Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the “**PRIIPs Regulation**”) for offering or selling the Preferred Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Preferred Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Since the Preferred Securities 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, Additional Provision Four of the Spanish Securities Market Law should not apply to the marketing or placement of the Preferred Securities.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Preferred Securities 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK

domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (“**UK MiFIR**”). Consequently no key information document (KID) required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Preferred Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Preferred Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Preferred Securities has led to the conclusion that: (i) the target market for the Preferred Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Preferred Securities to eligible counterparties and professional clients are appropriate. The target market assessment indicates that Preferred Securities are incompatible with the needs, characteristic and objectives of clients which have no risk tolerance or are seeking on-demand full repayment of the amounts invested. Any person subsequently offering, selling or recommending the Preferred Securities (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 Preferred Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Singapore Securities and Futures Act Product Classification:** Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”) the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Preferred Securities are ‘prescribed capital markets products’ (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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## OVERVIEW

The following is an overview of certain information relating to the Preferred Securities, including the principal provisions of the terms and conditions thereof. This overview must be read as an introduction to this Securities Note and any decision to invest in the Preferred Securities should be based on a consideration of this Securities Note as a whole, including the documents incorporated by reference. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Securities Note. See, in particular, “*Conditions of the Preferred Securities*”.

Words and expressions defined in the Conditions shall have the same meanings in this overview.

<b>Issuer</b>	Ibercaja Banco, S.A.
<b>Joint Lead Managers</b>	Barclays Bank Ireland PLC, HSBC Continental Europe, J.P. Morgan SE and Morgan Stanley Europe SE.
<b>Risk Factors</b>	<p>There are certain factors and uncertainties that could have a material adverse effect on the business, financial condition, results of operations and prospects of the Bank and that may affect the Bank’s ability to fulfil its obligations under the Preferred Securities. These are outlined in the Registration Document.</p> <p>In addition, the terms of the Preferred Securities entail certain risks inherent therein. These are set out under “<i>Risk Factors</i>” below.</p>
<b>Issue size</b>	€350,000,000
<b>Issue date</b>	25 January 2023
<b>Issue details</b>	€350,000,000 Perpetual Non-Cumulative Additional Tier 1 Preferred Securities of €200,000 Original Principal Amount each.
<b>Original Principal Amount</b>	€200,000 per Preferred Security.
<b>Outstanding Principal Amount</b>	In respect of each Preferred Security, at any time, the Original Principal Amount of such Preferred Security as reduced from time to time by any Write Downs or any other write down or cancellation, as the case may be, and, if applicable, as subsequently increased from time to time by any Write Up in accordance with Condition 6.
<b>Use of Proceeds</b>	Ibercaja intends to use the net proceeds from the issue of the Preferred Securities for its general corporate purposes. The Issuer has requested that the Preferred Securities qualify as Additional Tier 1 Capital of the Group for the purposes of the Applicable Banking Regulations.
<b>Distributions</b>	The Preferred Securities accrue Distributions on their Outstanding Principal Amount as follows: (i) in respect of the period from (and including) the Closing Date to (but excluding) the First Reset Date at the rate of 9.125 per cent. per annum; and (ii) in respect of each Reset Period, at the rate per annum equal to the aggregate of the Initial Margin and the 5-year Mid-Swap Rate (quoted on an annual basis) for such Reset Period, first calculated on an annual basis and then converted to a quarterly rate in accordance with market convention (rounded to four decimal places, with 0.00005 rounded down), all as determined by the Bank on the relevant Reset Determination Date. Subject as provided in Conditions 4.3 and 4.4 (see “ <i>Limitations on Distributions</i> ” below), such

Distributions will be payable quarterly in arrear on each Distribution Payment Date.

For further information, see Condition 4.

#### **Limitations on Distributions**

The Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution (including any additional amounts pursuant to Condition 12) in whole or in part at any time that it deems necessary or desirable and for any reason. Without prejudice to the right of the Bank to cancel payments of a Distribution:

- (a) Payments of Distributions (including any additional amounts pursuant to Condition 12) in any financial year of the Bank shall be made only to the extent the Bank has sufficient Distributable Items. To the extent that the Bank has insufficient Distributable Items to make Distributions (including any additional amounts pursuant to Condition 12) on the Preferred Securities scheduled for payment in the then current financial year and any interest payments, distributions or other payments on own funds items that have been paid or made or are scheduled or required to be paid out of or conditional to sufficient Distributable Items in the then current financial year, in each case excluding any portion of such payments already accounted for in determining the Distributable Items of the Bank or which are not required to be made conditional upon Distributable Items, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 12) on the Preferred Securities.
- (b) If the Competent Authority, in accordance with Article 68 of Law 10/2014 and/or Article 16 of the SSM Regulation and/or with Applicable Banking Regulations, requires the Bank to cancel a relevant Distribution (including any additional amounts pursuant to Condition 12) in whole or in part, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 12) on the Preferred Securities.
- (c) The Bank may make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 12) on the Preferred Securities if and to the extent that payment of any Distribution (including any additional amounts pursuant to Condition 12) would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or, as the case may be, any provision of Spanish law transposing or implementing CRD IV, which will include Article 48 of Law 10/2014 and any of its development provisions), the Maximum Distributable Amount to be exceeded or otherwise would cause any other breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital pursuant to Applicable Banking Regulations;

- (d) If a Trigger Event occurs at any time on or after the Closing Date, any accrued and unpaid Distributions up to (but excluding) the corresponding Write Down Date (whether or not such distributions have become due for payment) shall be automatically cancelled in accordance with Condition 6.1(a)(iii).

For further information, see Condition 4.

#### **Status of the Preferred Securities**

The payment obligations of the Bank under the Preferred Securities will constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1 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).

For further information, see Condition 3.

#### **Optional Redemption**

All, and not only some, of the Preferred Securities may be redeemed at the option of the Bank subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations, (i) on any day falling in the period commencing on (and including) 25 January 2028 and ending on (but excluding) the First Reset Date; and (ii) on the First Reset Date or on any Distribution Payment Date thereafter, in each case at the Redemption Price, provided that any principal amount by which the Preferred Securities have been Written Down has first been reinstated in full.

The Preferred Securities are also redeemable on or after the Closing Date at the option of the Bank in whole but not in part, at any time, at the Redemption Price if there is a Capital Event or a Tax Event, subject, in each case, to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force.

For further information, see Condition 7.

#### **Substitution and Variation**

Subject to the prior consent of the Competent Authority (and in compliance with Applicable Banking Regulations then in force), if a Capital Event or Tax Event has occurred and is continuing, the Bank may substitute all (but not some only) of the Preferred Securities or vary the terms of all (but not some only) of the Preferred Securities, without the consent of the Holders, so that they become or remain Qualifying Preferred Securities.

For further information, see Condition 8.

#### **Liquidation Distribution**

Subject as provided below, in the event of any voluntary or involuntary liquidation or winding-up of the Bank, the Preferred Securities will confer an entitlement to receive out of the assets of the Bank available for distribution to Holders, the Outstanding Principal Amount per Preferred Security plus, if applicable, where not cancelled pursuant to, or otherwise subject to the limitations on payment, an amount equal to accrued and unpaid Distributions for the then current Distribution Period to (but excluding) the date of payment of the relevant amount. Such entitlement will arise before any distribution of assets is made to

holders of ordinary shares of the Bank or any other instrument of the Bank ranking junior to the Preferred Securities.

If, before such liquidation or winding-up of the Bank described above, a Trigger Event occurs but the relevant reduction of the Outstanding Principal Amount is still to take place, the entitlement conferred by the Preferred Securities for the above purposes, will be an entitlement to receive out of the relevant assets of the Bank a monetary amount equal to that which Holders would have received on any distribution of the assets of the Bank if such reduction had taken place immediately prior to such liquidation or winding-up.

**Loss Absorption following a Trigger Event**

If at any time on or after the Closing Date a Trigger Event occurs, the Bank will (i) immediately notify the Competent Authority that a Trigger Event has occurred; (ii) as soon as reasonably practicable deliver a Write Down Notice to Holders; (iii) cancel any accrued and unpaid Distributions up to (but excluding) the relevant Write Down Date; and (iv) irrevocably and mandatorily (and without the need for the consent of the Holders) without delay, and by no later than one month from the occurrence of the relevant Trigger Event, reduce the then Outstanding Principal Amount of each Preferred Security by the relevant Write Down Amount.

For further information, see Condition 6.1.

**Write Up**

Subject to compliance with the prevailing Applicable Banking Regulations, if, following a Write Down, the Group records a positive Consolidated Net Income at any time while the Outstanding Principal Amount of the Preferred Securities is less than their Original Principal Amount, the Bank may, at its full discretion, increase the Outstanding Principal Amount of each Preferred Security by such amount as the Bank may elect, provided that such Write Up shall not:

- (i) result in the Outstanding Principal Amount of the Preferred Securities being greater than their Original Principal Amount;
- (ii) be operated whilst a Trigger Event has occurred and is continuing;
- (iii) result in the occurrence of a Trigger Event; or
- (iv) result in the Maximum Write Up Amount to be exceeded when taken together with the aggregate of:
  - a. any previous Write Up of the Preferred Securities out of the same Consolidated Net Income since the end of the then previous financial year;
  - b. the aggregate amount of any Distribution payments on the Preferred Securities that were paid or calculated (but disregarding any Distributions cancelled) on the basis of an Outstanding Principal Amount that is lower than the Original Principal Amount at any time after the end of the then previous financial year;
  - c. the aggregate amount of the increase in principal amount of the Loss Absorbing Written Down Instruments (as defined in the Conditions) to be written-up out of the same

Consolidated Net Income concurrently (or substantially concurrently) with the Write Up and (if applicable) any previous increase in principal amount of such Loss Absorbing Written Down Instruments out of the same Consolidated Net Income since the end of the then previous financial year; and

- d. the aggregate amount of any distribution payments on such Loss Absorbing Written Down Instruments that were paid or calculated (but disregarding any distributions cancelled) on the basis of a prevailing principal amount that is lower than the original principal amount at which such Loss Absorbing Written Down Instruments were issued at any time after the end of the then previous financial year.

A Write Up will also not be effected in circumstances in which it would cause any Maximum Distributable Amount (if any) to be exceeded.

For further information, see Condition 6.2.

#### **Purchases**

The Bank, or any member of the Group, may purchase or otherwise acquire any of the outstanding Preferred Securities at any price in the open market or otherwise and in compliance with Applicable Banking Regulations in force at the relevant time and subject to the prior consent of the Competent Authority, if required.

For further information, see Condition 9.

#### **Waiver of set-off**

No Holder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Bank has or may have or acquire against such Holder, directly or indirectly, howsoever arising and each Holder 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.

For further information, see Condition 10.

#### **Meetings of Holders**

The Conditions contain provisions for convening meetings of Holders to consider matters affecting their interests generally. The provisions governing the manner in which Holders may attend and vote at a meeting of the holders of Preferred Securities must be notified to Holders in accordance with Condition 13 and/or at the time of service of any notice convening a meeting.

For further information, see Condition 11.

#### **Withholding Tax and Additional Amounts**

All payments of Distributions and other amounts payable in respect of the Preferred Securities by or on behalf of the Bank will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority of agency therein or thereof having power to tax in respect of payments of Distributions (but not any Outstanding Principal Amount or other amount), the Bank shall

(to the extent such payment can be made on the same basis as for payment of any Distribution in accordance with Condition 4) pay such additional amounts as will result in Holders receiving such amounts as they would have received in respect of such Distribution had no such withholding or deduction been required, subject to the exceptions provided in Condition 12.

For further information, see Condition 12.

<b>Form</b>	The Preferred Securities have been issued in uncertificated, dematerialised book-entry form ( <i>anotaciones en cuenta</i> ) in euro in an aggregate nominal amount of €350,000,000 and Original Principal Amount of €200,000 each.
<b>Registration, clearing and settlement</b>	The Preferred Securities have been registered with Iberclear as managing entity of the Spanish Central Registry (both, as defined in the Conditions). Holders of a beneficial interest in the Preferred Securities who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Preferred Securities through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with Iberclear.
<b>Title and transfer</b>	<p>Title to the Preferred Securities is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the Iberclear Members as having an interest in the Preferred Securities shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Preferred Securities recorded therein. For these purposes, the “Holder” means the person in whose name such Preferred Securities is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and Holder shall be construed accordingly.</p> <p>The Preferred Securities are issued without any restrictions on their transferability. For further information, see Condition 2.</p>
<b>Rating</b>	The Preferred Securities are rated B1 by Moody’s.
<b>Listing and admission to trading</b>	Application has been made for the Preferred Securities to be admitted to trading on AIAF. The Preferred Securities may also be admitted to trading on any other secondary market as may be agreed by the Issuer.
<b>Governing Law</b>	The Preferred Securities and any non-contractual obligations arising out of or in connection with the Preferred Securities shall be governed by, and construed in accordance with, Spanish law.
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and transfer of the Preferred Securities in the United States, the EEA, the United Kingdom and Spain. Regulation S, category 2 restrictions under the U.S. Securities Act apply. The Preferred Securities have not and will not be eligible for sale in the United States under Rule 144A of the U.S. Securities Act.

## **Loss Absorbing Power**

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

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.

Upon the exercise of any Loss Absorbing Power by the Relevant Resolution Authority with respect to the Preferred Securities, the Bank will make available a written notice to the Holders as soon as practicable regarding such exercise of the Loss Absorbing Power. No failure or delay by the Bank to deliver a notice to the Holders shall affect the validity or enforceability of the exercise of the Loss Absorbing Power.

If the Relevant Resolution Authority exercises the Loss Absorbing Power with respect to less than the total Amounts Due, any cancellation, write-off or conversion made in respect of the Preferred Securities pursuant to the Loss Absorbing Power will be made on a pro-rata basis. None of a cancellation of the Preferred Securities, a reduction in the Amount Due, the conversion thereof into another security or obligation of the Bank or another person, as a result of the exercise of the Loss Absorbing Power by the Relevant Resolution Authority with respect to the Bank or the exercise of the Loss Absorbing Power with respect to the Preferred Securities will be an event of default or otherwise constitute non-performance of a contractual obligation.

For further information, see Condition 14

## RISK FACTORS

*Any investment in the Preferred Securities is subject to a number of risks. Prior to investing in the Preferred Securities, prospective investors should carefully consider risk factors associated with any investment in the Preferred Securities, the business of the Issuer (and the Group) and the industry in which it operates together with all other information contained in this Securities Note, including, in particular the risk factors described below and also those outlined in the Registration Document drawn up pursuant to Annex 1 of the Prospectus Regulation, approved by and registered with the CNMV on 3 May 2022. Words and expressions defined in the “Conditions of the Preferred Securities” below or elsewhere in this Securities Note have the same meanings in this section.*

*Only risks which are specific and material to the Issuer and to the Preferred Securities are included herein or in the Registration Document, as applicable, as required by the Prospectus Regulation. Additional risks and uncertainties relating to the Issuer or the Group that are not currently known to the Issuer or that it currently deems immaterial or that apply generally to the banking industry for which reason have not been included herein or in the Registration Document, as applicable, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer or the Group and, if any such risk should occur, the price of the Preferred Securities may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Preferred Securities is suitable for them in light of the information in this Securities Note and their personal circumstances. Risks that apply generally to securities with the characteristics of the Preferred Securities (risks related to modifications of the Preferred Securities approved by a meeting of Holders, risks related to the absence of limitations on the amount or type of further securities or indebtedness which the Bank may incur) and those that apply generally to negotiable securities such as those related to the secondary market in general (for instance, illiquidity or price fluctuations) have not been included herein. However, such additional risks may affect the value and liquidity of the Preferred Securities.*

### **Risks related to the Preferred Securities**

***The Preferred Securities may be subject to the exercise of the Spanish Bail-in Power and/or the Non-Viability Loss Absorption by the Relevant Resolution Authority. Other powers contained in Law 11/2015 or the SRM Regulation could materially affect the rights of the Holders of the Preferred Securities under, and the value of, any Preferred Securities***

The Preferred Securities may be subject to the bail-in tool (the “**Spanish Bail-in Power**” as defined below) and in general to the powers that may be exercised by the *Fondo de Resolución Ordenada Bancaria* (FROB), the Single Resolution Board (SRB) established pursuant to the SRM Regulation (as defined below) or any other entity with the authority to exercise any such tools and powers from time to time (each, a “**Relevant Resolution Authority**”) under Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms (“**Law 11/2015**”) and the SRM Regulation (as defined below). The exercise of any such powers (or any other resolution powers and tools) may result in Holders losing some or all of their investment or otherwise having their rights under the Preferred Securities adversely affected and not only the exercise but also any suggestion that such exercise may happen, could materially adversely affect the market price or value or trading behaviour of any Preferred Securities and/or the ability of the Bank to satisfy its obligations under any Preferred Securities. The Spanish Bail-in Power may also be exercised in such manner as to result in Holders receiving a different security, which may be worth significantly less than the Preferred Securities.

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 Directive 2014/59/EU, of 15 May, establishing a framework



for the recovery and resolution of credit institutions and investment firms (the “BRRD”), as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) Royal Decree 1012/2015, of 6 November, developing Law 11/2015 (“**Royal Decree 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 addition to the Spanish Bail-in Power, 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, such as the Preferred Securities, at the point of non-viability (“**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).

