Ibercaja Banco, S.A.

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

EUR 50,000,000

Fixed Rate Reset Senior Preferred Notes due December 2027

The issue price of the €50,000,000 Fixed Rate Reset Senior Preferred Notes due December 2027 (the "**Notes**") of Ibercaja Banco, S.A. (the "**Issuer**", the "**Bank**" or "**Ibercaja Banco**") is 99.754% of their principal amount. The Notes have been issued in denominations of €100,000. The Notes were issued on 2 December 2021 (the "**Issue Date**"). The Bank and its consolidated subsidiaries are referred to herein as the "**Group**".

As described in the terms and conditions of the Notes (the "**Conditions**"), unless previously redeemed, the Notes will be redeemed at their principal amount on 2 December 2027. The Notes may be redeemed at the option of the Bank in whole, but not in part, at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption, subject to the conditions set out in Condition 4.2 including, without limitation, obtaining prior Supervisory Permission, if a Tax Event or a Disqualification Event occurs (as such terms are defined in the Conditions). See Conditions 4.4 and 4.5.

In addition, the Bank may at its option, subject to the conditions set out in Condition 4.2 including, without limitation, obtaining prior Supervisory Permission, redeem all, but not some only, of the Notes on the Reset Date, at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. See Condition 4.3.

The Notes bear interest on their outstanding principal amount (i) at a fixed rate of 1.125% per annum from (and including) the Issue Date to (but excluding) the Reset Date (as defined in the Conditions) payable annually in arrear on 2 December in each year, with the first Interest Payment Date on 2 December 2022, and (ii) from (and including) the Reset Date (as defined in the Conditions), at the Reset Rate of Interest (the sum of the 1-year Mid Swap Rate (as defined in the Conditions) plus 1.25% per annum (the "**Margin**")), as determined by the Bank, payable in arrear on 2 December 2027. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under Condition 7.

The payment obligations of the Bank under the Notes on account of principal constitute direct, unconditional, unsubordinated and unsecured ordinary claims ("*créditos ordinarios*") of the Bank, as more fully described in Condition 2. The Notes are expected to be eligible for MREL (as defined in section "*Risk factors – Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*") purposes of the Group.

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

The Notes are rated BB+ by Fitch Ratings Ireland Limited ("**Fitch**"). Fitch is established in the European Union ("**EU**") and are registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the "**CRA Regulation**"). Fitch appears on the latest update of the list of registered credit rating agencies (as of 7 May 2021) on the European Securities and Markets Authority ("**ESMA**") website. **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 document (together with the information incorporated by reference) constitutes a listing prospectus (the "**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 has been prepared in accordance with, and including the information required by Annexes 7 and 15 of Delegated Regulation (EU) 2019/980 of 14 March 2019. This Prospectus has been approved by the Spanish Securities Market Commission (*Comisión Nacional de Mercado de Valores*) (the "**CNMV**") as competent authority under the Prospectus Regulation. The CNMV has only approved this Prospectus 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 Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made for the Notes 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 Notes from and including the Reset Date are calculated by reference to the 1-year Mid-Swap Rate (as defined in the Conditions) expressed as an annual rate which (a) appears on the "ICESWAP2" screen, which is provided by ICE Benchmark Administration Limited or (b) 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 Prospectus ICE Benchmark Administration Limited is not included in ESMA's register of administrators and benchmarks under 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**"**),** the transitional provisions in Article 51 of the Benchmark Regulation apply such that ICE Benchmark Administration Limited is not currently required to obtain recognition, endorsement or equivalence. As of the date of this Prospectus, 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 Notes is evidenced by book entries, and each person shown in the central registry of the Spanish 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 Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein (a "**Holder**").

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.

An investment in the Notes involves certain risks. For a discussion of these risks see "*Risk Factors*" beginning on page 12.

The Notes 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 Notes 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 period of validity of this Prospectus is up to (and including) the admission to trading of the Notes. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the admission to trading of the Notes.

Lead Manager

BBVA

The date of this Prospectus is 3 December 2021.

IMPORTANT NOTICES

Ibercaja Banco has not authorised the making or provision of any representation or information regarding Ibercaja Banco, the Group or the Notes other than as contained in this Prospectus or as approved for such purpose by Ibercaja Banco. Any such representation or information should not be relied upon as having been authorised by Ibercaja Banco or the lead manager named under "*Subscription and Sale*" below (the "**Lead Manager**").

Neither the Lead Manager, nor any of its affiliates, has independently verified the information contained or incorporated by reference in this Prospectus. Neither the Lead Manager nor any of its affiliates has authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information supplied by Ibercaja Banco in connection with the Notes or any responsibility for the acts or omissions of the Bank or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes 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 Ibercaja Banco or the Group since the date of this Prospectus or that any other information supplied in connection with the Notes 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 Lead Manager shall not be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of Ibercaja Banco or the Group contained in the Prospectus, or any other agreement or document relating to the Notes, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. No person is or has been authorised by the Issuer or the Lead Manager to give any information or to make any representation not contained in or not consistent with (a) this Prospectus or (b) any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or by the Lead Manager.

Each potential purchaser of Notes should determine for itself the relevance of the information contained or incorporated by reference in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The Lead Manager does not undertake to review the financial condition or affairs of Ibercaja Banco or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Lead Manager.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by Ibercaja Banco and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and sale*".

In particular, the Notes 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, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area ("**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 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to "**billions**" are to thousands of millions.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Words and expressions defined in the Conditions shall have the same meanings when used elsewhere in this Prospectus unless otherwise specified.