There may be limited protections, if any, that will be available to holders of securities subject to the Spanish Bail-in Power (including the Preferred Securities) and to the broader resolution powers of the Relevant Resolution Authority. Accordingly, Holders of the Preferred Securities may have limited or circumscribed rights to challenge any decision of the Relevant Resolution Authority to exercise its bail-in power. In particular, to the extent that any resulting treatment of a Holder of the Preferred Securities pursuant to the exercise of the Spanish Bail-in Power is less favourable than would have been the case in normal insolvency proceedings, a Holder of such affected Preferred Securities 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 Royal Decree 1012/2015 and the SRM Regulation. Any such compensation, together with any other compensation provided by any Applicable Banking Regulations (as defined in the Conditions) (including, among other such compensation, in accordance with Article 36.5 of Law 11/2015) is unlikely to compensate that Holder 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 affected Preferred Securities. In addition, in the case of a Non-Viability Loss Absorption, it is unclear that a Holder would have a right to compensation under BRRD and the SRM Regulation if any resulting treatment of such Holder pursuant to the exercise of the Non-Viability Loss Absorption was less favourable than would have been the case in normal insolvency proceedings.

The exercise of the Spanish Bail-in Power and/or the Non-Viability Loss Absorption by the Relevant Resolution Authority with respect to the Preferred Securities is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Bank’s control. In addition, as the Relevant Resolution Authority will retain an element of discretion, Holders of the Preferred Securities 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/or 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.

Any actions by the Relevant Resolution Authority pursuant to the ones granted by Law 11/2015, or other measures or proposals relating to the resolution of institutions, may adversely affect the rights of Holders of the

Preferred Securities, the price or value of an investment in the Preferred Securities and/or the Bank's ability to satisfy its obligations under the Preferred Securities.

***Preferred Securities are perpetual***

The Bank is under no obligation to redeem the Preferred Securities at any time and the Holders have no right to call for their redemption. Only in the event of any voluntary or involuntary liquidation or winding-up of the Bank, the Preferred Securities will confer an entitlement to receive out of the assets of the Bank available for distribution to Holders, the Liquidation Distribution (as defined in the Conditions).

***Upon the occurrence of a Trigger Event, the principal amount of the Preferred Securities will be Written Down. The Issuer is under no obligation to operate any Write Up.***

The Preferred Securities are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital (as defined in the Conditions) of the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions. One of these relates to the ability of the Preferred Securities and the proceeds of their issue to be available to absorb any losses of the Group.

Accordingly, if at any time the CET1 ratio of the Group falls below 5.125 per cent. (a "**Trigger Event**"), the Issuer shall immediately notify the Competent Authority, shall cancel any accrued and unpaid Distributions up to (but excluding) the relevant Write Down Date (as defined in the Conditions) and, without delay and by no later than one month from the occurrence of the relevant Trigger Event, shall irrevocably and mandatorily (and without the need for the consent of the Holders), reduce the then Outstanding Principal Amount of each Preferred Security by the relevant Write Down Amount (as defined below) (such reduction, a "**Write Down**" and "**Written Down**" being construed accordingly).

A Write Down of the Preferred Securities will affect the claims of the Holders in various respects. Firstly, in the event of a liquidation or winding-up of the Issuer, the claims of the Holders will be in respect of the Outstanding Principal Amount (together with, if not cancelled, accrued and unpaid interest) of the Preferred Securities at the time of the liquidation or winding-up of the Issuer, and not for the Original Principal Amount. Similarly, upon a redemption of the Preferred Securities by the Issuer following the occurrence of a Capital Event or a Tax Event, the redemption amount of each Preferred Security will be its Outstanding Principal Amount (together with, if not cancelled, accrued and unpaid interest) and not its Original Principal Amount. The Issuer is not permitted to redeem the Preferred Securities pursuant to Condition 7.2, until any principal amount by which the Preferred Securities have been Written Down pursuant to Condition 6.1 have first been reinstated in full pursuant to Condition 6.2; however, that restriction does not apply to a redemption following the occurrence of a Capital Event or a Tax Event.

Secondly, Distributions will accrue only on the Outstanding Principal Amount of the Preferred Securities from time to time, and accordingly for so long as the Outstanding Principal Amount of the Preferred Securities is less than their Original Principal Amount, the maximum amount of Distributions which may be paid by the Issuer (subject always to applicable payment restrictions and Distributions cancellation as provided in Condition 4) on any Distribution Payment Date shall be less than if no Write Down had occurred.

A Write Down may occur on any one or more occasions, and the Outstanding Principal Amount of the Preferred Securities may be reduced in part or in whole (save that no Preferred Security shall be Written Down below one cent). Holders will not be entitled to any compensation or other payment as a result of any Write Down of the Preferred Securities. Accordingly, if a Trigger Event occurs, Holders could lose all or part of the value of their investment in the Preferred Securities if the Issuer subsequently redeems the Preferred Securities following the occurrence of a Tax Event or a Capital Event or a liquidation or winding-up of the Issuer occurs.

Whilst the Conditions provide for a Write Up of the principal amount of the Preferred Securities in certain circumstances, any such Write Up will be in the sole and full discretion of the Issuer, there is no provision for the automatic Write Up of the Preferred Securities in any circumstances and any Write Up will be subject to certain restrictions. Write Up may only occur if the Group generates a positive Consolidated Net Income (as defined in the Conditions) in any given financial year and up to the Maximum Write Up Amount (as defined in the Conditions). Write Up shall be operated at the sole and absolute discretion of the Bank. Further, a Write Up will not be effected in circumstances where it would cause a Trigger Event, or would result in any Maximum Distributable Amount (if any) to be exceeded. See Condition 6.2 for further details. Even if, following a Trigger Event, the Group records a positive Consolidated Net Income, there can be no assurance that any Write Up of any part of the principal amount of the Preferred Securities will be effected.

***The circumstances that may give rise to a Trigger Event are unpredictable***

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, any of which may be outside of the Group's control.

Furthermore, the occurrence of a Trigger Event depends on the calculation of the CET1 ratio, which can be affected, among other things, by the growth of the Group's business and its future earnings; expected payments by the Bank in respect of dividends and distributions and other equivalent payments in respect of instruments ranking junior to the Preferred Securities as well as other instruments ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities; regulatory changes (including possible changes in regulatory capital definitions, calculations and RWAs for example, the introduction of the output floor under the Basel IV framework); changes in the Group's structure or organisation and the Group's ability to manage actively its RWAs. The CET1 ratio of the Group at any time may also depend on decisions taken by the Group in relation to its businesses and operations, as well as the management of its capital position. Neither the Bank nor the Group will have any obligation to consider the interests of the Holders of the Preferred Securities in connection with its strategic decisions, including in respect of its capital management. Holders of the Preferred Securities will not have any claim against the Bank or any other member of the Group in relation to any such decision. In addition, since the Competent Authority may require the Group to calculate the CET1 ratio at any time, a Trigger Event could occur at any time.

Due to the inherent uncertainty in advance of any determination of such event regarding whether a Trigger Event may exist, it will be difficult to predict when, if at all, the Outstanding Principal Amount of the Preferred Securities will be written down. Accordingly, trading behaviour in respect of the Preferred Securities is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Group's CET1 ratio is decreasing (and hence the risk of a Trigger Event occurring is becoming increasingly proximate) may have an adverse effect on the market price of the Preferred Securities. Under such circumstances, investors may not be able to sell their Preferred Securities easily or at prices comparable to other similar yielding instruments.

***Payments of Distributions on the Preferred Securities are discretionary and subject to the fulfilment of certain conditions and may be restricted as a result of a failure of the Group to comply with its capital requirements***

The Preferred Securities accrue Distributions as defined and further described in Condition 4, but the Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution in whole or in part at any time and without any restriction on it thereafter. Payments of Distributions in any financial year of the Bank shall be made only out of Distributable Items of the Bank. The level of the Bank's Distributable Items is affected by a number of factors such as changes to accounting rules, regulation or the requirements and expectations of applicable regulatory authorities, the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and

other factors outside of the Bank's control. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items. The Bank's future Distributable Items, and therefore the ability of the Bank to make Distribution payments under the Preferred Securities, depend, among others, on the Bank's existing Distributable Items and its future profitability. In addition, the Bank's Distributable Items may also be adversely affected by the servicing of more senior instruments or parity ranking instruments. The Bank will cancel any Distribution (in whole or in part) which could otherwise be paid on a Distribution Payment Date if and to the extent that payment of such Distribution would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Bank. Distributable Items for the Bank amount to €436,000,000 as of 30 September 2022.

Additionally, no payments will be made on the Preferred Securities if and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 capital pursuant to Applicable Banking Regulations (including, without limitation, any such restriction or prohibition relating to any Maximum Distributable Amount, Article 48 of Law 10/2014 and any provisions implementing such Article, and any other provision of Spanish law transposing or implementing Article 141(2) of the CRD IV Directive and any analogous payment restrictions arising in respect of capital buffers under the CRD IV Directive, the BRRD or any Applicable Banking Regulations).

There are a number of factors that make the determination and application of the "Maximum Distributable Amount" particularly complex, including the following:

- the "Maximum Distributable Amount" applies when the "combined buffer requirement" is not maintained. The "combined buffer requirement" represents the amount of capital that a financial institution is required to maintain beyond the minimum "Pillar 1" and "Pillar 2" capital requirements. However, there are several different buffers, some of which are intended to encourage countercyclical behaviour (with extra capital retained when profits are robust) and others which are intended to provide additional capital cushions for institutions whose failure would result in a significant systemic risk;
- since 1 January 2019, the capital conservation buffer has reached a fully-loaded value of 2.5 per cent. of RWAs; the institution-specific countercyclical buffer and the systemic risk buffer may be applied and varied at any time upon decision of the relevant authorities. As a result, the potential impact of the "Maximum Distributable Amount" will change over time; and
- payments made earlier in the year will reduce the remaining "Maximum Distributable Amount" available for payments later in the year, and the Bank will have no obligation to preserve any portion of the "Maximum Distributable Amount" for payments scheduled to be made later in a given year. Even if the Bank attempts to do so, there can be no assurance that it will be successful, as the "Maximum Distributable Amount" at any time depends on the amount of net income earned during the course of the relevant year, which will necessarily be difficult to predict.

Whether Distributions on the Preferred Securities may be subject to a Maximum Distributable Amount as a result of a breach of the "combined buffer requirement" will depend, among other things, on the applicable capital requirements, the amount of CET1 Capital and the "distributable profits" of the Bank, as applicable, which can be affected by, among other things, regulatory developments, management decisions taken by the Group, and other such considerations similar to those discussed above in relation to the circumstances that may give rise to a Trigger Event.

Furthermore, the Competent Authority, in accordance with Applicable Banking Regulations, may also require the Bank to cancel the relevant Distribution in whole or in part.

If, as a result of any of the conditions set out above being applicable, only part of the Distributions under the Preferred Securities may be paid, the Bank may proceed, in its sole discretion, to make such partial Distributions under the Preferred Securities.

Furthermore, upon the occurrence of a Trigger Event, any accrued and unpaid Distributions up to (but excluding) the relevant Write Down Date shall be cancelled.

Therefore, there can be no assurance that a Holder will receive payments of Distributions in full or in part in respect of the Preferred Securities. Any unpaid Distributions are not cumulative or payable at any time thereafter and, accordingly, if any Distribution (or part thereof) is not made in respect of the Preferred Securities as a result of any requirement for, or election of, the Bank to cancel such Distributions then the right of the Holders to receive the relevant Distribution (or part thereof) in respect of the relevant Distribution Period will be extinguished and the Bank will have no obligation to pay such Distribution (or part thereof) or to pay any interest thereon, whether or not Distributions on the Preferred Securities are paid in respect of any future Distribution Period.

No such election to cancel the payment of any Distribution (or part thereof) or non-payment of any Distribution (or part thereof) will constitute an event of default or the occurrence of any event related to the insolvency of the Bank or entitle Holders to take any action to cause the liquidation, dissolution or winding up of the Bank.

Notwithstanding the applicability of any one or more of the conditions set out above resulting in Distributions under the Preferred Securities not being paid or being paid only in part, the Bank will not be in any way limited or restricted from making any Distribution or equivalent payment in connection with any instrument ranking junior to the Preferred Securities (including, without limitation, any CET1 capital) or in respect of any other instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities.

Additionally, in relation to the foregoing, investors should be aware that the Bank shall only pay any additional amounts payable in accordance with Condition 12 to the extent such payment can be made on the same basis as for a payment of any Distribution in accordance with Condition 4.

Although it is the Bank's intention to take into account the relative ranking of capital instruments when approving dividends and distributions, as further set out in the risk factor below on "*The obligations of the Bank under the Preferred Securities are subordinated*", in accordance with the Applicable Banking Regulations and the Conditions, the Bank may discretionarily elect to cancel Distributions at any time and for any reason.

***Any failure by the Bank and/or the Group to comply with its MREL Requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Bank, including the payment of Distributions on the Preferred Securities***

As a Spanish credit institution, the Group is subject to the capital requirements and to the minimum requirements for own funds and eligible liabilities ("**MREL**").

On 27 June 2019, a comprehensive package of reforms amending Regulation (EU) 575/2013, of 26 June, on prudential requirements for credit institutions and investment firms (the "**CRR**"), the Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (the "**CRD IV Directive**"), BRRD and Regulation (EU) No 806/2014 (the "**SRM Regulation**") came into force: (i) Directive (EU) 2019/878 of the European Parliament and of the Council, of 20 May 2019 (as amended, replaced or supplemented from time to time, the "**CRD V Directive**") amending the CRD IV Directive, (ii) Directive (EU) 2019/879 of the European Parliament and of the European Council of 20 May 2019 (as amended, replaced or supplemented from time to time, "**BRRD II**") amending, among others, 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 (as amended, replaced or supplemented from time to time, “**CRR II**”) 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 (as amended, replaced or supplemented from time to time, the “**SRM Regulation II**”) amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the CRD V Directive, BRRD II, CRR II and the SRM Regulation II, the “**EU Banking Reforms**”). The CRD V Directive and BRRD II have been partially implemented into Spanish law through Royal Decree-Law 7/2021, of 27 April, (“**RDL 7/2021**”) which has amended, amongst others, Law 10/2014 and Law 11/2015. Despite the fact that RDL 7/2021 is generally enforceable since 29 April 2021, the Spanish Parliament decided on 19 May 2021 to process it as a Law and so RDL 7/2021 provisions may be subject to changes. Furthermore, Royal Decree 970/2021, of 8 November, which amended Royal Decree 84/2015, and Circulars 5/2021 and 3/2022 of the Bank of Spain, which amended the Bank of Spain Circular 2/2016, completed the implementation into Spanish law of the CRD V Directive and Royal Decree 1041/2021, which amended Royal Decree 1012/2015, completed the implementation of BRRD II into Spanish law. Given the recent implementation of the CRD V Directive and the BRRD II, there is uncertainty as to how the EU Banking Reforms will be applied by the relevant authorities.

The BRRD prescribes that banks shall hold a minimum level of own funds and eligible liabilities, that will be set by the Relevant Resolution Authority for each bank (and/or group) based on certain criteria including systemic importance (the “**MREL Requirements**”).

In addition to any restriction or prohibition relating to any Maximum Distributable Amount explained above, Article 10a of the SRM Regulation, as well as Article 16.a) of BRRD, as implemented in Spain by Article 16 bis of Law 11/2015, clarifies the stacking order between the “combined buffer requirement” and the MREL Requirements. Pursuant to Law 11/2015, a resolution authority (including the SRB) has the power to prohibit an entity from making Discretionary Payments above the Maximum Distributable Amount (calculated in accordance with paragraph (4) of such Article 16.a) of the BRRD II and Articles 10a.4 of the SRM Regulation) where it meets the “combined buffer requirement” but fails to meet that “combined buffer requirement” when considered in addition to the MREL Requirements (the “**MREL-Maximum Distributable Amount**” or, as defined in the SRM Regulation, the “**M-MDA**”). Article 10a of the SRM Regulation and Article 16.a) of the BRRD (specifically, Article 10a.3 of the SRM Regulation and paragraph 3 of Article 16 bis of Law 11/2015) includes a potential nine-month grace period whereby the resolution authority (including the SRB) will assess on a monthly basis whether to exercise its powers under the MREL-Maximum Distributable Amount before such resolution authority is compelled to exercise its power (subject to certain limited exceptions).

Therefore, any failure or perceived failure by the Group to comply with its MREL Requirements may have a material adverse effect on the Bank’s or the Group’s business, results of operations and/or financial position and could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Bank, including the payment of Distributions on the Preferred Securities.

***The obligations of the Bank under the Preferred Securities are subordinated***

The payment obligations of the Bank under the Preferred Securities constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1 of the restated text of the Spanish Insolvency Law, approved by Royal Legislative Decree 1/2020, of 5 May (the “**Insolvency Law**”) and in accordance with 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 (*concurso*) of the Bank, for so long as the obligations of the Bank under the Preferred Securities qualify as Additional Tier 1 Instruments, rank as set out in Condition 3. For these purposes, as of the date of this Securities

Note and according to Additional Provision 14.3 of Law 11/2015, the ranking of the Preferred Securities and any other subordinated obligations of the Bank may depend on whether those obligations qualify at the relevant time as Additional Tier 1 Instruments or Tier 2 Instruments or constitute subordinated obligations of the Bank not qualifying as Additional Tier 1 Instruments or Tier 2 Instruments. See Condition 3 for the complete provisions regarding the ranking of the Preferred Securities.