This Prospectus includes 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 Prospectus 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 Prospectus. 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 Notes. If a potential investor is in any doubt about any of the contents of this Prospectus, 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 Prospectus or incorporated by reference herein.

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

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus, taking into account that the Notes 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 Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes, including the provisions relating to redemption or substitution of the Notes 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 Notes unless it has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall portfolio.

The Notes are rated BB+ by Fitch. Similar ratings assigned to different types of securities do not necessarily mean the same thing and any rating assigned to the Notes does not address the likelihood that interest (including any additional amounts payable in accordance with Condition 7) or any other payments in respect of the Notes 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 Notes and should make their investment decision in light of its own circumstances. Neither the Bank nor the Lead Manager 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 neither the Bank nor the Lead Manager assume any responsibility.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**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 domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services Market Act ("**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 domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes 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 Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as

defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR 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 Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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OVERVIEW

The following is an overview of certain information relating to the Notes, including the principal provisions of the terms and conditions thereof. This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus 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 Prospectus. See, in particular, "*Conditions of the Notes*".

Words and expressions defined in the "*Conditions of the Notes*" below have the same meanings in this overview.

Issuer	Ibercaja Banco, S.A.
Lead Manager	Banco Bilbao Vizcaya Argentaria, S.A.
Risk factors	There are certain factors that may affect the Bank's ability to fulfil its obligations under the Notes. These are set out under "*Risk Factors*" below.
Issue size	€50,000,000
Issue date	2 December 2021
Issue details	€50,000,000 Fixed Rate Reset Senior Preferred Notes due December 2027
Form and denomination	The Notes have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in the denomination of €100,000 each.
Use and estimated net amount of proceeds	Net proceeds: €49,877,000 The Bank intends to use the net proceeds from the issue of the Notes for its general corporate purposes. The Notes are expected to be eligible for MREL. See "*Use and estimated net amount of proceeds*".
Interest	The Notes bear interest on their outstanding principal amount as follows: (i) in respect of the period from (and including) the Issue Date to (but excluding) the Reset Date at the fixed rate of 1.125% per annum payable annually in arrear on 2 December in each year, with the first Interest Payment Date on 2 December 2022; and (ii) in respect of the Reset Period, at the rate per annum equal to the aggregate of the 1-year Mid-Swap Rate (quoted on an annual basis) and the Margin, payable in arrear on 2 December 2027. For further information, see Condition 3. Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under Condition 7 in the Conditions.
Status of the Notes	The payment obligations of the Bank under the Notes on account of principal constitute direct, unconditional, unsubordinated and unsecured ordinary claims ("*créditos ordinarios*").

	For further information, see Condition 2.
Optional redemption	All, and not only some, of the Notes may be redeemed at the option of the Bank, subject to the prior Supervisory Permission and otherwise in accordance with Applicable Banking Regulations, on the Reset Date, at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. The Notes are also redeemable on or after the Issue Date at the option of the Bank in whole but not in part, at any time, at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption if there is a Disqualification Event or a Tax Event, subject, in each case, to the prior Supervisory Permission and otherwise in accordance with the Applicable Banking Regulations then in force. For further information, see Conditions 4.3, 4.4 and 4.5.
Substitution and variation	Subject to Supervisory Permission and otherwise in accordance with the Applicable Banking Regulations, if a Disqualification Event or Tax Event has occurred and is continuing, the Bank may at any time substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without the consent of the Holders, so that they become or remain Qualifying Notes. For further information, see Condition 4.6.
Purchases	The Bank or any member of the Group, may purchase (or otherwise acquire) or procure others to purchase (or otherwise acquire) beneficially for their account, Notes in any manner and at any price in accordance with Applicable Banking Regulations in force at the relevant time and subject to Supervisory Permission, if required. For further information, see Condition 4.7.
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.
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 Notes must be notified to Holders in accordance with Condition 10 at the time of service of any notice convening a meeting. For further information, see Condition 9.
Withholding tax and additional amounts	All payments of interest and any other amounts payable (excluding, for the avoidance of doubt, any repayment of principal) in respect of the Notes 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 interest and any other amounts (excluding for the avoidance of doubt, any repayment of principal), the Bank shall pay such additional amounts as will result in Holders receiving such amounts as they would have received in respect of such payments of interest and any other amounts had no such withholding or deduction been required, subject to the exceptions provided in Condition 7. For further information, see Condition 7.
Registration, clearing and settlement	The Notes 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 Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with Iberclear.
Title and transfer	Title to the Notes 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 Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. For these purposes, the "**Holder**" means the person in whose name such Notes 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. The Notes are issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes 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 Notes 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.
Rating	The Notes are rated BB+ by Fitch.
Listing and admission to trading	Application has been made for the Notes to be admitted to trading on AIAF.
Governing law	The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and construed in accordance with, Spanish law.
Selling restrictions	There are restrictions on the offer, sale and transfer of Notes in the United States, the EEA, the UK, Spain and Canada. Regulation S, category 2

	restrictions under the U.S. Securities Act apply. The Notes 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 Notes are subject to, and may be limited by, the exercise of any Loss Absorbing Power by the Relevant Resolution Authority.

RISK FACTORS

The Issuer declares that the information contained in this Prospectus includes the instructions and recommendations received, when appropriate, from the prudential supervisory authorities (i.e. European Central Bank and Bank of Spain) and that may have an impact on the financial statements and risks described hereinafter.