In addition, if the Bank were wound up or liquidated, the Bank's liquidator would first apply the assets of the Bank to satisfy all claims of holders of unsubordinated obligations of the Bank and other creditors ranking ahead of Holders. If the Bank does not have sufficient assets to settle claims of prior ranking creditors in full, the claims of the Holders under the Preferred Securities will not be satisfied. Holders will share equally in any distribution of assets with the holders of any other instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities if the Bank does not have sufficient funds to make full payment to all of them. In such a situation, Holders could lose all or part of their investment.

Furthermore, if a Trigger Event occurs but the relevant Write Down of the Preferred Securities pursuant to the Conditions is still to take place before the liquidation or winding-up of the Bank, the entitlement of Holders will be to receive out of the relevant assets of the Bank a monetary amount equal to that which Holders of such Preferred Securities would have received on any distribution of the assets of the Bank if such Write Down had taken place immediately prior to such liquidation or winding-up.

***There are no events of default***

Holders of the Preferred Securities have no ability to require the Bank to redeem their Preferred Securities. The terms of the Preferred Securities do not provide for any events of default. The Bank is entitled to cancel the payment of any Distribution (including any additional amounts payable in accordance with Condition 12) in whole or in part at any time and as further contemplated in Condition 4 (see "*—Payments of distributions on the Preferred Securities are discretionary and subject to the fulfilment of certain conditions and may be restricted as a result of a failure of the Group to comply with its capital requirements*" for additional information) and such cancellation will not constitute any event of default or similar event or entitle Holders to take any related action against the Bank.

In the event that the Bank fails to make any payments when the same may be due, the remedies of Holders of the Preferred Securities are limited to bringing a claim for breach of contract.

***The Preferred Securities may be redeemed at the option of the Bank***

All, and not some only, of the Preferred Securities may be redeemed at the option of the Bank, subject to the prior consent of the Competent Authority, (i) on any day falling in the period commencing on (and including) 25 January 2028 and ending on (but excluding) the First Reset Date; or (ii) on the First Reset Date or on any Distribution Payment Date falling thereafter, in each case at the Redemption Price and in compliance with Applicable Banking Regulations then in force. Under the CRR (as defined in the Conditions), the Competent Authority shall give its consent to a reduction, call, redemption, repayment or repurchase of the Preferred Securities provided that either of the following conditions is met:

- (i) on or before such action, the Bank replaces the Preferred Securities with own funds of an equal or higher quality on terms that are sustainable for the income capacity of the Bank; or
- (ii) the Bank has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such action, exceed the requirements laid down in CRR, CRD IV Directive and BRRD by a margin that the Competent Authority considers necessary.

The Preferred Securities are also redeemable on or after the Closing Date at the option of the Bank in whole but not in part, at any time, at the Redemption Price (subject to the prior consent of the Competent Authority

and in compliance with Applicable Banking Regulations then in force) if there is a Capital Event or a Tax Event (as defined in the Conditions).

If any notice of redemption of the Preferred Securities is given pursuant to Condition 7 and a Trigger Event occurs prior to such redemption, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the Preferred Securities on such redemption date and, instead, the write down of the Outstanding Principal Amount of the Preferred Securities shall take place as provided under Condition 6.1.

If the Bank exercised its right to redeem the Preferred Securities in accordance with Condition 7 but failed to make payment of the relevant Outstanding Principal Amount to redeem the Preferred Securities when due, such failure would only entitle Holders to bring a claim for breach of contract against the Bank, which, if successful, could result in damages being awarded to Holders. In such case, Distributions will continue to accrue in accordance with Condition 4 above from (and including) the proposed redemption date to (but excluding) the date of actual payment of the Redemption Price (as defined in the Conditions).

It is not possible to predict whether or not any further change in the laws or regulations applicable in Spain, Applicable Banking Regulations or, in the case of a redemption of the Preferred Securities for tax reasons, the application or official interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Bank is able to elect to redeem the Preferred Securities, and if so whether or not the Bank will elect to exercise such option to redeem the Preferred Securities or any prior consent of the Competent Authority required for such redemption will be given. There can be no assurance that, in the event of any such early redemption, Holders will be able to reinvest the proceeds at a rate that is equal to the return on the Preferred Securities. In the case of any early redemption of the Preferred Securities at the option of the Bank on any day falling in the period commencing on (and including) 25 January 2028 and ending on (but excluding) the First Reset Date or on the First Reset Date or on any Distribution Payment Date thereafter, the Bank may exercise this option (subject to the prior consent of the Competent Authority) when its funding costs are lower than the Distribution Rate at which Distributions are then payable in respect of the Preferred Securities. In these circumstances, the rate at which Holders are able to reinvest the proceeds of such redemption is unlikely to be as high as, and may be significantly lower than, that Distribution Rate.

In addition, the redemption feature of the Preferred Securities is likely to limit their market value. During any period when the Bank has the right to elect to redeem the Preferred Securities or there is a perceived increase in the likelihood that the Bank will exercise the right to elect to redeem the Preferred Securities, the market value of the Preferred Securities is unlikely to rise substantially above the price at which they can be redeemed. This may also be true prior to such period. Finally, a redemption below par could occur if a Capital Event or a Tax Event occurs after a Write Down.

***A Capital Event may occur if the Bank loses the Solo Waiver and the Bank may therefore elect to redeem the Preferred Securities***

The Bank currently benefits from the Solo Waiver, i.e. the Bank has been waived from its obligations to comply with its capital requirements on an individual basis under Article 7 of the CRR. As a result, the Bank currently has the obligation to calculate and comply with capital requirements only at a Group level. The Solo Waiver may cease to apply to the Bank in the future for different reasons and, in particular, due to strategic and business decisions taken by the Bank. If such an event occurs, the Preferred Securities may cease to constitute Additional Tier 1 Instruments, a Capital Event with respect to the Preferred Securities may arise and the Bank may elect to redeem the Preferred Securities (see “—*The Preferred Securities may be redeemed at the option of the Bank*”).



***The terms of the Preferred Securities contain a waiver of set-off rights***

The Conditions provide that Holders waive any set-off, netting, compensation, retention or counterclaim rights against any right, claim, or liability the Bank has, may have or acquire against any Holder, directly or indirectly, howsoever arising. As a result, Holders will not at any time be entitled to set-off the Bank's obligations under the Preferred Securities against obligations owed by them to the Bank.

***The interest rate on the Preferred Securities will be reset on each Reset Date, which may affect the market value of the Preferred Securities***

The Preferred Securities will bear interest at an initial fixed rate of interest from (and including) the Closing Date to (but excluding) the First Reset Date. From (and including) the First Reset Date, and on every Reset Date thereafter, the interest rate will be reset as described in Condition 4. This reset rate could be less than the initial interest rate and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any Distributions under the Preferred Securities and so the market value of an investment in the Preferred Securities.

***Impact of interest rates and inflation on the price and yield of Preferred Securities***

Investment in the Preferred Securities involves the risk that if inflation and/or market interest rates subsequently increase above the rate paid on the Preferred Securities, this will adversely affect the value of the Preferred Securities. Investors should be aware that inflation and/or movements of the interest rate can adversely affect the price of the Preferred Securities and can lead to losses for the Holders if they sell the Preferred Securities.

Holders are exposed to the risk of fluctuating interest rate levels. Fluctuating interest rate levels make it impossible to determine the yield of the Preferred Securities in advance.

***Substitution and variation of the Preferred Securities without Holder consent***

Subject to Condition 8, if a Tax Event or a Capital Event occurs, the Bank may, instead of redeeming the Preferred Securities, at any time, without the consent of the Holders, and subject to receiving consent from the Competent Authority, either (a) substitute new preferred securities for all (but not some only) the Preferred Securities whereby such new preferred securities shall replace the Preferred Securities or (b) vary the terms of all (but not some only) the Preferred Securities, so that the Preferred Securities may become or remain Qualifying Preferred Securities (as defined in the Conditions), provided that such substitution or variation shall not result in terms that are materially less favourable to the Holders, as certified in a Bank's Certificate (as defined in the Conditions) and an Independent Financial Adviser Certificate (as defined in the Conditions). In the exercise of its discretion, the Bank will have regard to the interest of the Holders as a class.

While Qualifying Preferred Securities must contain terms that are materially no less favourable to Holders as the original terms of the Preferred Securities, there can be no assurance that the terms of any Qualifying Preferred Securities will be viewed by the market as equally or more favourable, or that the Qualifying Preferred Securities will trade at prices that are equal to or higher than the prices at which the Preferred Securities would have traded on the basis of their original terms.

Moreover, prior to the making of any such substitution or variation, the Bank, shall not be obliged to have regard to the tax position of individual Holders or to the tax consequences of any such substitution or variation for individual Holders. No Holder shall be entitled to claim, whether from the Bank, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Holders of Preferred Securities.

***Risks relating to the 5-year Mid-Swap Rate and other "benchmarks"***

The calculation of any Distributions in respect of the Preferred Securities from and including the First Reset Date are dependent upon the relevant 5-year Mid-Swap Rate and the EURIBOR 6-month as determined at the

relevant time (as specified in the Conditions). Certain interest rates and indices which are deemed to be “benchmarks” (including the 5-year Mid-Swap Rate and the EURIBOR) have been the subject of recent national and international regulatory guidance and proposals for reform, including the Benchmark Regulation, which applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Following the implementation of any such reforms, the manner of administration of benchmarks may change with the result that they may perform differently than in the past or other consequences which cannot be predicted.

In this respect, the Benchmark Regulation applies to “contributors”, “administrators” and “users” of “benchmarks” in the EU, and, among other things, (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 to comply with extensive requirements in relation to the administration of “benchmarks” (or, if non-EU based, to be subject to equivalent requirements), (ii) prevents certain uses by EU supervised entities (such as the Issuer) of “benchmarks” of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed), and (iii) requires benchmark administrators to publish a benchmark statement for each benchmark (or, where applicable, for each family of benchmarks) containing the criteria and procedures used to determine the benchmark, and advising users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark.

These reforms could have a material impact on the Preferred Securities, its value and return, in particular, if the methodology or other terms of any benchmarks are changed in order to comply with new requirements. Such changes or the general increased regulatory scrutiny of benchmarks 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 and increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the benchmark.

If at the time of determination of the Distribution Rate a Benchmark Event (as defined in the Conditions) occurs or has occurred, then the Bank shall use its reasonable endeavours to appoint an Independent Financial Adviser, as soon as reasonably practicable, to determine a Successor Rate or Alternative Rate (as defined in the Conditions). If the Bank is unable to appoint an Independent Financial Adviser or the Independent Financial Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate, the Bank (following consultation with the Independent Financial Adviser, if any) may determine a Successor Rate or, failing which, an Alternative Rate. Therefore, in certain circumstances, an independent third party may not be involved in the determination of the Successor Rate or Alternative Rate, and of the Adjustment Spread.

The use of any such Successor Rate or Alternative Rate to determine a Distribution Rate will result in the Preferred Securities performing differently (which may include payment of a lower Distribution Rate) than they would do if the Original Reference Rate continued to apply.

If (i) the Bank is unable to appoint an Independent Financial Adviser or if the Independent Financial Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate and the Issuer is unable or unwilling to determine the Successor Rate or Alternative Rate or (ii) in the determination of the Bank, the adoption of the Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (as applicable) could reasonably be expected to prejudice the qualification of the Preferred Securities as Additional Tier 1 Capital of the Bank or the Group, the Distribution Rate applicable to the next succeeding Reset Period will be determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Reset Determination Date. If the Bank fails to make such a determination prior to the first Reset Determination Date, the Distribution Rate will be 9.125 per cent. This may result in effective application of a

fixed rate of interest for Preferred Securities which are initially designated to be fixed reset securities. In addition, due to the uncertainty concerning the availability of a Successor Rate or an Alternative Rate and the involvement of an Independent Financial Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

If a Successor Rate or Alternative Rate is determined by the Independent Financial Adviser or the Issuer (as applicable), the Conditions also provide that an Adjustment Spread may be determined by the Independent Financial Adviser or the Issuer, as applicable, and applied to such Successor Rate or Alternative Rate. In certain circumstances, the Adjustment Spread is the spread (which may be positive, negative or zero), quantum, formula or methodology determined to be appropriate to reduce to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be). However, such Adjustment Spread may not be effective to reduce the economic prejudice to Holders or it may not be possible to determine or apply an Adjustment Spread (if no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the relevant rate of interest).

Furthermore, if a Successor Rate or Alternative Rate is determined in accordance with the Conditions, the Independent Financial Adviser or the Bank (as applicable), may vary certain aspects of the Conditions, as necessary, to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, without any requirement for consent or approval of the Holders.

The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread and also including any other amendment to the Conditions) may result in the Preferred Securities performing differently (which may include payment of a lower rate of interest) than they would if the relevant benchmark were to continue to apply.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to the Preferred Securities.

#### ***Limitation on gross-up obligation under the Preferred Securities***

The Bank's obligation under Condition 12 to pay additional amounts in the event of any withholding or deduction for or on account of taxes, duties, assessments or governmental charges of whatever nature on any payments of Distributions and other amounts payable does not apply to any repayment of principal. Accordingly, if any such withholding or deduction were to apply, Holders of the Preferred Securities may receive less than the full amount of principal due under the Preferred Securities upon redemption, and the market value of the Preferred Securities may be adversely affected.

#### ***Credit ratings may not reflect all risks associated with an investment in the Preferred Securities***

The Preferred Securities are rated B1 by Moody's. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Preferred Securities.

Similar ratings assigned to different types of securities do not necessarily mean the same thing and any rating assigned to the Preferred Securities does not address the likelihood that Distributions (or any additional amounts payable in accordance with Condition 12) or any other payments in respect of the Preferred Securities will be made on any particular date or at all. Credit ratings also do not address the marketability or market price of securities.

Any change in the credit ratings assigned to the Preferred Securities may affect the market value of the Preferred Securities. Such change may, among other factors, be due to a change in the methodology applied by a rating

agency to rating securities with similar structures to the Preferred Securities, as opposed to any revaluation of the Bank's financial strength or other factors such as conditions affecting the financial services industry generally.

In addition, rating agencies may assign unsolicited ratings on the Preferred Securities. In such circumstances, there can be no assurance that such rating will not differ from, or be lower than, the ratings initially provided by Moody's to the Preferred Securities. The decision to decline a rating assigned by a hired rating agency, the delayed publication of such rating or the assignment of a non-solicited rating by a rating agency not hired by the Bank could adversely affect the market value and liquidity of the Preferred Securities.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal, at any time, by the assigning rating organisation. Therefore, potential investors should not rely on any rating of the Preferred Securities and should make their investment decision on the basis of considerations such as those outlined above. The Bank or its Group does not participate in any decision making of the rating agencies and any revision or withdrawal of any credit rating assigned to the Bank or any securities of the Bank is a third party decision for which the Bank does not assume any responsibility.

In general, European (including UK) regulated investors are restricted under the CRA Regulation (which also forms part of the domestic law of the UK by virtue of the EUWA, the "**UK CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and UK and registered under the CRA Regulation or the UK CRA Regulation, as applicable (and such registration has not been withdrawn or suspended). If the status of the rating agency of the Preferred Securities changes, European (including UK) regulated investors may no longer be able to use the rating for regulatory purposes and the Preferred Securities may have a different regulatory treatment. This may result in European (including UK) regulated investors selling the Preferred Securities which may impact the value of the Preferred Securities in the secondary market.

## CONDITIONS OF THE PREFERRED SECURITIES

*The following is the text of the Conditions of the Preferred Securities.*

The Preferred Securities (as defined below) have been issued by Ibercaja Banco, S.A. (the “**Bank**”) by virtue of the resolutions passed by the meeting of the Board of Directors (*Consejo de Administración*) of the Bank, held on 30 November 2022 and in accordance with the First Additional Provision of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended or replaced from time to time (“**Law 10/2014**”) and the CRR (as defined below).

### 1 Definitions

1.1 For the purposes of the Preferred Securities, the following expressions shall have the following meanings:

“**5-year Mid-Swap Rate**” means, in relation to a Reset Period:

- (a) the rate of the annual swap rate for euro swap transactions with a maturity of five years, expressed as a percentage, which appears on the relevant Screen Page under the heading “EURIBOR BASIS – EUR” and above the caption “11AM FRANKFURT” as of 11.00 am (CET) on the Reset Determination Date; or
- (b) if such rate does not appear on the relevant Screen Page at such time on such Reset Determination Date, the Reset Reference Bank Rate for such Reset Period, unless a Benchmark Event has occurred, in which case the 5-year Mid-Swap Rate shall be determined pursuant to Condition 4.9;

“**5-year Mid-Swap Rate Quotations**” means 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 which:

- (a) has a term of five years commencing on the relevant Reset Date; and
- (b) is in a Representative Amount,

where the floating leg (calculated on an Actual/360 day count basis) is equivalent to EURIBOR 6-month or, if not available, such other benchmark, rate and/or day count fraction as is in customary market usage in the markets for such euro interest rate swap transactions at the relevant time;

“**Accounting Currency**” means euro or such other primary currency used in the presentation of the Group’s accounts from time to time;

“**Accrual Date**” has the meaning given to such term in Condition 4.1;

“**Additional Tier 1 Capital**” means additional tier 1 capital (*capital de nivel 1 adicional*) in accordance with Chapter 3 (Additional Tier 1 capital) of Title I (Elements of own funds) of Part Two (Own Funds and Eligible Liabilities) of the CRR and/or the Applicable Banking Regulations at any time;

“**Additional Tier 1 Instrument**” means any subordinated obligation (*créditos subordinados*) of the Bank qualifying as Additional Tier 1 Capital;

“**Adjustment Spread**” means either a spread (which may be positive, negative or zero), or a formula or methodology for calculating a spread, in either case, which the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines is required

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

- (a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines is in the customary market usage in the debt capital markets for 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
- (c) (if no such determination has been made), the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines 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
- (d) (if the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines that no such industry standard is recognised or acknowledged), the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines to be appropriate having regard to the objective, so far as reasonably practicable in the circumstances and solely for the purposes of this subparagraph (d), of reducing any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

“**AIAF**” means the Spanish AIAF Fixed Income Securities Market (*Mercado de Renta Fija AIAF*);

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser, as applicable, determines in accordance with Condition 4.9(b) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in euro;

“**Amounts Due**” means the Outstanding Principal Amount or other amounts, including additional amounts, if any, due on the Preferred Securities under Condition 12 (*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;

“**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 Bank and/or the Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies of the Competent Authority relating to capital adequacy, resolution and/or solvency then in effect (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 Group) (in all cases, as amended or replaced from time to time);

“**Authorised Signatories**” means any two of the directors of the Bank;

“**Bail-in Dispute**” has the meaning given in Condition 16.2;

“**Bank**” has the meaning given to such term in the introductory paragraph;

“**Bank’s Certificate**” means a certificate signed by two Authorised Signatories of the Bank stating that, in the opinion of the Bank, (i) the changes determined pursuant to a substitution or variation of the Preferred Securities under Condition 8 will result in the Qualifying Preferred Securities having terms not materially less favourable to the Holders than the terms of the Preferred Securities on issue and (ii) the differences between the terms and conditions of the Qualifying Preferred Securities and these Conditions are only those strictly necessary to (a) in the case of a Capital Event, comply with the requirements of the Competent Authority in relation to Additional Tier 1 Capital in accordance with Applicable Banking Regulations or (b) in the case of a Tax Event, cure the relevant Tax Event;

“**Benchmark Amendments**” has the meaning given to it in Condition 4.9(d);

“**Benchmark Event**” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 consecutive Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of the Original Reference Rate) it has ceased 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**”); or
- (c) 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 (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate that means that 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, either generally or in respect of the Preferred Securities; or
- (e) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is no longer representative of an underlying market and such representativeness will not be restored (as determined by such supervisor); or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Bank or other party to calculate any payments due to be made to any Holder using the Original Reference Rate (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 (b), (c), (d) or (e) 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 to occur until the date falling six months prior to such Specified Future Date;

“**BRRD**” means Directive 2014/59/EU, of 15 May, establishing the framework for the recovery and resolution of credit institutions and investment firms as amended by BRRD II and as further amended or replaced from time to time, as implemented into Spanish law by Law 11/2015 and Royal Decree 1012/2015, as amended or replaced from time to time and including any other relevant implementing regulatory provisions;

“**BRRD II**” 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;

“**Business Day**” means 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 Zaragoza, Madrid and London;

“**Capital Event**” means, at any time on or after the Closing Date, a change (or any pending change which the Competent Authority considers sufficiently certain) in the regulatory classification of the Preferred Securities that results (or would be likely to result) in:

- (a) the exclusion of any of the aggregate Outstanding Principal Amount of the Preferred Securities from the Group’s Additional Tier 1 Capital; or
- (b) the reclassification of any of the aggregate Outstanding Principal Amount of the Preferred Securities as a lower quality form of own funds of the Group in accordance with the Applicable Banking Regulations;

“**Certificate**” has the meaning given to such term in Condition 2.3;

“**CET**” means Central European Time;

“**CET1 Capital**” means common equity tier 1 capital (*capital de nivel 1 ordinario*) in accordance with Chapter 2 (Common Equity Tier 1 capital) of Title I (Elements of own funds) of Part Two (Own Funds and Eligible Liabilities) of the CRR and/or Applicable Banking Regulations at any time, including any applicable transitional, phasing-in or similar provisions;

“**CET1 ratio**” means with respect to the Group, the ratio (expressed as a percentage) of the aggregate amount (in the Accounting Currency) of the CET1 Capital of the Group divided by the Risk-Weighted Assets Amount of the Group, as calculated by the Bank at any time in accordance with Applicable Banking Regulations and reported to the Competent Authority;

“**Chairman**” has the meaning given to such term in Condition 11.3;

“**Clearstream Luxembourg**” has the meaning given to such term in Condition 2.2;

“**Closing Date**” means 25 January 2023;

“**CNMV**” means the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*);

“**Competent Authority**” means the European Central Bank or the Bank of Spain, as applicable, or such other successor authority having primary bank supervisory authority with respect to prudential oversight and supervision in relation to the Group;

“**Conditions**” means these conditions of the Preferred Securities, as amended from time to time;



**“Consolidated Net Income”** means the consolidated net income (excluding minority interests) of the Group, as calculated and set out in the most recent published audited annual consolidated accounts of the Group, as approved by the Bank;

**“CRD IV”** means any or any combination of the CRD IV Directive, the CRR, and any CRD IV Implementing Measures (in all cases, as amended or replaced from time to time);

**“CRD IV 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, as amended by CRD V Directive and as further amended or replaced from time to time;

**“CRD IV Implementing Measures”** means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, the European Banking Authority or any other relevant authority, which are applicable to the Bank (on a stand-alone basis) or the Group (on a consolidated basis), including, without limitation, Law 10/2014, as amended or replaced from time to time, Royal Decree 84/2015, as amended or replaced from time to time, and any other regulation, circular or guidelines implementing CRD IV;

**“CRD V 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”** 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, as amended by CRR II and as further amended or replaced from time to time;

**“CRR II”** means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending 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, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as amended or replaced from time to time;

**“Distributable Items”** means, in respect of the payment of a Distribution at any time, those profits and reserves (if any) of the Bank that are available in accordance with Applicable Banking Regulations for the payment of that Distribution at such time;

As of the Closing Date, CRR defines “distributable items” as the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (excluding for avoidance of doubt any Tier 2 Instruments) less any losses brought forward, any profits which are non-distributable pursuant to European Union or national law or the institution’s bylaws and any sums placed in non-distributable reserves in accordance with national law or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which European Union or national law, institution’s by-laws or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts.

**“Distribution”** means the non-cumulative cash distribution in respect of the Preferred Securities and a Distribution Period determined in accordance with Condition 4;

**“Distribution Payment Date”** means each of 25 January, 25 April, 25 July and 25 October, in each year, with the first Distribution Payment Date falling on 25 April 2023;

**“Distribution Period”** means the period from and including one Distribution Payment Date (or, in the case of the first Distribution Period, the Closing Date) to but excluding the next (or first) Distribution Payment Date;

**“Distribution Rate”** means the rate at which the Preferred Securities accrue Distributions in accordance with Condition 4;

**“Eligible Persons”** means those Holders or persons (being duly appointed proxies or representatives of such Holders) that are entitled to attend and vote at a meeting of the Holders, for the purposes of which no person shall be entitled to vote at any such meeting in respect of Preferred Securities held by or for the benefit, or on behalf, of the Bank or any of its Subsidiaries;

**“EUR”, “€” and “euro”** mean 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;

**“EURIBOR”** means the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any person which takes over administration of that rate);

**“EURIBOR 6-month”** means:

- (a) the rate for deposits in euro for a six-month period which appears on the relevant Screen Page as of 11.00 am (CET) on the Reset Determination Date for the relevant Reset Period; or
- (b) if such rate does not appear on the relevant Screen Page at such time on such Reset Determination Date, the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates at which deposits in euros are offered by four major banks in the Eurozone interbank market, as selected by the Bank, at such time on such Reset Determination Date to prime banks in the Eurozone interbank market for a six-month period commencing on such Reset Date in a Representative Amount, with the Bank to request the principal Eurozone office of each such major bank to provide a quotation of its rate;

**“Euroclear”** has the meaning given to such term in Condition 2.2;

**“Extraordinary Resolution”** has the meaning given to such term in Condition 11;

**“FATCA”** has the meaning given to such term in Condition 8;

**“First Reset Date”** means 25 July 2028;

**“Full Loss Absorbing Instruments”** has the meaning given to such term in Condition 6.1(c);

**“Group”** means the Bank together with its consolidated Subsidiaries;

**“Holders”** means the holders of the Preferred Securities in the terms provided in Condition 2.3;

**“Iberclear”** means the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal*, the Spanish Central Securities Depository, which manages the Spanish Central Registry and the Spanish settlement system;

**“Iberclear Members”** means the participating entities (*entidades participantes*) in Iberclear;

**“Independent Financial Adviser”** means an independent financial firm or financial adviser with appropriate expertise or financial institution of international repute appointed by the Bank at its own expense;

**“Independent Financial Adviser Certificate”** means a certificate signed by a representative of an Independent Financial Adviser stating that, in the opinion of such Independent Financial Adviser, (i) the changes determined by the Bank pursuant to a substitution or variation of the Preferred Securities under Condition 8 will result in the Qualifying Preferred Securities having terms not materially less favourable to the Holders than the terms of the Preferred Securities on issue and (ii) the differences between the terms and conditions of the Qualifying Preferred Securities and these Conditions are only those strictly necessary to (a) in the case of a Capital Event, comply with the requirements of the Competent Authority in relation to Additional Tier 1 Capital in accordance with Applicable Banking Regulations or (b) in the case of a Tax Event, cure the relevant Tax Event;

**“Initial Margin”** means 6.833 per cent. per annum;

**“Insolvency Law”** means the restated text of the Spanish Insolvency Law, approved by Royal Legislative Decree 1/2020, of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended or replaced from time to time;

**“Law 10/2014”** means Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), 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;

**“Liquidation Distribution”** means the Outstanding Principal Amount per Preferred Security plus, if applicable, where not cancelled pursuant to, or otherwise subject to the limitations on payment set out in Condition 4, an amount equal to accrued and unpaid Distributions for the then current Distribution Period to (but excluding) the date of payment of the Liquidation Distribution;

**“Loss Absorbing Instruments”** means, at any time, any instrument (other than the Preferred Securities) issued directly or indirectly by the Bank or, as applicable, any member of the Group, which qualifies as Additional Tier 1 Capital and has terms pursuant to which all or some of its principal amount may be written down (whether on a permanent or a temporary basis) or converted into equity (in each case in accordance with its conditions) on the occurrence, or as a result, of a trigger event set by reference to the CET1 ratio of the Group falling below a specific threshold;

**“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 the Kingdom of 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) the SRM Regulation and (iii) the instruments, rules and standards created thereunder, pursuant to which, among others, 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).

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:

- (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 Bank or another person (and the issue to the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Preferred Securities, in which case the Holder agrees to accept in lieu of its rights under the Preferred Securities any such shares, other securities or other obligations of the Bank or another person;
- (iii) the cancellation of the Preferred Securities or Amounts Due;
- (iv) the amendment or alteration of the maturity of the Preferred Securities or amendment of the amount of interest payable on the Preferred Securities, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (v) the amendment of the terms of the Preferred Securities;

**“Loss Absorbing Written Down Instruments”** means, at any time, any instrument (other than the Preferred Securities) issued directly or indirectly by the Bank or, as applicable, any member of the Group, which qualifies as Additional Tier 1 Capital and which, immediately prior to the relevant Write Up, has a prevailing principal amount lower than the principal amount that it was originally issued with due to such principal amount having been written down on a temporary basis pursuant to its conditions;

**“Maximum Distributable Amount”** means, at any time, any maximum distributable amount required to be calculated, if applicable, at such time in accordance with Article 48 of Law 10/2014 and any provision developing such Article, and any other provision of Spanish law transposing or implementing Article 141 of the CRD IV Directive, Article 16a of BRRD and/or Applicable Banking Regulations;

**“Maximum Write Up Amount”** means the Consolidated Net Income multiplied by the amount obtained by dividing (i) the sum of the aggregate Original Principal Amount of the Preferred Securities and the aggregate initial principal amount of all Loss Absorbing Written Down Instruments of the Group and (ii) the total Tier 1 Capital of the Group as of the Write Up Date;

**“Original Principal Amount”** means, in respect of each Preferred Security, the principal amount of such Preferred Security as issued on the Closing Date, not taking into account any Write Down or any other write down or cancellation or any subsequent Write Up;

**“Original Reference Rate”** means:

- (a) the originally-specified benchmark (including the 5-year Mid-Swap Rate and EURIBOR) or screen rate (as applicable) used to determine the Distribution Rate (or any component part thereof) on the Preferred Securities; or
- (b) 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 Condition 4.9(b);

**“outstanding”** means, in relation to the Preferred Securities, all the Preferred Securities issued other than those Preferred Securities (a) that have been redeemed pursuant to Condition 7 or otherwise pursuant to the Conditions; (b) that have been purchased and cancelled under Condition 9; or (c) that have become void or in respect of which claims have prescribed under Condition 15,

provided that for each of the following purposes, namely:

- (a) the right to attend and vote at any meeting of Holders; and
- (b) the determination of how many and which Preferred Securities are for the time being outstanding for the purposes of Condition 11,

those Preferred Securities (if any) which are for the time being held by or for the benefit of the Bank or any of its Subsidiaries shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

**“Outstanding Principal Amount”** means, in respect of each Preferred Security, at any time, the Original Principal Amount of such Preferred Security as reduced from time to time by any Write Down or any other write down or cancellation, as the case may be, and, if applicable, as subsequently increased from time to time by any Write Up in accordance with Condition 6;

**“Preferred Securities”** means the €350,000,000 Perpetual Non-Cumulative Additional Tier 1 Preferred Securities issued by the Bank on the Closing Date;

**“Proceedings”** has the meaning given to such term in Condition 16;

**“Qualifying Preferred Securities”** means preferred securities issued directly or indirectly by the Bank where such securities:

- (a) have terms not materially less favourable to the Holders than the terms of the Preferred Securities with any differences between their terms and conditions and these Conditions being those strictly necessary to (in the case of a Capital Event) comply with the requirements of the Competent Authority in relation to Additional Tier 1 Capital in accordance with the Applicable Banking Regulations and/or (in the case of a Tax Event) cure the relevant Tax Event (provided that the Bank shall have obtained a Bank’s Certificate and an Independent Financial Adviser Certificate (copies thereof will be available at the Bank’s specified office during its normal business hours) at least 15 Business Days prior to the issue or, as appropriate, variation of the relevant securities); and
- (b) subject to (a) above, shall (1) rank at least equal to the ranking of the Preferred Securities, (2) have the same currency, the same (or higher) Distribution Rates and the same Distribution Payment Dates as those from time to time applying to the Preferred Securities, (3) have the same redemption rights as the Preferred Securities, provided that (if and only to the extent required in order for the Preferred Securities to qualify, or to continue to qualify, as Additional Tier 1 Capital of either the Bank or the Group pursuant to the Applicable Banking Regulations) the optional redemption rights provided in Condition 7.2(i) may be disappplied; (4) comply with the then current requirements of Applicable Banking Regulations in relation to Additional Tier 1 Capital; (5) preserve any existing rights under the Preferred Securities to any accrued Distribution which has not been paid in respect of the period from (and including) the Distribution Payment Date immediately preceding the date of substitution or variation, subject to Condition 4, and (6) are assigned (or maintain) at least the same solicited credit ratings as the solicited credit ratings that were assigned to the Preferred Securities immediately prior to such variation or substitution, and (7) shall not at such time be subject to a Capital Event or a Tax Event; and
- (c) are (i) listed and admitted to trading on AIAF or (ii) listed on a Recognised Stock Exchange, if the Preferred Securities were listed immediately prior to such variation or substitution.