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer (and the Group) and the industry in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Only risks which are specific and material to the Issuer and to the Notes are included herein 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, 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 Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances. Risks that apply generally to securities with the characteristics of the Notes (for instance, risks related to the reset of the interest rate of the Notes on the Reset Date, risks related to modifications of the Notes approved by a meeting of Holders of the Notes, risks related to the absence of limitations on the amount or type of further securities or indebtedness which the Bank may incur, or risks related to fluctuations in market interest rates), that apply generally to negotiable securities such as those related to the secondary market in general (for instance, illiquidity or price fluctuations) and those related to the credit ratings assigned to the Notes (such as changes in the credit ratings or the assignment of unsolicited ratings) have not been included herein. However, such additional risks may affect the value and liquidity of the Notes.

Risks relating to the Group's operations

The Group's businesses are concentrated in Spain and primarily depend on the condition of the Spanish economy

The Group conducts all of its business in Spain, particularly in the autonomous regions of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz (together, the "**Home Markets**") which represented 61.87% of its recurring revenues[APM] for the nine months ended 30 September 2021 (59.18% and 57.00% for the year ended 31 December 2020 and 2019, respectively) and in Madrid and the Mediterranean basin, which includes the autonomous regions of Catalonia and the Valencian Community (together, the "**Growth Markets**") which represented 30.68% of its recurring revenues[APM] for the nine months ended 30 September 2021 (32.53% and 34.04% for the year ended 31 December 2020 and 2019, respectively). All of the Group's consolidated assets are located in Spain and all of its revenue is derived from Spain. Consequently, the income generated by most of the products the Group sells and by the services it provides depends on the performance of the Spanish economy. Economic conditions affect demand for the Group's products and services, funding costs and asset quality.

The performance of the Spanish economy is highly correlated to the performance of other economies so it could be negatively affected by weak economic conditions in other economies, whether developed or

emerging, particularly within the EEA, which may be caused by the consequences of the withdrawal of the UK from the European Union, global trade tensions and several political and geopolitical risks. In addition, the spread and effects of the COVID-19 pandemic have adversely affected all economies, including the Spanish economy, which has negatively impacted all financial metrics of the Group and deteriorated the solvency of certain of its clients and counterparties. See "*Risk Factors— The Group is subject to several risks as a result of the effects of the COVID-19 pandemic*".

The Group is subject to several risks as a result of the effects of the COVID-19 pandemic

On 11 March 2020, the World Health Organization classified COVID-19 as an international pandemic. To cope with this situation in Spain, the Spanish government declared a State of Alarm by virtue of Royal Decree 463/2020, of 14 March, imposing several restrictions on mobility and on the exercise of non-essential activities, which was extended until 21 June 2020. In light of a new COVID-19 outbreak, in October 2020, pursuant to Royal Decree 926/2020, of 25 October, the Spanish government declared a new State of Alarm which was extended until 9 May 2021.

Several measures were implemented to try to limit the impact of the COVID-19 pandemic both by European and Spanish authorities, including:

(i) the European Central Bank ("**ECB**") adopted measures to grant liquidity to the system, to favour credit and to allow European governments to temporarily adopt expansionary fiscal policies. These measures included, among others, the relaxation of solvency and liquidity demands, the flexibilization of the handling of doubtful loans backed by public guarantees (as indicated below) or affected by the Legal Moratoria, and the review of the capital requirements banking regulations by the European Commission, known as the Quick Fix (as defined in "*Capital, liquidity and funding requirements and loss absorbing powers*") which came into force on 21 June 2020. Among others, the Quick Fix has delayed the application of the leverage ratio buffer requirement for G-SIIs which was due to come in force on 28 June 2021 and will now not be implemented until 1 January 2023, and introduced a more favourable treatment of certain types of exposures and risks when calculating the leverage ratio for all credit institutions, as a result of which the banks will be allowed to exempt certain exposures from the total exposure measure until 31 March 2022. See "*Capital, liquidity and funding requirements and loss absorbing powers*". In addition, the EU approved the European Recovery Fund which, through transfers and loans, will support the most affected European economies during the coming years;

(ii) the Spanish Government established a legislative moratoria for individuals and professionals which, under certain vulnerability requirements, could temporarily suspend their payment obligations (such as receivables) (the "**Legal Moratoria**"). In addition to the Legal Moratoria, those credit institutions, including Ibercaja, which are members of the "Confederación Española de Cajas de Ahorro" ("**CECA**") agreed to implement a sectorial moratoria in order to extend the scope of the Legal Moratoria (the "**Sectorial Moratoria**"). The deadline for beneficiaries to apply for the Legal Moratoria and the Sectorial Moratoria expired on 30 March 2021;

(iii) credit facility lines partially guaranteed by the Spanish government through the "*Instituto de Crédito Oficial*" ("**ICO**") were made available to companies facing liquidity constraints (the "**Guaranteed Credit Lines**"). The deadline for beneficiaries to apply for the Guaranteed Credit Lines will expire on 31 December 2021; and

(iv) on 11 May 2021 the Spanish government approved a code of good practices in order to establish the framework under which those credit institutions voluntarily acceding to such code could negotiate with their customers the implementation of different measures in relation to their Guaranteed Credit Lines (the "**Code of Good Practices**").

In addition to the application of the Legal Moratoria and the Sectorial Moratoria, the Group voluntarily implemented other measures (both of a financial and service nature) to support customers, especially in the economic sectors which were most adversely affected by the COVID-19 pandemic, including, among others, the implementation of Guaranteed Credit Lines, advances on pensions and unemployment benefits, reinforcement of communication channels with customers, etc. On 20 May 2021, the Group also acceded to the Code of Good Practices showing its commitment to implement diverse measures to provide its customers with more flexible terms for their Guaranteed Credit Lines.