**“Recognised Stock Exchange”** means a regulated, regularly operating, recognised stock exchange or securities market in an OECD member state;

**“Redemption Price”** means, per Preferred Security, the Liquidation Distribution upon the date fixed for redemption of the Preferred Securities;

**“Reference Banks”** means five leading swap dealers in the Eurozone interbank market as selected by the Bank;

**“Regulated Entity”** means any entity to which BRRD, as implemented in the Kingdom of Spain (including but not limited to, 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;

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

- (a) 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
- (b) 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;

**“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 from time to time;

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market;

**“Reset Date”** means the First Reset Date and every fifth anniversary thereof;

**“Reset Determination Date”** means, in relation to each Reset Date, the second TARGET Business Day immediately preceding such Reset Date;

**“Reset Period”** means the period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

**“Reset Reference Bank Rate”** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the percentage determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reference Banks at approximately 11.00 am (CET) on such Reset Determination Date. The Bank will request the principal offices of each of the Reference Banks to provide a quotation of its rate. If three or more quotations are provided, the Reset Reference Bank Rate for such Reset Period will be the percentage reflecting 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 Reset Reference Bank Rate for the Reset Period will be:

- (a) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period; or
- (b) in the case of the Reset Period commencing on the First Reset Date, 2.633% per cent. per annum;

**“Risk-Weighted Assets Amount”** means at any time, the aggregate amount (in the Accounting Currency) of the risk-weighted assets of the Group, calculated in accordance with the CRR and/or Applicable Banking Regulations at such time;

**“Royal Decree 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;

**“Royal Decree 1012/2015”** means Royal Decree 1012/2015, of 6 November, developing 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;

**“Screen Page”** means the display page on the relevant Reuters information service designated as:

- (a) in the case of the 5-year Mid-Swap Rate, the “ICE SWAP/ISDAFIX2” page; or
- (b) in the case of EURIBOR 6-month, the “EURIBOR01” page, or in each case such other page as may replace that page on that information service, or on such other equivalent information service as may be nominated by the person providing or sponsoring such information, for the purpose of displaying equivalent or comparable rates to the 5-year Mid-Swap Rate or EURIBOR 6-month, as applicable;

**“Spanish Central Registry”** has the meaning given in Condition 2.2;

**“SRM Regulation”** means 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);

**“SSM Regulation”** means Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as amended or replaced from time to time;

**“Subsidiary”** means any entity over which the Bank has, directly or indirectly, control in accordance with Article 42 of the Spanish Commercial Code (*Código de Comercio*), Rule 43 of Circular 4/2017, of 27 November, of the Bank of Spain and Applicable Banking Regulations;

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

**“TARGET Business Day”** means any day on which the Trans-European Automated Real Time Gross Settlement Transfer (TARGET2) system, or any successor or replacement for that system, is open;

**“Tax Event”** means, at any time on or after the Closing Date, a change in, or amendment to, the laws or regulations of the Kingdom of Spain (including, for the avoidance of doubt, any political subdivision thereof or any authority or agency therein or thereof having power to tax), or any change in the official application or interpretation of such laws or regulations that results in:

- (a) the Bank not being entitled to claim a deduction in computing taxation liabilities in Spain in respect of any Distribution to be made on the next Distribution Payment Date or the value of such deduction to the Bank being materially reduced; or
- (b) the Bank being obliged to pay additional amounts pursuant to Condition 12 below; or
- (c) the applicable tax treatment of the Preferred Securities being materially affected,

and, in each case, cannot be avoided by the Bank taking reasonable measures available to it;

**“Tier 1 Capital”** means, at any time, with respect to the Group, as the case may be, the Tier 1 capital of the Group as calculated by the Bank in accordance with Chapters 1, 2 and 3 (Tier 1 Capital, Common Equity Tier 1 Capital and Additional Tier 1 Capital) of Title I (Elements of own funds) of Part Two (Own Funds and Eligible Liabilities) of the CRR and/or the Applicable Banking Regulations at any time;

**“Tier 2 Instrument”** means any subordinated obligation (*crédito subordinado*) of the Bank qualifying as tier 2 capital (*capital de nivel 2*) of the Bank in accordance with Chapter 4 (Tier 2 capital) of Title I (Elements of own funds) of Part Two (Own Funds and Eligible Liabilities) of the CRR and/or the Applicable Banking Regulations at any time;

**“Trigger Event”** means if, at any time, as determined by the Bank or the Competent Authority (or any other agent appointed for such purpose by the Competent Authority), the CET1 ratio of the Group is less than 5.125 per cent.;

**“Waived Set-Off Rights”** means any and all rights of or claims of any Holder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Preferred Security;

**“Write Down”** and **“Written Down”** have the meanings given to such terms in Condition 6.1(a);

**“Write Down Amount”** means, on any Write Down Date, the amount by which the then Outstanding Principal Amount of each Preferred Security is to be Written Down on such date, being (save as may otherwise be required by the Applicable Banking Regulations) the lower of (i) and (ii) below:

- (i) the amount per Preferred Security which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Preferred Securities; and (b) the concurrent (or substantially concurrent) write down or conversion into equity of, or other loss absorption measures taken in respect of, any other Loss Absorbing Instruments, in each case in the manner and to the extent provided in Condition 6.1(b)) to restore the Group’s CET1 ratio to at least 5.125 per cent.; and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Preferred Security to one cent.

The Outstanding Principal Amount of a Preferred Security shall not at any time be reduced below one cent as a result of a Write Down;

**“Write Down Date”** means the date on which a Write Down will take effect;

**“Write Down Notice”** means the notice to the Holders in accordance with Condition 13 stating:

- (i) that a Trigger Event has occurred;
- (ii) the Write Down Date; and
- (iii) if then determined, the principal amount (expressed per Original Principal Amount or as a percentage) by which each Preferred Security will be Written Down on the Write Down Date.

If the Write Down Amount has not been determined when the Write Down Notice is given, the Bank shall, as soon as reasonably practicable following such determination, notify Holders of the Write Down Amount in accordance with Condition 13;

**“Write Up”** has the meaning given to such term in Condition 6.2(a); and



“**Write Up Date**” means the date on which a Write Up will take effect.

- 1.2 References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or in accordance therewith or under or in accordance with such modification or re-enactment.

## 2 Form, Denomination and Title

- 2.1 The Preferred Securities have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €350,000,000 and Original Principal Amount of €200,000.
- 2.2 The Preferred Securities have been registered with Iberclear as managing entity of the central registry of the Spanish clearance and settlement system (the “**Spanish Central Registry**”). Holders of a beneficial interest in the Preferred Securities who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Preferred Securities through bridge accounts maintained by each of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream Luxembourg**”) with Iberclear.

Iberclear manages the settlement and clearing of the Preferred Securities, notwithstanding the Bank’s commitment to assist, when appropriate, on the clearing and settlement of the Preferred Securities through Euroclear and Clearstream Luxembourg.

The Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) has assigned the following International Securities Identification Number (ISIN) to identify the Preferred Securities: ES0844251019. The Common Code for this issue is 258019679.

- 2.3 Title to the Preferred Securities is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the Iberclear Members as having an interest in the Preferred Securities shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Preferred Securities recorded therein. In these Conditions, the “Holder” means the person in whose name such Preferred Securities is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and Holder shall be construed accordingly.

One or more certificates (each a “**Certificate**”) attesting to the relevant Holder’s holding of Preferred Securities in the relevant registry will be delivered by the relevant Iberclear Member or by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant Iberclear Member’s or, as the case may be, Iberclear’s procedures) to such Holder upon such Holder’s request.

The Preferred Securities have been issued without any restrictions on their transferability. Consequently, the Preferred Securities may be transferred and title to the Preferred Securities may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Holder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Preferred Securities for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Holder.

### 3 Status of the Preferred Securities

The payment obligations of the Bank under the Preferred Securities constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1 of the Insolvency Law and, in accordance with 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 (*concurso*) of the Bank, for so long as the obligations of the Bank under the Preferred Securities qualify as Additional Tier 1 Instruments, rank:

- (a) *pari passu* among themselves and with:
  - (i) any other subordinated obligations (*créditos subordinados*) of the Bank qualifying as Additional Tier 1 Instruments; and
  - (ii) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Bank's obligations under the Preferred Securities;
- (b) junior to:
  - (i) unsubordinated obligations of the Bank;
  - (ii) any other subordinated obligations (*créditos subordinados*) of the Bank under Article 281.1 of the Insolvency Law not qualifying as Additional Tier 1 Instruments (including any claims of the Bank in respect of Tier 2 Instruments);
  - (iii) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Bank's obligations under the Preferred Securities; and
- (c) senior to:
  - (i) any claims for the liquidation amount of the ordinary shares of the Bank; and
  - (ii) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the Bank's obligations under the Preferred Securities.

The payment obligations of the Bank under the Preferred Securities are subject to, and may be limited by, the exercise of any power pursuant to Law 11/2015, Royal Decree 1012/2015, the SRM Regulation or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain. The Preferred Securities are not subject to any set-off or netting arrangements that would undermine their capacity to absorb losses in resolution. The Preferred Securities are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Preferred Securities.

### 4 Distributions

4.1 The Preferred Securities accrue Distributions on their Outstanding Principal Amount:

- (a) in respect of the period from (and including) the Closing Date to (but excluding) the First Reset Date at the rate of 9.125 per cent. per annum; and
- (b) in respect of each Reset Period, at the rate per annum equal to the aggregate of the Initial Margin and the 5-year Mid-Swap Rate (quoted on an annual basis) for such Reset Period, first calculated on an annual basis and then converted to a quarterly rate in accordance with market convention

(rounded to four decimal places, with 0.00005 rounded down), all as determined by the Bank on the relevant Reset Determination Date.

Subject as provided in Conditions 4.3 and 4.4, such Distributions will be payable quarterly in arrear on each Distribution Payment Date.

If a Distribution is required to be paid in respect of a Preferred Security on any other date (other than as a result of the postponement of such payment as a result of the operation of Condition 4.2), it shall be calculated by the Bank by applying the Distribution Rate to the Outstanding Principal Amount in respect of each Preferred Security, multiplying the product by (i) the actual number of days in the period from (and including) the date from which Distributions began to accrue (the “**Accrual Date**”) to (but excluding) the date on which Distributions fall due divided by (ii) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Distribution Payment Date multiplied by four, and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

- 4.2 Subject to any applicable fiscal or other laws and regulations, the payment of Distributions on the Preferred Securities will be made in euros by the Bank on the relevant Distribution Payment Date by transfer to an account capable of receiving euro payments, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the date on which the payment of Distributions falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Preferred Securities. The Bank will have no responsibility or liability for the records relating to payments made in respect of the Preferred Securities.

If any date on which any payment is due to be made on the Preferred Securities would otherwise fall on a date which is not a TARGET Business Day, the payment will be postponed to the next TARGET Business Day and the Holder shall not be entitled to any interest or other payment in respect of any such delay.

- 4.3 The Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution (including any additional amounts pursuant to Condition 12) in whole or in part at any time that it deems necessary or desirable and for any reason.

- 4.4 Without prejudice to the right of the Bank to cancel the payments of any Distribution under Condition 4.3 above:

- (a) Payments of Distributions (including any additional amounts pursuant to Condition 12) in any financial year of the Bank shall be made only to the extent the Bank has sufficient Distributable Items. To the extent that the Bank has insufficient Distributable Items to make Distributions (including any additional amounts pursuant to Condition 12) on the Preferred Securities scheduled for payment in the then current financial year and any interest payments, distributions or other payments on own funds items that have been paid or made or are scheduled or required to be paid out of or conditional to sufficient Distributable Items in the then current financial year, in each case excluding any portion of such payments already accounted for in determining the Distributable Items of the Bank or which are not required to be made conditional upon Distributable Items, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 12) on the Preferred Securities.
- (b) If the Competent Authority, in accordance with Article 68 of Law 10/2014 and/or Article 16 of the SSM Regulation and/or with Applicable Banking Regulations, requires the Bank to cancel a relevant Distribution (including any additional amounts pursuant to Condition 12) in whole or in

part, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 12) on the Preferred Securities.

- (c) The Bank may make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 12) on the Preferred Securities if and to the extent that payment of any Distribution (including any additional amounts pursuant to Condition 12) would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or, as the case may be, any provision of Spanish law transposing or implementing CRD IV, which will include Article 48 of Law 10/2014 and any of its development provisions), the Maximum Distributable Amount to be exceeded or otherwise would cause any other breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital pursuant to Applicable Banking Regulations.
  - (d) If a Trigger Event occurs at any time on or after the Closing Date, any accrued and unpaid Distributions up to (but excluding) the corresponding Write Down Date (whether or not such distributions have become due for payment) shall be automatically cancelled in accordance with Condition 6.1(a)(iii).
- 4.5 Distributions on the Preferred Securities will be non-cumulative. Accordingly, if any Distribution (or part thereof) is not made in respect of the Preferred Securities as a result of any election of the Bank to cancel such Distribution pursuant to Condition 4.3 above or the limitations on payment set out in Condition 4.4 above and Condition 6.1(a)(iii) below then the right of the Holders to receive the relevant Distribution (or part thereof) in respect of the relevant Distribution Period will be extinguished and the Bank will have no obligation to pay such Distribution (or part thereof) accrued for such Distribution Period or to pay any interest thereon, whether or not Distributions on the Preferred Securities are paid in respect of any future Distribution Period.
- 4.6 No such election to cancel the payment of any Distribution (or part thereof) pursuant to Condition 4.3 above or non-payment of any Distribution (or part thereof) as a result of the limitations on payment set out in Condition 4.4 above and Condition 6.1(a)(iii) below will constitute an event of default or the occurrence of any event related to the insolvency of the Bank or entitle Holders to take any action to cause the liquidation, dissolution or winding-up of the Bank or in any way limit or restrict the Bank from making any distribution or equivalent payment in connection with any instrument ranking junior to the Preferred Securities (including, without limitation, any CET1 Capital) or in respect of any other instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities. If the Bank does not pay a Distribution or part thereof on the relevant Distribution Payment Date, such non-payment shall evidence the cancellation of such Distribution (or relevant part thereof) or, as appropriate, the Bank's exercise of its discretion to cancel such Distribution (or relevant part thereof) and accordingly, such Distribution shall not in any such case be due and payable. Notwithstanding the previous sentence, the Bank will give notice to the Holders in accordance with Condition 13 of any election under Condition 4.3 and of any limitation set out in Condition 4.4 occurring or applying and for avoidance of doubt, failure to deliver such notice shall not affect the validity of the cancellation.
- 4.7 The Bank will at, or as soon as practicable after, the relevant time on each Reset Determination Date at which the Distribution Rate is to be determined, determine the Distribution Rate for the relevant Reset Period. The Bank will cause the Distribution Rate for each Reset Period to be notified to any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed or by which they have been admitted to listing and notice thereof is to be published in accordance with

Condition 13 as soon as possible after its determination but in no event later than the fourth Business Day thereafter.

- 4.8 All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Bank, shall (in the absence of wilful default, bad faith or manifest error) be binding on all Holders

4.9 Benchmark discontinuation

(a) Independent Financial Adviser

If at the time of determination of the Distribution Rate (or any component part thereof), a Benchmark Event occurs or has occurred and is continuing, then the Bank shall use its reasonable endeavours to appoint an Independent Financial Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.9(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.9(c)) and any Benchmark Amendments (in accordance with Condition 4.9(d)).

If the Bank (i) is unable to appoint an Independent Financial Adviser; or, (ii) the Independent Financial Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.9(a) prior to the relevant Reset Determination Date, the Bank (acting in good faith and in a commercially reasonable manner and following consultation with the Independent Financial Adviser in the event one has been appointed) may determine a Successor Rate or, failing which, an Alternative Rate.

If the Bank is unable or unwilling to determine a Successor Rate or an Alternative Rate prior to the relevant Reset Determination Date, the Distribution Rate applicable to the next succeeding Reset Period shall be determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Reset Determination Date. If the Bank fails to make such a determination prior to the first Reset Determination Date, the Distribution Rate shall be 9.125 per cent. For the avoidance of doubt, this Condition 4.9(a) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and adjustments as provided in, this Condition 4.9(a).

(b) Successor Rate or Alternative Rate

If the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.9(c)) subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future Distributions (subject to the operation of this Condition 4.9); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.9(c)) subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future Distributions (subject to the operation of this Condition 4.9).

(c) Adjustment Spread

If the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines (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).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate and/or Adjustment Spread is determined in accordance with this Condition 4.9 and the Independent Financial Adviser or the Bank, acting in good faith and in a reasonable commercial manner and following consultation with the Independent Financial Adviser in the event one has been appointed, as applicable, determines (i) that amendments to these Conditions 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 Bank shall, subject to giving notice thereof in accordance with Condition 4.9(e), without any requirement for consent or approval of the Holders, vary these Conditions to give effect to such Benchmark Amendments with the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.9(d), the Bank shall comply with the rules of any stock exchange on which the Preferred Securities are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.9 will be notified promptly by the Bank to the Holders in accordance with Condition 13. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any, and will be binding on the Bank and the Holders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Bank under this Condition 4.9, the Original Reference Rate and the fallback provisions otherwise provided for in these Conditions will continue to apply unless and until a Benchmark Event has occurred.

Notwithstanding any other provision of this Condition 4.9, no Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (as applicable) will be adopted, if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the qualification of the Preferred Securities as Additional Tier 1 Capital of the Group.

## 5 Liquidation Distribution

- 5.1 Subject as provided in Condition 5.2 below, in the event of any voluntary or involuntary liquidation or winding-up of the Bank, the Preferred Securities will confer an entitlement to receive, out of the assets of the Bank available for distribution to Holders, the Liquidation Distribution. Such entitlement will arise before any distribution of assets is made to holders of ordinary shares of the Bank or any other instrument of the Bank ranking junior to the Preferred Securities.

- 5.2 If, before such liquidation or winding-up of the Bank described in Condition 5.1, a Trigger Event occurs but the relevant reduction of the Outstanding Principal Amount pursuant to Condition 6.1 below is still to take place, the entitlement conferred by the Preferred Securities for the purposes of Condition 5.1, will be an entitlement to receive out of the relevant assets of the Bank a monetary amount equal to that which Holders of such Preferred Securities would have received on any distribution of the assets of the Bank if such reduction had taken place immediately prior to such liquidation or winding-up.
- 5.3 After payment of the relevant entitlement in respect of a Preferred Security as described in Conditions 5.1 and 5.2, such Preferred Security will confer no further right or claim to any of the remaining assets of the Bank.

## 6 Loss Absorption following a Trigger Event and Write Up of the Preferred Securities

### 6.1 Loss Absorption following a Trigger Event

- (a) If a Trigger Event occurs at any time on or after the Closing Date, then the Bank will:
- (i) immediately notify the Competent Authority that a Trigger Event has occurred;
  - (ii) as soon as reasonably practicable deliver a Write Down Notice to Holders in accordance with Condition 13;
  - (iii) cancel any accrued and unpaid Distributions up to (but excluding) the Write Down Date in accordance with Condition 4.4 above; and
  - (iv) irrevocably and mandatorily (and without the need for the consent of the Holders) without delay, and by no later than one month from the occurrence of the relevant Trigger Event, reduce the then Outstanding Principal Amount of each Preferred Security by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” being construed accordingly).

Any failure or delay by the Bank in giving the Write Down Notice to the Holders or the notification to the Competent Authority under Conditions 6.1(a)(ii) and 6.1(a)(i), respectively, will not in any way impact on the effectiveness of, or otherwise invalidate, any Write Down, or give Holders any rights as a result of such failure or delay, and shall not constitute a default by the Bank under the Preferred Securities or for any purpose.

For the purposes of determining whether a Trigger Event has occurred at any time, the Bank will (i) calculate the CET1 ratio based on information (whether or not published) available to management of the Bank, including information internally reported pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Group and (ii) publish the CET1 ratio on at least a quarterly basis.

Holders shall have no claim against the Bank in respect of the Outstanding Principal Amount of the Preferred Securities reduced as described above or any accrued and unpaid Distributions cancelled, in each case pursuant to the operation of the loss absorption provisions following a Trigger Event as described above.

- (b) Write Down of the Preferred Securities will be effected, save as may otherwise be required by the Competent Authority, pro rata with (a) the concurrent Write Down of the other Preferred Securities; and (b) the concurrent (or substantially concurrent) write down or conversion into equity, as the case may be, of any Loss Absorbing Instruments (based on the prevailing principal amount of the relevant Loss Absorbing Instrument), provided that:

- (i) with respect to each Loss Absorbing Instrument (if any), such pro rata write down or conversion shall only be taken into account to the extent required to restore the CET1 ratio of the Group to the lower of (a) such Loss Absorbing Instrument's trigger level and (b) 5.125 per cent. (being the level at which a Trigger Event occurs in respect of the Preferred Securities); and
- (ii) if for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write down or conversion of any given Loss Absorbing Instruments within the period required by the Competent Authority, the Preferred Securities will be Written Down notwithstanding that the relevant Loss Absorbing Instruments are not also written down or converted.

For the avoidance of doubt, to the extent that the Bank is unable to write down or convert any Loss Absorbing Instruments as aforesaid, the Write Down Amount determined in accordance with part (i) of the definition of "Write Down Amount" will be calculated on the basis that such Loss Absorbing Instruments are not available to be written down or converted, and accordingly the Write Down Amount determined in accordance with that part (i) will be higher than it would otherwise have been if such Loss Absorbing Instruments had been available to be written down or converted.

- (c) If, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down or converted into equity in full and not in part only ("**Full Loss Absorbing Instruments**") then:
  - (i) the requirement that a Write Down of the Preferred Securities shall be effected pro rata with the write down or conversion into equity, as the case may be, of any such Loss Absorbing Instruments shall not be construed as requiring the Preferred Securities to be Written Down in full (or in full save for one cent) simply by virtue of the fact that such Full Loss Absorbing Instruments will be written down or converted in full; and
  - (ii) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal or conversion into equity, as the case may be, among the Preferred Securities and such other Loss Absorbing Instruments on a pro rata basis) as if their terms permitted partial write down or conversion into equity, such that the write down or conversion into equity of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (a) first, the principal amount of such Full Loss Absorbing Instruments shall be written down or converted into equity pro rata with the Preferred Securities and all other Loss Absorbing Instruments (in each case subject to and as provided in Condition 6.1(b)) to the extent necessary to restore the Group's CET1 ratio to at least 5.125 per cent.; and (b) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (a) shall be written-off or converted into equity, as the case may be, with the effect of increasing the Group's CET1 ratio above the minimum required level under (a) above.
- (d) Following a reduction of the Outstanding Principal Amount of the Preferred Securities as described above, Distributions will accrue on the reduced Outstanding Principal Amount of each Preferred Security from (and including) the relevant Write Down Date, and (for the avoidance of doubt) such Distributions will be subject to Condition 4.4 and Condition 6.1(a).



- (e) A Write Down may occur on one or more occasions and accordingly the Preferred Securities may be Written Down on one or more occasions (provided however, for the avoidance of doubt, that the principal amount of a Preferred Security shall not at any time be reduced to below one cent). Any reduction of the Outstanding Principal Amount pursuant to Condition 6.1(a) shall not constitute a default by the Bank under the Preferred Securities or for any purpose and shall not entitle Holders to petition for the liquidation, dissolution or winding-up of the Bank.

Any Write Down pursuant to this Condition 6.1 shall not in any way limit or restrict the Bank from making any distribution or equivalent payment in connection with any instrument ranking junior to the Preferred Securities (including, without limitation, any CET1 Capital) or in respect of any other instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities.

- (f) If the Outstanding Principal Amount of the Preferred Securities is Written Down to one cent, the Preferred Securities will not be automatically cancelled.
- (g) For the purposes of any calculation in connection with a Write Down or Write Up of the Preferred Securities which necessarily requires the determination of a figure in the Accounting Currency (or in an otherwise consistent manner across obligations denominated in different currencies), including (without limitation) any determination of a Write Down Amount and/or a Maximum Write Up Amount, any relevant obligations (including the Preferred Securities) which are not denominated in the Accounting Currency shall, (for the purposes of such calculation only) be deemed notionally to be converted into the Accounting Currency at the foreign exchange rates determined, in the sole discretion of the Bank, to be applicable based on its regulatory reporting requirements under the Applicable Banking Regulations.
- (h) The Bank will conduct the relevant arrangements with Iberclear on or before the Write Down Date to complete the corresponding reduction of the Outstanding Principal Amount of the Preferred Securities.

## 6.2 Write Up of the Preferred Securities

- (a) Subject to compliance with the prevailing Applicable Banking Regulation, if, following a Write Down in accordance with Condition 6.1, the Group records a positive Consolidated Net Income at any time while the Outstanding Principal Amount of the Preferred Securities is less than their Original Principal Amount, the Bank may, at its full discretion, increase the Outstanding Principal Amount of each Preferred Security (such increase, a “**Write Up**”) by such amount (calculated per Original Principal Amount) as the Bank may elect, provided that such Write Up shall not:
- (i) result in the Outstanding Principal Amount of the Preferred Securities being greater than their Original Principal Amount;
  - (ii) be operated whilst a Trigger Event has occurred and is continuing;
  - (iii) result in the occurrence of a Trigger Event; or
  - (iv) result in the Maximum Write Up Amount to be exceeded when taken together with the aggregate of:
    - (a) any previous Write Up of the Preferred Securities out of the same Consolidated Net Income since the end of the then previous financial year;
    - (b) the aggregate amount of any Distribution payments on the Preferred Securities that were paid or calculated (but disregarding any Distributions cancelled) on the basis

of an Outstanding Principal Amount that is lower than the Original Principal Amount at any time after the end of the then previous financial year;

- (c) the aggregate amount of the increase in principal amount of the Loss Absorbing Written Down Instruments to be written-up out of the same Consolidated Net Income concurrently (or substantially concurrently) with the Write Up and (if applicable) any previous increase in principal amount of such Loss Absorbing Written Down Instruments out of the same Consolidated Net Income since the end of the then previous financial year; and
- (d) the aggregate amount of any distribution payments on such Loss Absorbing Written Down Instruments that were paid or calculated (but disregarding any distributions cancelled) on the basis of a prevailing principal amount that is lower than the original principal amount at which such Loss Absorbing Written Down Instruments were issued at any time after the end of the then previous financial year.

A Write Up will also not be effected in circumstances in which it would cause any Maximum Distributable Amount (if any) to be exceeded.

- (b) In the event of a Write Up in accordance with Condition 6.2(a), the Bank will give notice to Holders in accordance with Condition 13 not more than 10 Business Days following the day on which it resolves to effect such Write Up, which notice shall specify the amount of such Write Up (expressed per Original Principal Amount or as a percentage) and the Write Up Date.
- (c) Any Write Up shall be applied concurrently (or substantially concurrently) and pro rata with other write ups to be effected out of the Consolidated Net Income in respect of any Loss Absorbing Written Down Instruments.
- (d) Following a Write Up in respect of the Preferred Securities, Distributions will accrue on the increased Outstanding Principal Amount of each Preferred Security from (and including) the Write Up Date, and (for the avoidance of doubt) such Distributions will be subject to Condition 4.4 and Condition 6.1(a).
- (e) A Write Up may occur on one or more occasions until the Outstanding Principal Amount of the Preferred Securities has been reinstated to the Original Principal Amount. Any decision by the Bank to effect or not to effect any Write Up on any occasion shall not preclude it from effecting or not effecting any Write Up on any other occasion.

The decision of the Bank to Write Up or not the Preferred Securities will not limit or restrict the Bank from making any distribution or equivalent payment in connection with any instrument ranking junior to the Preferred Securities (including, without limitation, any CET1 Capital) or in respect of any other instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities.

- (f) A Write Up shall be operated at the sole and absolute discretion of the Bank and there shall be no obligation for the Bank to operate or accelerate a Write Up in any circumstance.
- (g) The Bank will conduct the relevant arrangement with Iberclear on or before the Write Up Date to complete the corresponding Write Up of the Outstanding Principal Amount of the Preferred Securities.

## 7 Optional Redemption

7.1 The Preferred Securities are perpetual and are only redeemable in accordance with the following provisions of this Condition 7.

7.2 Subject to Conditions 7.3 and 7.4 below, the Preferred Securities shall not be redeemable prior to 25 January 2028. All, and not some only, of the Preferred Securities may be redeemed at the option of the Bank:

- (a) on any day falling in the period commencing on (and including) 25 January 2028 and ending on (but excluding) the First Reset Date; or
- (b) on the First Reset Date or on any Distribution Payment Date thereafter;

at the Redemption Price, subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force.

As of the Closing Date, Article 78(1) of the CRR provides that the Competent Authority shall give its consent to a reduction, call, redemption, repayment or repurchase of the Preferred Securities provided that either of the following conditions is met:

- (a) on or before such redemption, repayment or repurchase of the Preferred Securities, the Bank replaces the Preferred Securities with own funds instruments of an equal or higher quality on terms that are sustainable for the income capacity of the Bank;
- (b) the Bank has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption, repayment or repurchase, exceed the requirements laid down in the CRR, the CRD IV Directive and the BRRD by a margin that the Competent Authority considers necessary.

7.3 If, on or after the Closing Date, there is a Capital Event, the Preferred Securities may be redeemed, in whole but not in part, at the option of the Bank, subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force, at any time, at the Redemption Price.

As of the Closing Date, Article 78(4) of the CRR provides that the Competent Authority may permit the Bank to call, redeem, repay or repurchase the Preferred Securities during the five years following the Closing Date in the case of a Capital Event if, in addition to meeting one of the conditions referred to in Article 78(1) of the CRR, the Bank demonstrates to the satisfaction of the Competent Authority that the regulatory reclassification was not reasonably foreseeable at the Closing Date.

7.4 If, on or after the Closing Date, there is a Tax Event, the Preferred Securities may be redeemed, in whole but not in part, at the option of the Bank, subject to the prior consent of the Competent Authority and in compliance with Applicable Banking Regulations then in force, at the Redemption Price.

As of the Closing Date, Article 78(4) of the CRR provides that the Competent Authority may permit the Bank to call, redeem, repay or repurchase the Preferred Securities during the five years following the Closing Date in the case of a Tax Event if, in addition to meeting one of the conditions referred to in Article 78(1) of the CRR, the Bank demonstrates to the satisfaction of the Competent Authority that such Tax Event is material and was not reasonably foreseeable at the Closing Date

7.5 The decision to redeem the Preferred Securities must be, subject to Condition 7.7 below, irrevocably notified by the Bank to the Holders not less than 15 and not more than 60 calendar days prior to the relevant redemption date in accordance with Condition 13.

The Bank will not give notice under this Condition 7.5 unless, at least 15 calendar days prior to the publication of any notice of redemption, it will make available to the Holders at its registered office, a certificate signed by two of its duly authorised officers stating that a Capital Event or a Tax Event has occurred, or there is sufficient certainty that it will occur, as the case may be.

- 7.6 If the notice of redemption has been given, and the funds deposited and instructions and authority to pay given as required above, then on the date of such deposit:
- (a) Distributions on the Preferred Securities shall cease;
  - (b) such Preferred Securities will no longer be considered outstanding; and
  - (c) the Holders will no longer have any rights as Holders except the right to receive the Redemption Price.
- 7.7 The Bank may not give a notice of redemption pursuant to this Condition 7 if a Trigger Event notice has been given. If any notice of redemption of the Preferred Securities is given pursuant to this Condition 7 and a Trigger Event occurs prior to such redemption, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the Preferred Securities on such redemption date and, instead, a Write Down of the principal amount of the Preferred Securities will occur as provided under Condition 6.1. The Bank shall give notice of any such automatic rescission of a redemption notice to the Holders in accordance with Condition 13 as soon as possible thereafter.
- 7.8 If either the notice of redemption has been given and the funds are not deposited as required on the date of such deposit or if the Bank improperly withholds or refuses to pay the Redemption Price of the Preferred Securities, Distributions will continue to accrue in accordance with Condition 4 above from (and including) the redemption date to (but excluding) the date of actual payment of the Redemption Price.
- 7.9 The Bank shall not be entitled to redeem the Preferred Securities pursuant to Condition 7.2 (but this restriction shall not, for the avoidance of doubt, apply to a redemption pursuant to Conditions 7.3 and 7.4) if, on the relevant redemption date, the Outstanding Principal Amount of the Preferred Securities is lower than their Original Principal Amount as a result of a Write Down until any principal amount by which the Preferred Securities have been Written Down pursuant to Condition 6.1 have first been reinstated in full pursuant to Condition 6.2 (and any notice of redemption which have been given in such circumstances shall be automatically rescinded and shall be of no force and effect).

## **8 Substitution and Variation**

- 8.1 Subject to the prior consent of the Competent Authority (and in compliance with Applicable Banking Regulations then in force) and having given no less than 15 nor more than 60 calendar days' notice to the Holders (in accordance with Condition 13), if a Capital Event or Tax Event has occurred and is continuing, the Bank may substitute all (but not some only) of the Preferred Securities or vary the terms of all (but not some only) of the Preferred Securities, without the consent of the Holders, so that they become or remain Qualifying Preferred Securities. Any such notice shall be irrevocable and shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Preferred Securities. Such substitution or variation will be effected without any cost or charge to the Holders.
- 8.2 Holders shall, by virtue of subscribing and/or purchasing the Preferred Securities, be deemed to accept the substitution or variation of the terms of such Preferred Securities and to grant the Bank full power

and authority to take any action and/or execute and deliver any document in the name and/or on behalf of the Holders which is necessary or convenient to complete the substitution or variation of the terms of the Preferred Securities.

- 8.3 The Bank will not give a notice of substitution or variation after a Trigger Event notice has been given. If the Bank has given a notice of substitution or variation in accordance with these Conditions but prior to such substitution or variation a Trigger Event is effective, the relevant substitution or variation notice shall be automatically rescinded and shall be of no force and effect. The Bank shall give notice thereof to the Holders in accordance with Condition 13 as soon as possible following any such automatic rescission of a substitution or variation notice.
- 8.4 In connection with any substitution or variation in accordance with this Condition 8, the Bank shall comply with the rules of any stock exchange on which the Preferred Securities are for the time being listed or admitted to trading.

## **9 Purchases of Preferred Securities**

The Bank, or any member of the Group, may purchase or otherwise acquire any of the outstanding Preferred Securities at any price in the open market or otherwise and in compliance with Applicable Banking Regulations in force at the relevant time and subject to the prior consent of the Competent Authority, if required.

Any Preferred Securities so acquired by the Bank or any member of the Group may (subject to the approval of the Competent Authority and in compliance with Applicable Banking Regulations then in place) be held, resold or, at the option of the Bank or such member of the Group, cancelled.

## **10 Waiver of Set-off**

No Holder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Bank has or may have or acquire against such Holder, 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 Preferred Security) and each Holder 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 Holder by the Bank in respect of, or arising under or in connection with the Preferred Securities is discharged by deduction, set-off, netting, compensation, retention or counterclaim, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Bank and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Bank and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition 10 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 Holder of any Preferred Security but for this Condition 10.

## **11 Meetings of Holders**

### **11.1 Convening meetings**

The Bank may, at any time, and shall, if required in writing by Holders holding not less than 10 per cent. in aggregate Outstanding Principal Amount of the Preferred Securities for the time being outstanding, convene a meeting of the Holders and if the Bank fails for a period of seven days to convene the meeting, the meeting may be convened by the relevant Holders.

## 11.2 Procedures for convening meetings

- (a) At least 21 clear days' notice specifying the place (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference or an electronic platform), day and hour of the meeting shall be given to the Holders in the manner provided in Condition 13. 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 Holders that the terms of the Extraordinary Resolution are available free of charge from the Bank or an agent thereof, provided that, in the case of this (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:

- (i) include statements as to the manner in which Holders are entitled to attend and vote at the meeting; or
- (ii) inform Holders that details of the voting arrangements are available free of charge from the Bank or an agent thereof, provided that, in the case of this (ii) the final form of such details are 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 Bank (unless the meeting is convened by the Bank).