Up to 30 September 2021, the Group had formalized Legal Moratoria and Sectorial Moratoria measures affecting 9,054 transactions amounting to €759,239 thousand (compared to 8,664 transactions amounting to €366,129 thousand as of 31 December 2020). As of 30 September 2021, Legal Moratoria and Sectorial Moratoria measures affecting transactions amounting to €663,283 thousand had expired with no significant impact in asset quality (only 3.5%% of matured Legal Moratoria and Sectorial Moratoria has been classified as Stage 3 (NPLs) as of such date)[1], thus resulting in an outstanding balance of €95,957 thousand in transactions affected by these measures, representing 0.31% of its gross loans and advances to customers[APM2]. The expiration calendar of the Legal Moratoria and Sectorial Moratoria measures affecting such outstanding balance as of 30 September 2021[3] was as follows: (i) €72,150 thousand within 3 months (representing 75.3% of the outstanding principal amount of loans and advances subject to Legal Moratoria and Sectorial Moratoria); (ii) €21,044 thousand within 3 and 6 months (representing 21.9% of the outstanding principal amount of loans and advances subject to Legal Moratoria and Sectorial Moratoria); (iii) €622 thousand within 6 and 9 months (representing 0.6% of the outstanding principal amount of loans and advances subject to Legal Moratoria and Sectorial Moratoria); and (iv) €2,141 thousand within 9 and 12 months (representing 2.2% of the outstanding principal amount of loans and advances subject to Legal Moratoria and Sectorial Moratoria).

Up to 30 September 2021, the Group had entered into 19,581 Guaranteed Credit Lines transactions, both for SMEs and self-employed and for large companies, where principal granted amounted on an accumulated basis to € 2,093,088 thousand (€1,829,587 thousand as of 31 December 2020). As of 30 September 2021, the amount guaranteed by the Spanish government through the ICO amounted to 61.13% of the total amount granted by the Group to SMEs and the self-employed and large companies. The outstanding balance of the total principal amount granted by the Group under the Guaranteed Credit Lines drawn amounted to € 1,660,645 thousand, representing 20.51% of the Group's loans to businesses[4] as of 30 September 2021 (€1,454,067 thousand representing 18.28% of the Group's loans to businesses[4] as of 31 December 2020).

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[1] See definition, explanation, use, calculation and breakdown of Loans with outstanding moratoria over gross loans and advances to customers[APM] which are set out in "Alternative Performance Measures".

[2] See definition, explanation, use, calculation and breakdown of Loans with outstanding moratoria over gross loans and advances to customers[APM] which are set out in "Alternative Performance Measures".

[3] These metrics have been obtained from the Company's internal accounting records as of 30 September 2021 and are determined in the same manner as the corresponding metrics as of 31 December included in the information for prudential relevance 2020.

[4] See definition, explanation, use, calculation and breakdown of Guaranteed Credit Lines drawn over loans to businesses[APM] which are set out in "Alternative Performance Measures"

The detail of these transactions as of 30 September 2021 was as follows:

	As of 30 September 2021						
	(€ thousands)						
	Total data				Breakdown of outstanding amounts by risk stage[1]		
	Number of transactions granted	Principal amount granted	Principal amount expired	Principal amount outstanding	Stage 1	Stage 2	Stage 3
Loans and advances subject to Legal Moratoria and Sectorial Moratoria.....							
Mortgage transactions.....	7,714	709,571	621,622	87,949	56,249	30,463	1,237
Consumer finance	395	3,920	3,478	442	304	95	43
Other transactions	945	45,748	38,183	7,566	5,464	2,095	7
Total.....	**9,054**	**759,239**	**663,283**	**95,957**	**62,017**	**32,653**	**1,287**

Note:—

Source: These metrics have been obtained from the Company's internal accounting records and are determined in the same manner as the corresponding metrics for the information as of 31 December included in Note 11.6.1 of the Annual Accounts.

(1) A transaction is considered to be at Stage 1 (performing) when no significant increase in risk has occurred since its initial recognition. A transaction is considered to be at Stage 2 (performing on special watch) when the risk has significantly increased from the date on which the transaction was initially recognised, but without yet leading to impairment. A transaction is considered to be at Stage 3 (NPL) when it shows effective signs of impairment as a result of one or more events that have already occurred and is expected to result in a loss.

	As of 30 September 2021						
	(€ thousands)						
	Total data				Breakdown of outstanding amounts by risk stage[1]		
	Number of transactions	Principal amount granted	Principal amount guaranteed	Balance outstanding	Stage 1	Stage 2	Stage 3
Guaranteed Credit Lines	19,581	2,093,088	1,279,413	1,660,645	1,371,688	269,183	19,774
Self-employed	3,820	86,525	60,470	75,600	69,050	5,429	1,121
SMEs.....	14,626	1,602,845	989,144	1,254,081	1,023,702	214,149	16,230
Large companies	1,135	403,718	229,799	330,964	278,936	49,605	2,423

Note:—

(1) A transaction is considered to be at Stage 1 (performing) when no significant increase in risk has occurred since its initial recognition. A transaction is considered to be at Stage 2 (performing on special watch) when the risk has significantly increased from the date on which the transaction was initially recognised, but without yet leading to impairment. A transaction is considered to be at Stage 3

(non-performing) when it shows effective signs of impairment as a result of one or more events that have already occurred is expected to result in a loss.