- (b) 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 replaced by ten in Condition 11.2(a) and the notice shall state the relevant quorum. Subject to the foregoing it shall not be necessary to give any notice of an adjourned meeting.

## 11.3 Chairman

The person (who may but need not be a Holder) nominated in writing by the Bank (the “**Chairman**”) 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 Holders present shall choose one of their number to be Chairman, failing which the Bank 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.

## 11.4 Quorums

- (a) Regular Quorum

At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5 per cent. in Outstanding Principal Amount of the Preferred Securities 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 in accordance with Condition 11.3) shall be transacted at any meeting unless the required quorum is present at the commencement of business.

(b) Extraordinary Quorum

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 Outstanding Principal Amount of the Preferred Securities for the time being outstanding.

(c) Enhanced Quorum

At any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

- (i) a reduction or cancellation of the Outstanding Principal Amount of the Preferred Securities (other than by virtue of a Write Down); or
- (ii) without prejudice to the provisions of Condition 4 (including, without limitation, the right of the Bank to cancel the payment of any Distributions on the Preferred Securities), a reduction of the amount payable or modification of the payment date in respect of any Distributions or variation of the method of calculating the Distribution Rate; or
- (iii) a modification of the currency in which payments under the Preferred Securities are to be made; or
- (iv) a modification of the majority required to pass an Extraordinary Resolution; or
- (v) the sanctioning of any scheme or proposal described in Condition 11.8(b)(vi) below; or
- (vi) alteration of this proviso or the proviso to Condition 11.5(a) below,

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds in Outstanding Principal Amount of the Preferred Securities for the time being outstanding.

11.5 Adjourned Meeting

- (a) 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 Holders or if the Bank was required by Holders to convene such meeting pursuant to Condition 11.1, be dissolved. In any other case it shall be adjourned to the same day of the next week (or if that day is not a Business Day 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 Bank). 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 Bank, and the provisions of this sentence shall apply to all further adjourned meetings.

- (b) At any adjourned meeting one or more Eligible Persons present (whatever the Outstanding Principal Amount of the Preferred Securities 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 11.4 the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third in Outstanding Principal Amount of the Preferred Securities for the time being outstanding.

#### 11.6 Right to attend and vote

- (a) The provisions governing the manner in which Holders may attend and vote at a meeting of the holders of Preferred Securities must be notified to Holders in accordance with Condition 13 and/or at the time of service of any notice convening a meeting.
- (b) Any director or officer of the Bank and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the definition of “outstanding”, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Holders or join with others in requiring the convening of a meeting unless he is an Eligible Person.
- (c) Subject as provided in Condition 11.6(b), at any meeting:
  - (i) on a show of hands every Eligible Person present shall have one vote; and
  - (ii) on a poll every Eligible Person present shall have one vote in respect of each Preferred Security.

#### 11.7 Holding of meetings

- (a) 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.
- (b) 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 Bank or by any Eligible Person present (whatever the Outstanding Principal Amount of the Preferred Securities held by him), a declaration by the Chairman that a resolution has been 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.
- (c) Subject to Condition 11.7(e), 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 of 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.
- (d) 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.



- (e) 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.

#### 11.8 Approval of the resolutions

- (a) Any resolution passed at a meeting of the Holders duly convened and held shall be binding upon all the Holders whether present or not present at the meeting and whether or not voting 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 Holders shall be published in accordance with Condition 13 by the Bank within 14 days of the result being known provided that non-publication shall not invalidate the resolution.
- (b) The expression “Extraordinary Resolution” when used in this Condition 11 means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 11 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.

A meeting of the Holders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to the quorum contained in Conditions 11.4(b) and 11.4(c)), namely:

- (i) power to approve any compromise or arrangement proposed to be made between the Bank and the Holders;
  - (ii) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Holders against the Bank or against any of its property whether these rights arise under these Conditions or the Preferred Securities or otherwise;
  - (iii) power to agree to any modification of the provisions contained in these Conditions or the Preferred Securities, including, in particular, any provision relating to the Write Down and Write Up of the Preferred Securities, which is proposed by the Bank;
  - (iv) power to give any authority or approval which under the provisions of this Condition 11 or the Preferred Securities is required to be given by Extraordinary Resolution;
  - (v) power to appoint any persons (whether Holders or not) as a committee or committees to represent the interests of the Holders and to confer upon any committee or committees any powers or discretions which the Holders could themselves exercise by Extraordinary Resolution;
  - (vi) power to agree with the Bank or any substitute, the substitution of any entity in place of the Bank (or any substitute) as the principal debtor in respect of the Preferred Securities.
- (c) Subject to Condition 11.8(a), to be passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 11, a resolution (other than an Extraordinary Resolution) shall require a majority of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, a majority of the votes given on the poll.

#### 11.9 Miscellaneous

- (a) 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 Bank and any minutes signed by

the Chairman of the meeting at which any resolution was passed or proceedings had transpired 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 transpired at the meeting to have been duly passed or had.

- (b) For the purposes of calculating a period of clear days, no account shall be taken of the day on which a period commences or the day on which a period ends.
- (c) Any modification or waiver of the Conditions in accordance with this Condition 11 will be effected in compliance with Applicable Banking Regulations and conditional upon any prior approval from the Competent Authority, to the extent required thereunder.

## **12 Taxation**

- 12.1 All payments of Distributions and other amounts payable in respect of the Preferred Securities by or on behalf of the Bank will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax in respect of payments of Distributions (but not any Outstanding Principal Amount or other amount), the Bank shall (to the extent such payment can be made on the same basis as for payment of any Distribution in accordance with Condition 4) pay such additional amounts as will result in Holders receiving such amounts as they would have received in respect of such Distributions had no such withholding or deduction been required.
- 12.2 The Bank shall not be required to pay any additional amounts in relation to any payment in respect of Preferred Securities:
  - (a) presented for payment by or on behalf of a Holder who is liable for such taxes, duties, assessments or governmental charges in respect of the Preferred Securities by reason of his having some connection with Spain other than:
    - (i) the mere holding of Preferred Securities; or
    - (ii) the receipt of any payment in respect of Preferred Securities;
  - (b) where taxes are imposed by the Kingdom of Spain (or any political subdivision thereof or any authority or agency therein or thereof having power to tax) that are (i) any estate, inheritance, gift, sales, transfer, personal property or similar taxes or (ii) solely due to the appointment by any Holder, or any person through which such Holder holds such Preferred Security, of a custodian, collection agent, person or entity acting on its behalf or similar person in relation to such Preferred Security; or
  - (c) to, or to a third party on behalf of, a Holder who is an individual resident for tax purposes in Spain (or any political subdivision or any authority thereof or therein having power to tax); or
  - (d) to, or to a third party on behalf of, a Holder in respect of whose Preferred Securities the Bank (or an agent acting on behalf of the Bank) has not received such information it may be required in order to comply with Spanish tax reporting requirements, as may be necessary to allow payments on such Preferred Securities to be made free and clear of withholding tax or deduction on account of any taxes imposed by Spain, including when the Bank (or an agent acting on behalf of the Bank) does not receive a duly executed and completed certificate, pursuant to Law 10/2014 and

Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011 of 29 July, and any implementing legislation or regulation.

Notwithstanding any other provision of these Conditions, any amounts to be paid by the Bank on the Preferred Securities will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (“FATCA”) or any law implementing an intergovernmental approach to FATCA.

See “Taxation” for a fuller description of certain tax considerations relating to the Preferred Securities.

### 13 Notices

The Bank shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed and/or admitted to trading.

So long as the Preferred Securities are listed on AIAF, to the extent required by the applicable regulations, the Bank shall ensure that (i) the communication of all notices will be made public to the market through announcements of inside information (*información privilegiada*) or of other relevant information (*otra información relevante*), as the case may be, to be filed with the CNMV and to be published at the CNMV’s official website at [www.cnmv.es](http://www.cnmv.es) and (ii) all notices to the Holders will be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*).

*For the avoidance of doubt, unless specifically incorporated by reference into this Securities Note, information contained on any website referred to in this Securities Note does not form part of this Securities Note and has not been scrutinised or approved by the CNMV.*

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Bank may approve.

In addition, so long as the Preferred Securities are represented by book-entries in Iberclear, all notices to Holders shall be made through Iberclear for on transmission to their respective accountholders.

### 14 Loss Absorbing Power

#### 14.1 Exercise of Loss Absorbing Power and acknowledgment

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

#### 14.2 Payment of 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.

#### 14.3 Notice to Holders

Upon the exercise of any Loss Absorbing Power by the Relevant Resolution Authority with respect to the Preferred Securities, the Bank will make available a written notice to the Holders as soon as

practicable regarding such exercise of the Loss Absorbing Power. No failure or delay by the Bank to deliver a notice to the Holders shall affect the validity or enforceability of the exercise of the Loss Absorbing Power.

#### 14.4 Proration

If the Relevant Resolution Authority exercises the Loss Absorbing Power with respect to less than the total Amounts Due, any cancellation, write-off or conversion made in respect of the Preferred Securities pursuant to the Loss Absorbing Power will be made on a pro-rata basis.

#### 14.5 No Event of Default

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

### 15 Prescription

To the extent that Article 950 of the Spanish Commercial Code (*Código de Comercio*) applies to the Preferred Securities, claims relating to the Preferred Securities will be extinguished unless such claims are duly made within three years of the relevant payment date.

### 16 Governing Law and Jurisdiction

16.1 The Preferred Securities and any non-contractual obligations arising out of or in connection with the Preferred Securities shall be governed by, and construed in accordance with, Spanish law.

16.2 The Bank hereby irrevocably agrees for the benefit of the Holders that the courts of the city of Madrid, Spain are to have jurisdiction to settle any disputes which may arise out of or in connection with the Preferred Securities (including a dispute relating to any non-contractual obligations arising out of or in connection with the Preferred Securities) and that accordingly any suit, action or proceedings arising out of or in connection with the Preferred Securities (together referred to as “**Proceedings**”) may be brought in such courts. The Bank irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Proceedings in the courts of the city of Madrid, Spain. To the extent permitted by law, nothing contained in this Condition 16 shall limit any right to take Proceedings against the Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.

In addition, the courts of the city of Madrid, Spain have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Bank and any Holder 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**”) submits to the exclusive jurisdiction of the Spanish courts. Each of the Bank and any Holder 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.

## **USE AND ESTIMATED NET AMOUNT OF PROCEEDS**

Ibercaja intends to use the net proceeds from the issue of the Preferred Securities for its general corporate purposes. The Bank will request that the Preferred Securities qualify as Additional Tier 1 capital own funds for the purposes of the Applicable Banking Regulations.

## TAXATION

*The following is a general description of certain Spanish tax considerations relating to the Preferred Securities. It does not purport to be a complete analysis of all tax considerations relating to the Preferred Securities whether in those countries or elsewhere. Prospective purchasers of Preferred Securities should consult their own tax advisers 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 Preferred Securities and receiving payments of interest, principal and/or other amounts under the Preferred Securities. This summary is based upon the law as in effect on the date of this Securities Note and is subject to any change in law that may take effect after such date.*

*Also investors should note that the appointment by an investor in Preferred Securities, or any person through which an investor holds Preferred Securities, of a custodian, collection agent or similar person in relation to such Preferred Securities in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

### Spanish tax considerations

The following summary describes the main Spanish tax implications arising in connection with the acquisition and holding of the Preferred Securities by individuals or entities who are the beneficial owners of the Preferred Securities. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain, and it is not intended to be, nor should it be construed to be, legal or tax advice, and does not address all the tax consequences applicable to all categories of investors, some of which (such as look through entities or Holders by reason of employment) may be subject to special rules.

All the tax consequences described in this section are based on the general assumption that the Preferred Securities are initially registered for clearance and settlement in Iberclear.

Prospective purchasers of the Preferred Securities should consult their own tax advisers as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of the Preferred Securities.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Securities Note:

- (a) of general application, the First Additional Provision of Law 10/2014, as well as Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011 of 29 July (“**Royal Decree 1065/2007**”);
- (b) for individuals resident for tax purposes in Spain who are personal income tax (“**PIT**”) taxpayers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the “**PIT Law**”), and Royal Decree 439/2007, of 30 March, approving the PIT Regulations, as amended (the “**PIT Regulations**”) by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June, on Wealth Tax, as amended, and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended;

- (c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax (“**CIT**”) taxpayers, the CIT Law, and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended (the “**CIT Regulations**”); and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax (“**NRIT**”) taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended (“**NRIT Law**”) and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended (“**NRIT Regulations**”) along with Law 19/1991, of 6 June, on Wealth Tax as amended and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended.

## **Tax treatment of the Preferred Securities**

### ***Indirect taxation***

Whatever the nature and residence of the Holder, the acquisition and transfer of Preferred Securities 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, dated 24 September 1993 and exempt from Value Added Tax, in accordance with Law 37/1992, dated 28 December 1992 regulating such tax, and exempt from Spanish Financial Transaction Tax, in accordance with Law 5/2020, of 15 October, regulating such tax.

The Issuer understands that the Preferred Securities should be deemed as financial assets with an explicit yield for Spanish tax purposes, according to Article 91 of the PIT Regulations and Article 63 of the CIT Regulations.

### ***Direct taxation***

#### ***(a) Individuals with tax residency in Spain***

##### **Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Both interest periodically received and income derived from the transfer, redemption or repayment of the Preferred Securities constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in each investor’s savings income and taxed at the tax rate applicable from time to time, currently 19 per cent. for taxable income up to €6,000; 21 per cent. for taxable income between €6,000.01 and €50,000, 23 per cent. for taxable income between €50,000.01 and €200,000 and 26 per cent. for taxable income exceeding €200,000.

Income from the transfer of the Preferred Securities 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 Preferred Securities, in the event that the investor had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her PIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Preferred Securities will be deductible, excluding those pertaining to discretionary or individual portfolio management.

A (current) 19 per cent. withholding on account of PIT will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Preferred Securities, by individual investors subject to PIT.

However, income derived from the transfer of the Preferred Securities should not be subject to withholding on account of PIT provided that the Preferred Securities are:

- (i) registered by way of book entries; and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Notwithstanding the above, 19 per cent. withholding tax shall apply on the part of the transfer price that corresponds to the accrued interest when the transfer of the Preferred Securities takes place within the 30-day period prior to the moment in which such interest is due when the following requirements are fulfilled:

- (i) the acquirer would be a non-resident or a CIT taxpayer;
- (ii) the explicit yield derived from the Preferred Securities being transferred is exempt from withholding tax.

In any event, the individual holder may credit the withholding tax applied by the Issuer against his or her final PIT liability for the relevant tax year.

### **Reporting Obligations**

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Preferred Securities that are individuals resident in Spain for tax purposes.

### **Wealth Tax (Impuesto sobre el Patrimonio)**

According to Wealth Tax regulations (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*), individuals with tax residency in Spain would be subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Preferred Securities which they hold as of 31 December in each year, the applicable rates ranging between 0.2 per cent. and 3.5 per cent. although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

### **Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)**

Individuals with tax residency in Spain who acquire ownership or other rights over any Preferred Securities by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or state rules. The applicable rates range between 7.65 per cent. and 81.6 per cent., although the final tax rate may vary depending on any applicable regional tax laws. Some tax benefits could reduce the effective tax rate.

#### *(b) Spanish tax resident legal entities*

### **Corporate Income Tax (Impuesto sobre Sociedades)**

Both interest periodically received and income derived from the transfer, redemption or repayment of the Preferred Securities are subject to CIT at the current general flat tax rate of 25 per cent.

However, 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 per cent.).

No withholding on account of CIT will be imposed on interest payments or on income derived from the redemption or repayment of the Preferred Securities, by Spanish CIT taxpayers provided that certain requirements are met (including that the Iberclear Members that have the Preferred Securities registered



in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below). See “—*Compliance with Certain Requirements in Connection with Income Payments*”.

With regard to income derived from the transfer of the Preferred Securities, in accordance with Article 61.q of the CIT Regulations, there is no obligation to withhold on income derived from the Preferred Securities obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Preferred Securities are:

- (i) registered by way of book entries; and
- (ii) negotiated in a Spanish official secondary market, such as AIAF.

### **Reporting Obligations**

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Preferred Securities 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 that acquire ownership or other rights over the Preferred Securities are not subject to Spanish Wealth Tax.

### **Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)**

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Preferred Securities by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but generally must include the market value of the Preferred Securities in their taxable income for CIT purposes.

#### *(c) Individuals and legal entities that are not tax resident in Spain*

- (i) Investors that are not resident in Spain for tax purposes, acting in respect of the Preferred Securities through a permanent establishment in Spain

### **Non-resident Income Tax (Impuesto sobre la Renta de no Residentes)**

If the Preferred Securities form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Preferred Securities are, generally, the same as those set forth above for Spanish CIT taxpayers. See “—*Spanish tax resident legal entities – Corporate Income Tax (Impuesto sobre Sociedades)*”.

Ownership of the Preferred Securities by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

### **Reporting Obligations**

The Issuer will comply with the reporting obligations set forth under Spanish tax laws with respect to beneficial owners of the Preferred Securities that are individuals or legal entities not resident in Spain for tax purposes and that act with respect to the Preferred Securities through a permanent establishment in Spain.