In addition, pursuant to Royal Decree-Law 34/2020, of 17 November, customers have been able to apply for a voluntary extension of their Guaranteed Credit Lines, which the Group was required to accept. The Group believes that customers who have requested an extension of their Guaranteed Credit Lines (presumably due to their inability to punctually meet their payment obligations) are more likely to result in default in the future. As of 30 September 2021, the Group had extended the initial maturity of 36.4% of the total principal amount granted by the Group under the Guaranteed Credit Lines. Guaranteed Credit Lines can be extended for up to a maximum of three years (on average, as of 30 September 2021, the Group's customers have extended their Guaranteed Credit Lines with the Group for 25.7 months).

The most relevant impact of the COVID-19 pandemic on the Group's results in 2020 was an extraordinary credit risk provision of €90,124 thousand, of which €52,000 thousand was recorded as a post-model adjustment to cover the increase in credit risk of customers who were not in default at the end of 2020, but who, due to the persistent deterioration of the macroeconomic situation, were expected to move to Stage 2 in 2021 when drafting the 2020 Annual Accounts. As of 30 September 2021, the Group is analysing this development and has therefore decided to maintain this post-model adjustment of €52,000 thousand.

In relation to the quality of the Group's credit portfolio, the main impact of the COVID-19 pandemic on its results for the nine months ended 30 September 2021 was the increase of transactions classified as Stage 2 (over 15.5% volume increase since 31 December 2019[5]), which meant that the impairment risk of the Group's credit portfolio had significantly increased since the date on which they were initially recognised. The Group cannot give assurance that transactions classified as Stage 2 will not end up being classified as Stage 3 (non-performing) transactions in the next months or years, which could result in losses. As of 30 September 2021, 5.20% of the Group's gross loans and advances to customers[APM] was classified as Stage 2[6] (4.31% as of 31 December 2019[4]).

The COVID-19 pandemic, together with the exceptional measures implemented to mitigate its effects, could continue to have a material adverse effect on the Group's business, financial condition, results of operations and prospects due to, among other factors:

(a) longer periods of low or even negative interest rates as a consequence of the economic contraction and the efforts by the ECB to reactivate the Eurozone economy by means of debt purchase programs affecting the Group as described in "*Risk factors - Changes in interest rates or continued low interest rates may negatively affect the Group's business*", and

(b) a continued decrease in the global and local economic activity which increases the Group's credit risk and its cost of risk as a consequence of the contraction of GDP in 2020 and first quarter of 2021, increased unemployment, the reduction of the Group's customers' income and the increase of the probability of default in its credit portfolio. In particular, there are economic sectors which have been particularly affected by the economic consequences of the COVID-19 pandemic, such as transport and storage, accommodation and arts, entertainment and recreation , which together amounted to

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5 The evolution of transactions classified as Stage 2 is shown since 2019 in order to show the impact of COVID-19 pandemic.

6 See definition, explanation, use, calculation and breakdown of Loan portfolio by stages[APM] which are set out in "Alternative Performance Measures".

€598,540 thousand representing 1.92% of the Group's gross loans and advances to customers[APM] as of 30 September 2021[7].

The Group's business is significantly affected by the credit risk of its customers and counterparties

The Group is exposed to the creditworthiness of its customers and counterparties. Credit risk can be defined as potential losses resulting from the full or partial breach of the debt repayment obligations by a counterparty or customer (including, but not limited to, the insolvency of a counterparty or customer), and also includes the value loss as a consequence of the deterioration of the credit quality of a counterparty or a customer. Credit risk is the most significant risk in respect of the Group's business activities.

The following table sets forth below the Group's credit exposure as of 30 September 2021:

	Gross loans and advances to customers[APM]	**NPLs by sector[APM]**	**NPL provisions by sector[APM]**	**Net NPLs by sector[APM]**	**NPL ratio by sector[APM]**	**NPL coverage ratio by sector[APM]**	**Refinanced and restructured loans[(1)]**
			(*€ thousands, except %*)				
Loans to businesses	**8,097,320**	**378,071**	**327,710**	**50,361**	**4.67%**	**86.68%**	**244,469**
Real estate construction and development	1,065,826	76,053	53,285	22,768	7.14%	70.06%	61,696
Non-real estate activities	7,031,494	302,018	274,425	27,593	4.30%	90.86%	182,773
Loans to individuals	**20,281,736**	**462,928**	**261,582**	**201,346**	**2.28%**	**56.51%**	**372,792**
Housing	18,469,588	359,572	189,213	170,359	1.95%	52.62%	—
Consumer loans and other	1,812,148	103,356	72,369	30,987	5.70%	70.02%	—
Public sector and other	**2,801,022**	**1,402**	**1,160**	**242**	**0.05%**	**82.74%**	**1,115**
Gross loans and advances to customers[APM]	**31,180,078**	**842,401**	**590,452**	**251,949**	**2.70%**	**70.09%**	**618,376**
Reverse repurchase agreements	1,619,500	—	—	—	—	—	—
Gross loans and advances to customers excluding reverse repurchase agreements[APM]	**29,560,578**	—	—	—	—	—	—

Note:—

(1) Source: These metrics have been obtained from the Company's internal accounting records and are determined in the same manner as the corresponding metrics for the information as of 31 December included in Note 3.5.5 of the Annual Accounts.

Adverse changes in the credit quality of the Group's customers and counterparties could affect the recoverability and value of its assets and require the Group to increase its provisions for bad and doubtful debts and other related provisions.

In particular, the Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. The Group's credit exposure to counterparty risk amounted to €274,632[8] thousand as of 30 September 2021 (€306,671 thousand and €941,988 thousand as of 31 December 2020 and 2019, respectively).

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[7] See definition, explanation, use, calculation and breakdown of Loans to sectors most affected by the COVID-19 pandemic over gross loans and advances to customers[APM] which are set out in "Alternative Performance Measures".

[8] This metric has been obtained from the Company's internal accounting records as of 30 September 2021 and is determined in the same manner as the corresponding metric as of 31 December included in the information for prudential relevance 2020 for its inclusion in this Prospectus for comparison purposes.

Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. These liquidity concerns have had, and may continue to have, an unsettling effect on inter-institutional financial transactions in general. Many of the routine transactions the Group enters into expose it to significant credit risk in the event of default by one of its significant counterparties.

A weakening in the Group's customers' and counterparties' creditworthiness would also impact its capital adequacy. The regulatory capital levels the Group is required to maintain are calculated as a percentage of its risk-weighted assets ("**RWAs**"). If the creditworthiness of a customer or a counterparty declines, the Group would lower their rating, which would presumably result in an increase in its RWAs, which potentially could deteriorate its capital adequacy ratios and limit its lending or investments in other operations.

On 15 March 2018, the ECB published an Addendum (as defined below) to the ECB guidance to banks on non-performing loans ("**NPLs**") published on 20 March 2017, which specifies the ECB supervisory expectations for prudent levels of provisions for new NPLs. In this respect, the ECB assesses any differences between banks' practices and the prudential provisioning expectations at least annually and links the supervisory expectations in the Addendum to new NPLs classified as such from 1 April 2018 onwards. The ECB supervisory measures are adapted to each entity based on the evolution of its NPL coverage levels. Such supervisory expectations for NPL provisioning have added more pressure on financial results. As part of the European Commission's package of measures aimed at addressing the risks related to high levels of NPLs in Europe, Regulation (EU) 2019/630 of 17 April 2019 amending CRR (as defined below) as regards minimum loss coverage for non-performing exposures ("**NPEs**") ("**Regulation 2019/630**") introduced a clear set of conditions for the classification of NPEs. The ECB further revised its supervisory expectations for prudential provisioning of new NPEs taking into account Regulation 2019/630. See "*Capital, liquidity and funding requirements and loss absorbing powers—Prudential treatment of NPLs*".

Notwithstanding the foregoing, on 20 March 2020, among the package of measures adopted by the ECB in response to the COVID-19 pandemic, there were certain measures introducing supervisory flexibility regarding the treatment of NPLs, in particular to allow banks to support credit flows to companies and households and at the same time benefit from the guarantees and moratoriums put in place by public authorities to tackle the COVID-19 distress. However, when the abovementioned flexibility expires or is limited, the Group could be required to classify certain of its exposures under forbearance or as defaulted under distressed restructuring, and in consequence, the Group will need to grant additional provisions which could negatively impact its results from operations. See "*Capital, liquidity and funding requirements and loss absorbing powers—Prudential treatment of NPLs*".

Changes in interest rates or continued low interest rates may negatively affect the Group's business

The Group's results of operations depend upon the level of its net interest income, which is the difference between gross interest income from loans and other interest-earning assets and interest expense paid to its depositors and other interest-bearing liabilities. The Group's net interest income amounted to €370,615 thousand in the nine months ended 30 September 2021, representing 50.64% of its consolidated gross income in such period (€731,899 thousand). The Group's net interest income amounted to €533,673

thousand and €547,246 thousand in the years ended 31 December 2020 and 2019 representing 53.27% and 59.06% of its consolidated gross income in those years[9].

Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks and regulation of the financial sector in the European Union, as well as domestic and international economic and political conditions and other factors. In particular, interest rates have been negatively impacted by the debt securities purchase programme established by the ECB in March 2020 to mitigate the impact of the COVID-19 pandemic (the "**PEPP programme**"). In 2021, the ECB announced that the interest rates on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility would remain unchanged at 0.00%, 0.25% and -0.50% respectively and that the PEPP programme would remain in place until March 2022. In addition, on 7 July 2021 the ECB announced its new monetary policy strategy, setting a symmetric two per cent inflation target.

Changes in market interest rates affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and subsequently affect the Group's results. For instance, a 200 basis points increase in the interest rate would have increased the Group's net interest income for the year ended 31 December 2020 by €160.0 million, whereas a 200 basis points decrease would have decreased the Group's net interest income for the year ended 31 December 2020 by €70.0 million, assuming the maintenance of the size and structure of its balance sheet and assuming that the movements in interest rates occur instantly and equally on all points of the yield curve, with a -1% annual interest rate floor.

The Group's business and performance have been adversely affected by the low interest rate environment in recent years. As of the date of this Prospectus, the interest rate on the deposit facility set by the ECB is -0.50% and the interest rates on the main refinancing operations and marginal lending facility are 0.00% and 0.25%, respectively. In general, quantitative easing has exerted downward pressure on interest rates and yield curves. A continued period of flatter than usual interest rate yield curves and low (or even negative) interest rates could, in particular, have a material adverse effect on the Group's net interest income given the current low yields of its loan and debt securities portfolios.

In addition, changes in the yield of the Group's assets might not be mirrored by changes in the cost of its liabilities. The Group's loan portfolio is primarily linked to the Euro Interbank Offered Rate ("**Euribor**") while its retail term deposit base cost is not directly linked to the Euribor but to deposit facility market rates and therefore, a further decrease in Euribor might not be offset by a similar fall in the cost of retail term deposits, which would negatively impact the Group's net interest income.