- (ii) Investors that are not resident in Spain for tax purposes, not acting in respect of the Preferred Securities through a permanent establishment in Spain

#### **Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)**

Both interest payments periodically received under the Preferred Securities and income derived from the transfer, redemption or repayment of the Preferred Securities, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Preferred Securities, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met.

In order to be eligible for the exemption from NRIT, certain requirements must be met (including that, in respect of interest payments from the Preferred Securities carried out by the Issuer, the Iberclear Members that have the Preferred Securities registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below), as set forth in Article 44 of Royal Decree 1065/2007. See “—*Compliance with Certain Requirements in Connection with Income Payments*”.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of interest under the Preferred Securities, the Issuer will withhold Spanish withholding tax at the applicable rate (currently 19 per cent.) on such payment of income on the Preferred Securities and the Issuer will not pay additional amounts with respect to any such withholding.

A beneficial owner who is not resident in Spain for tax purposes and entitled to exemption from NRIT, but to whom payment was not exempt from Spanish withholding tax due to a failure on the delivery of a duly executed and completed Payment Statement to the Issuer, will receive a refund of the amount withheld, with no need for action on the beneficial owner’s part, if the Issuer receives a duly executed and completed Payment Statement no later than the tenth calendar day of the month immediately following the relevant payment date.

In addition, beneficial owners of the Preferred Securities may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law and its regulations.

#### **Wealth Tax (*Impuesto sobre el Patrimonio*)**

According to Wealth Tax regulations, 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 per cent. and 3.5 per cent. although some reductions may apply.

However, non-Spanish resident individuals will be exempt from Wealth Tax in respect of the Preferred Securities 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 the Wealth Tax would generally not be subject to such tax.

Individuals that are not resident in Spain for tax purposes may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

Non-Spanish resident legal entities are not subject to Wealth Tax.

### **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals who do not have tax residency in Spain who acquire ownership or other rights over the Preferred Securities by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If no treaty for the avoidance of double taxation in relation to Inheritance and Gift Tax applies, applicable Inheritance and Gift Tax rates would range between 7.65 per cent. and 81.6 per cent., depending on relevant factors.

Generally, non-Spanish tax resident individuals are subject to Inheritance and Gift Tax according to the rules set forth in the Spanish state level or relevant autonomous region law. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities which acquire ownership or other rights over the Preferred Securities by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to NRIT. If the legal entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

#### *(d) Compliance with certain requirements in connection with income payments*

As described under “*Spanish tax resident legal entities—Corporate Income Tax (Impuesto sobre Sociedades)*”, “*—Individuals and legal entities that are not tax resident in Spain*”, provided the conditions set forth in Law 10/2014 are met, income payments made by the Issuer in respect of the Preferred Securities for the benefit of Spanish CIT taxpayers, or for the benefit of non-Spanish tax resident investors will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Preferred Securities registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a “**Payment Statement**”) (which is attached as Annex I), in accordance with section 4 of Article 44 of Royal Decree 1065/2007, containing the following information:

- (i) Identification of the Preferred Securities.
- (ii) Total amount of the income paid by the Issuer.
- (iii) Amount of the income corresponding to individual residents in Spain that are PIT taxpayers.
- (iv) Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Preferred Securities, such payment will be made net of Spanish withholding tax, currently at the rate of 19 per cent. If this were to occur, affected beneficial owners will receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the tenth calendar day of the month immediately following the relevant payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

**Prospective investors should note that the Issuer does not accept any responsibility relating to the lack of delivery of a duly executed and completed Payment Statement by the Iberclear Members in connection with each payment of income under the Preferred Securities. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Payment Statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.**

#### **The proposed financial transactions tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has ceased to participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Preferred Securities (including secondary market transactions) in certain circumstances.

Under the Commission’s proposal, 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 Preferred Securities 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.

However, the FTT proposal remains subject to negotiation between 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.

Prospective holders of the Preferred Securities are advised to seek their own professional advice in relation to the FTT.

#### **The Spanish financial transactions tax**

On 16 October 2020, the Spanish Parliament approved the Law 5/2020, of 15 October, on the Tax on Financial Transactions (“**Spanish FTT Law**”) introducing the Spanish Financial Transaction Tax (“**Spanish FTT**”) that entered into force on 16 January 2021.

The Spanish FTT is an indirect tax levied at a rate of 0.2 per cent. on the acquisitions for consideration of shares issued by Spanish companies regardless of the residency of the parties involved in the transaction, or of the jurisdiction where the shares are traded, provided that they comply with the following conditions: (i) the shares should be admitted to trading on a regulated market under MiFID II (or in a foreign market declared equivalent by the European Commission), and (ii) the stock market capitalization value of the company should exceed €1,000,000,000. The Spanish FTT will be payable on a monthly basis.

However, according to the Spanish FTT Law, the Spanish FTT should not apply in relation to the Preferred Securities.

#### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” 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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) 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 the Preferred Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Preferred Securities, 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 the Preferred Securities, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment”. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Preferred Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Preferred Securities, no person will be required to pay additional amounts as a result of the withholding.

*Set out below is Annex I. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Annex I and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

*The language of the Securities Note is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Securities Note.*

## ANNEX I

### **Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007**

#### **Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos**

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

**Don (nombre), con número de identificación fiscal ( )<sup>(1)</sup>, en nombre y representación de (entidad declarante), con número de identificación fiscal ( )<sup>(1)</sup> y domicilio en ( ) en calidad de (marcar la letra que proceda):**

Mr. (name), with tax identification number ( )<sup>(1)</sup>, in the name and on behalf of (entity), with tax identification number ( )<sup>(1)</sup> and address in ( ) as (function – mark as applicable):

**(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**

(a) Management Entity of the Public Debt Market in book-entry form.

**(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

**(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

**(d) Agente de pagos designado por el emisor.**

(d) Issuing and Paying Agent appointed by the issuer.

#### **Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:**

Makes the following statement, according to its own records:

**1. En relación con los apartados 3 y 4 del artículo 44:**

1. In relation to paragraphs 3 and 4 of Article 44:

**1.1 Identificación de los valores.....**

1.1 Identification of the securities.....

**1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)

- 1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados) .....**
- 1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
- 1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora .....**
- 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved .....
- 1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2 En relación con el apartado 5 del artículo 44.**
- 2 In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores .....**
- 2.1 Identification of the securities.....
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados) .....**
- 2.2 Income payment date (or refund if the securities are issued at discount or are segregated) .....
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados) .....**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.
- 2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**
- 2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.
- 2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.**
- 2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

**Lo que declaro en.....a ... de.....de ...**

I declare the above in ..... on the ... of ..... of ...

- <sup>(1)</sup> En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**
- <sup>(1)</sup> In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.



## SUBSCRIPTION AND SALE

The Joint Lead Managers have, in a subscription agreement dated 19 January 2023 (the “**Subscription Agreement**”), and made between Ibercaja Banco and the Joint Lead Managers upon the terms and subject to the conditions contained therein, agreed to procure subscribers, or subscribe and pay for the Preferred Securities on the Closing Date at their issue price of 100 per cent. of their principal amount. Ibercaja Banco has agreed to pay the Joint Lead Managers a combined management and underwriting commission and to reimburse the Joint Lead Managers for certain of its expenses incurred in connection with the management of the issue of the Preferred Securities.

The Issuer will use all reasonable endeavours to procure that the Preferred Securities are admitted to listing on AIAF within 30 days from the Closing Date and to maintain such admission until none of the Preferred Securities is outstanding.

### **Selling Restrictions**

#### ***Prohibition of Sales to EEA retail investors***

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Preferred Securities to any retail investor in the EEA. For the purposes of this provision, 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.

#### ***Prohibition of Sales to UK retail investors***

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Preferred Securities to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA.

### ***Spain***

Each Joint Lead Manager has represented and agreed that the Preferred Securities have not been offered or sold in Spain other than by institutions authorised under the Spanish Securities Market Law, and related legislation, to provide investment services in Spain, and as agreed between the Bank and the Joint Lead Managers, offers of the Preferred Securities in Spain have only been directed specifically at or made to professional clients (*clientes profesionales*) as defined in Article 205 of the Spanish Securities Market Law and article 58 of Royal Decree 217/2008, of 15 February, and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law.

### ***United Kingdom***

Each Joint Lead Manager has further represented and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; 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 the Preferred Securities in, from or otherwise involving the UK.

### ***United States of America***

The Preferred Securities have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Preferred Securities 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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Preferred Securities, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities 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 U.S. Securities Act.

In addition, until 40 days after commencement of the offering, an offer or sale of the Preferred Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

### ***Hong Kong***

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Preferred Securities other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “CWUMPO”) or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Preferred Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Preferred Securities which are or are intended to be

disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### ***Republic of Italy***

The offering of the Preferred Securities has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation, and, accordingly, no Preferred Securities may be offered, sold or delivered, nor may copies of this Securities Note or of any other document relating to any Preferred Securities be distributed in the Republic of Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Joint Lead Manager has represented and agreed that any offer, sale or delivery of the Preferred Securities or distribution of copies of this Securities Note or any other document relating to the Preferred Securities in the Republic of Italy has been and will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Preferred Securities or distribution of copies of this Securities Note or any other document relating to the Preferred Securities in the Republic of Italy 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 Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016 and on 2 November 2020); and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

### ***Belgium***

Each Joint Lead Manager has represented and agreed that it has not advertised, offered, sold or delivered and will not advertise, offer, sell or deliver, directly or indirectly, Preferred Securities to any Belgian Consumers, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Preferred Securities, directly or indirectly, to any Belgian Consumer. For these purposes, a “**Belgian Consumer**” has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique*), being any natural person resident or located in Belgium and acting for purposes which are outside his/her trade, business or profession.

### ***Singapore***

Each Joint Lead Manager has acknowledged that this Securities Note has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Preferred Securities or caused the Preferred Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Preferred Securities or cause the Preferred Securities 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 Securities Note or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Preferred Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Preferred Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) 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
- (ii) 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 Preferred Securities pursuant to an offer made under Section 275 of the SFA except:

- (i) 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)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) 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 Preferred Securities in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“**FinSA**”). This Securities Note 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 Preferred Securities.

### ***Canada***

The Preferred Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Preferred Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Securities Note (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

***General***

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Preferred Securities or possesses, distributes or publishes this Securities Note or any other offering material relating to the Preferred Securities.

Persons into whose hands this Securities Note comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Preferred Securities or possess, distribute or publish this Securities Note or any other offering material relating to the Preferred Securities, in all cases at their own expense.

## MARKET INFORMATION

### Summary of Clearance and Settlement Procedures

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry securities such as the Preferred Securities.

The Spanish clearing, settlement and recording system of securities transactions has undergone a significant reform to align it with the EU practices and standards and prepare it for the implementation of future integration projects (the “**Reform**”). Following the Reform, which implementation was completed by 18 September 2017, the Spanish clearing, settlement and registry procedures of securities transactions allows the connection of the post-trading Spanish systems to the European system TARGET2 Securities.

The Reform has introduced three main changes that, in turn, involve a number of operating modifications. These changes include (i) a new recording system based on balances, and (ii) the integration of the current CADE (*Central de Anotaciones de Deuda Pública*) and SCLV (*Servicio de Compensación y Liquidación de Valores*) into a single platform managed by Iberclear which operates under the trade name of ARCO.

#### ***Iberclear***

Iberclear is the Spanish central securities depository in charge of both the register of securities held in book-entry form (*anotaciones en cuenta*), and the settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), the Alternative Stock Market (BME Growth), Alternative Fixed Income Market (MARF) and AIAF. To achieve this, Iberclear uses the technical platforms named ARCO.

Iberclear is owned by BME Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (“**BME**”), a holding company controlled by SIX Group, which holds a 100 per cent. interest in each of the Spanish official secondary markets and settlement systems. The corporate address of Iberclear is Plaza de la Lealtad 1, 28014 Madrid, Spain.

The securities recording system of Iberclear is a two tier registry: the keeping of the central record corresponds to Iberclear and the keeping of the detail records correspond to the participating entities (*entidades participantes*) in Iberclear.

Access to become a participating entity is restricted to (i) credit institutions, (ii) investment services companies which are authorised to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorised central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorised to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects (i) one or several proprietary accounts which show the balances of the participating entities’ proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of the securities or the shares held in their general third-party accounts.

According to the above, Spanish law considers the owner of the securities to be:

- the participating entity appearing in the records of Iberclear as holding the relevant securities in its own name;

- the investor appearing in the records of the participating entity as holding the securities; or
- the investor appearing in the records of Iberclear as holding securities in a segregated individual account.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO (for both equity securities and fixed-income securities as from September 2017), receives the settlement instructions and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

To evidence title to securities, at the owner's request the relevant participating entity must issue a legitimization certificate (*certificado de legitimación*). If the owner is a participating entity or a person holding securities in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the securities held in their name.

## **Market Information in relation to the Preferred Securities**

### ***Iberclear Settlement of securities traded on AIAF***

Iberclear and the participating entities (*entidades participantes*) in Iberclear have the function of keeping the book-entry register of securities traded on AIAF.

Securities traded on AIAF are fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds) and bonds issued by the Spanish Treasury and Spanish regions, among others, represented either in a dematerialised form or by certificates.

In the AIAF settlement system, transactions may be settled spot, forward (settlement date more than five days after the relevant trade date), with a repurchase agreement on a fixed date and double or simultaneous transactions (two trades in opposite directions with different settlement dates).

The settlement system used for securities admitted for trading in AIAF is the Model 1 delivery versus payment system, as per the classification of the Bank for International Settlements: that is, it is a “transaction-to-transaction” cash and securities settlement system with simultaneity in its finality.

Transactions are settled on the stock-exchange business day agreed by participants at the moment of the trade.

### ***Euroclear and Clearstream***

Investors who do not have, directly or indirectly through their custodians, a participating securities account with Iberclear or their participating entities may hold their investment in the Preferred Securities through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with participating entities in Iberclear.

## **ADDITIONAL INFORMATION**

### **Responsibility Statement**

The Issuer and the undersigned, Mr. Antonio Martínez Martínez, acting in the name and on behalf of the Issuer in his capacity as Chief Financial Officer of the Issuer and acting under a special power of attorney granted by the Board of Directors of the Issuer, accepts responsibility for the information contained in this Securities Note. Having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

### **Authorisation**

The creation and issue of the Preferred Securities have been authorised by resolutions of the Board of Directors dated 30 November 2022.

### **Subscription and disbursement**

As of the date of this Securities Note, 1,750 Preferred Securities of €200,000 of Original Principal Amount each have been fully subscribed and disbursed.

### **Yield**

On the basis of the issue price of the Preferred Securities of 100 per cent. of their principal amount, the annual yield of the Preferred Securities for the period from (and including) the Closing Date to (but excluding) the First Reset Date is 9.125 per cent. This yield was calculated on the Closing Date and is not an indication of future yield.

### **Clearing: ISIN and Common Code**

The Preferred Securities will be admitted to listing on AIAF and have been accepted for clearance through Iberclear. The Preferred Securities bear the ISIN ES0844251019 and the Common Code 258019679.

### **Listing**

This Securities Note has been approved by the CNMV in its capacity as competent authority under the Prospectus Regulation. The CNMV has only approved this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Bank or the quality of the Preferred Securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Preferred Securities.

Application has been made for the Preferred Securities to be admitted to trading on AIAF. AIAF is a regulated market for the purposes of MiFID II.

### **Paying agency**

All payments under the Conditions will be carried out directly by the Issuer through Iberclear.



## **Ratings**

The Preferred Securities are rated B1 by Moody's.

In accordance with Moody's ratings definitions, a rating of "B1" indicates that obligations are considered speculative and are subject to high credit risk.

## **Stabilisation**

In connection with the issue of the Preferred Securities, Barclays Bank Ireland PLC (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Preferred Securities or effect transactions with a view to supporting the market price of the Preferred Securities 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 Preferred Securities 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 Preferred Securities and 60 days after the date of the allotment of the Preferred Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and any other applicable laws and rules.

## **Interests of natural and legal persons involved in the offer of the Preferred Securities**

Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Preferred Securities had an interest material to the offer.

## **Other relationships**

The Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Ibercaja Banco and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective 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 Ibercaja Banco or its affiliates. The Joint Lead Managers or their respective affiliates that have a lending relationship with Ibercaja Banco routinely hedge their credit exposure to Ibercaja Banco consistent with their customary risk management policies. Typically, the Joint Lead Managers and their respective 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 Preferred Securities issued under the Securities Note. Any such short positions could adversely affect future trading prices of Preferred Securities issued under the Securities Note. The Joint Lead Managers and their respective 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.

### Expenses related to the admission to trading

For informative purposes only, an approximate estimate of the expenses payable by the Issuer in relation to the admission to trading is as follows:

Type of expense	Euro (estimated amount)
Charges and fees of AIAF and Iberclear .....	9,000
CNMV fees (listing).....	35,000
<b>Total</b> .....	<b>44,000</b>

## **SIGNATURES**

In witness to its knowledge and approval of the contents of this Securities Note drawn up according to Annex 15 of Delegated Regulation (EU) 2019/980 of 14 March 2019, it is hereby signed by Mr. Antonio Martínez Martínez, acting in the name and on behalf of Ibercaja Banco, in his capacity as Chief Financial Officer, in Zaragoza, on 26 January 2023.

#### REGISTERED OFFICE OF THE ISSUER

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