Additionally, the level of, and changes in, interest rates (including the relationship between short-term and long-term rates) can affect the Group's asset management and life savings insurance results and interest payable on debt. In particular, interest rates can affect consumer behaviour (especially in the asset management and life savings insurance businesses), the availability of disposable income for investments in life assurance and other savings products. Asset management and life savings insurance products generated 41.84% of the Group's recurring revenues[APM] for the nine months ended 30 September 2021 (37.23% and 38.07% for the year ended 31 December 2020 and 2019, respectively).

The Group's insurance business is also exposed to a significant extent to fluctuations in interest rates due to the special characteristics of certain life savings insurance products providing for a guaranteed return.

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[9] See definition, explanation, use, calculation and breakdown of Net interest income over gross income[APM] which are set out in "Alternative Performance Measures".

If interest rates remain at low levels for prolonged periods, the Group's insurance business might not achieve the returns on investments that are needed to cover the interest payments on fixed-rate products.

The Group is particularly exposed to the creditworthiness of individuals, families and small and medium enterprises ("SMEs")

Net loans and advances to customers[APM] represented 52.59% of the Group's total assets[10] as of 30 September 2021 (52.98% and 57.59% as of 31 December 2020 and 2019). The Group's gross loans and advances to customers[APM] primarily consist of mortgage loans to individuals and families to purchase housing (62.48%, 63.58% and 63.18% of the Group's gross loans and advances to customers excluding reverse repurchase agreements[APM] as of 30 September 2021 and 31 December 2020 and 2019, respectively[11]) and loans to businesses non-related to the real estate sector (mainly to SMEs) (23.79%, 23.09% and 22.84% of the Group's gross loans and advances to customers excluding reverse repurchase agreements[APM] as of 30 September 2021 and 31 December 2020 and 2019, respectively[12]).

As a Spanish bank primarily focused on serving individuals, households and SMEs, the Group's business performance is dependent on the economic health and employment status of its customers. According to the National Statistical Institute (*Instituto Nacional de Estadística* ("**INE**")), as of 30 September 2021, the Spanish unemployment rate was 14.57%. As of 30 September 2021, the unemployment rates in Aragón and Madrid, the Group's main markets by retail business volume[APM], accounting for 44.05% and 17.78% of its total retail business volume[APM], respectively, as of 30 September 2021 (43.74% and 17.81%, respectively, as of 31 December 2020), were 8.79% and 11.84%, respectively, which is below the Spanish average (*source: INE*). However, in some of the Home Markets, such as Badajoz (which represented 3.80% of the Group's retail business volume[APM] as of 30 September 2021 (3.86% and 3.73% as of 31 December 2020 and 2019, respectively)), the unemployment rate was 18.19% as of that date, which is above the Spanish average (*source: INE*). High levels of unemployment have historically resulted in lower demand for new mortgage loans, lower deposit levels, reduced or deferred levels of consumer spending and an increase in customer loan arrears, forbearance, impairment provisions and defaults. The COVID-19 pandemic has caused Spanish unemployment levels to remain high relative to other European countries as well as an increase in the level of indebtedness of the Group's clients which may make them unable to discharge their payment obligations when due, all of which may adversely affect the Group's results.

Indebted and over-indebted families and SMEs are more sensitive to a downturn in the economy and are more likely to have difficulties in meeting their debt obligations as they fall due, which could have a negative effect on the Group's income and also limit its ability to increase its customer base due to the significant portion of individuals and SMEs failing to comply with its credit rating levels.

The availability of complete and accurate financial information, as well as general credit information, on the basis of which the Group can make decisions concerning loans, is more limited with regard to SMEs than with regard to large-scale corporate customers, and even more limited in the case of individual customers. As a result, it is possible to make mistakes when assessing the creditworthiness of these borrowers.

As part of its strategy, the Group intends to increase the amount of credit that grants to SMEs, whose risk profile is higher than that of retail borrowers of mortgage loans. The economic recovery experienced

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[10] See definition, explanation, use, calculation and breakdown of Net loans and advances to customers over total assets[APM] which are set out in "Alternative Performance Measures".

[11] See definition, explanation, use, calculation and breakdown of Gross loans and advances to customers[APM] which are set out in "Alternative Performance Measures".

[12] See definition, explanation, use, calculation and breakdown of Gross loans and advances to customers[APM] which are set out in "Alternative Performance Measures".

before the COVID-19 pandemic led most of Spanish financial entities to also focus on increasing the flow of credit in the SME sector, thereby creating more competition.

As a result of these factors, it might be difficult for the Group to identify suitable customers to whom it can lend, which could in turn decrease the Group's base of loans or increase its credit risk exposure. If the Group is unable to adequately evaluate prospective customers through the application or use of its credit risk evaluation models, the Group could suffer losses, which could have a material adverse effect on its business, financial situation, results of operations and prospects.

The Group is vulnerable to adverse developments in the Spanish real estate market

A significant portion of the Group's business is connected to the Spanish real estate market. On the one hand, the Group's business is exposed to direct risk in connection with net loans for real estate construction and development and net value of foreclosed assets[APM] amounted to €1,240,637 as of 30 September 2021 (€1,230,543 and €1,407,673 as of 31 December 2020 and 2019, respectively).

On the other hand, the Group is exposed to indirect risk related to retail mortgage loans which are one of its main asset classes and amounted to €18,054,154[13] as of 30 September 2021 (€18,614,980 and €19,127,294 as of 31 December 2020 and 2019, respectively).

As of 30 September 2021, the Group's mortgage loans for real estate construction and development amounted to €989,024[13] (€942,023 and €1,081,306 as of 31 December 2020 and 2019, respectively) and its other real estate secured loans to businesses amounted to €1,298,671[14] (€1,427,686 and €1,721,730 as of 31 December 2020 and 2019, respectively). As of 30 September 2021, the Group's loan to value ratio (LTV ratio[APM]) of its mortgage loans was 50.38% (51.14% and 51.82% as of 31 December 2020 and 2019, respectively).

As a result, Spanish real estate assets secure many of the Group's outstanding loans. Additionally, the Group holds Spanish real estate assets on its balance sheet, including real estate received in lieu of payment for certain underlying loans. In addition, the Group has restructured and extended the maturity of certain of the loans it has made relating to the acquisition or development of real estate assets, and the capacity of such borrowers to repay such restructured loans may be materially adversely affected by declining real estate prices. Although during 2021 the demand for housing and related real estate loans has increased compared with 2020, any decrease in prices of real estate assets in Spain would reduce the value of the collateral securing the Group's mortgage loans and the credit quality of real estate related financings. The value of the related collateral may fall below the original appraised value and, as a result, in default scenarios, the Group could incur higher losses than it would not have otherwise expected. As a result, a deterioration of Spanish real estate prices could have a material adverse effect on its business, financial condition, results of operations and prospects. Additionally, the Group may not be able to enforce collateral assets due to factors such as inadequate documentation, legal uncertainty, unfavourable regulatory or case law developments or customer fraud.

A decline in real estate prices or business would also reduce the Group's capacity to grow its real estate development and construction loan portfolio and, consequently, its business opportunities in retail

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[13] This metric has been obtained from the Company's internal accounting records as of 30 September 2021 and is determined in the same manner as the corresponding metric as of 31 December included in Note 3.5.5.1 of the Annual Accounts for its inclusion in this Prospectus for comparison purposes.

[14] This metric has been obtained from the Company's internal accounting records as of 30 September 2021 and is determined in the same manner as the corresponding metric as of 31 December included in Note 3.5.5.1 (calculated as the sum of the mortgage collateral related to "civil engineering" and "other purposes") of the Annual Accounts for its inclusion in this Prospectus for comparison purposes.

mortgage financing arising from the subrogation by retail customers on the loans to real estate developers and constructors.

The impact of the COVID-19 pandemic in the real estate sector was significant, primarily during the first half of 2020, with new construction decreasing by 19.5%, real estate assets acquisitions decreasing by 14.5% in 2020 compared to the previous year (although they recovered after the limitations on mobility were removed) and a minimal drop in asset value (1.1% in 2020) (*source: Spanish Ministry of Transport, Mobility and Urban Agenda (Ministerio de Transportes, Movilidad y Agenda Urbana)*). Although these indicators have experienced a swift recovery since the second half of 2020 through the first nine months of 2021, a new outbreak of the COVID-19 pandemic could result in a deterioration of the performance of the Spanish real estate sector.

The Group is exposed to market risk associated with fluctuations in debt securities and equity instruments prices and other market factors

All of the Group's businesses are exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its overall financial position, including its trading portfolio and other equity investments. Therefore, the Group is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and commodity and equity prices.

As of 30 September 2021, the total exposure of the Group's fixed income and equity instruments portfolio[APM] was €17,588,691 thousand (€16,464,946 thousand and €15,787,100 thousand as of 31 December 2020 and 2019, respectively), which represented 30.24% of its total assets (28.19% and 28.49% as of 31 December 2020 and 2019, respectively)[15]. The exposure of the Group's ALCO portfolio amounted to €9,697,740 thousand as of 30 September 2021 (€8,439,326 thousand and €7,724,942 thousand as of 31 December 2020 and 2019, respectively) and its exposure to the insurance business fixed income portfolio amounted to €5,835,725 thousand as of 30 September 2021 (€6,701,773 thousand and €7,202,960 thousand as of 31 December 2020 and 2019, respectively)[16].

The performance of financial markets generally may cause changes in the value of the Group's investments, assets held for sale and trading portfolios. The volatility of global capital markets due to recent economic and political uncertainty may affect the value of the Group's investments and, depending on their fair value and future recovery expectations, could result in a permanent impairment, which would be subject to write-offs against the Group's results and cause volatility in capital ratios. In particular, the global spread of the COVID-19 pandemic had a significant impact on financial markets, especially in the second quarter of 2020, following the announcement of tightening lock-down measures affecting most of the world's economies. In the second half of 2020 market conditions started to normalize and volatility decreased in most markets.

Adverse market movements, particularly asset price declines, can reduce the volume of activity in the market or reduce market liquidity. As a result, the Group can be exposed to material losses if it is unable to close out deteriorating positions on satisfactory terms or in a timely manner, particularly in less liquid markets. The volatile nature of the financial markets could result in unforeseen losses for the Group.

Furthermore, fluctuations in financial markets affect consumer behaviour, thereby specifically and negatively affecting the Group's commission- and fee-based businesses (asset management and life

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[15] See definition, explanation, use, calculation and breakdown of Total exposure of the fixed income and equity instruments portfolio over total assets[APM] which are set out in "Alternative Performance Measures".

[16] See definition, explanation, use, calculation and breakdown of Total exposure of the Group's fixed income and equity instruments portfolio[APM] which are set out in "Alternative Performance Measures".

savings insurance businesses). Net fee income and exchange differences[APM] represented 46.15% of the Group's recurring revenues[APM] for the nine-months ended 30 September 2021 (41.27% and 41.91% for the year ended 31 December 2020 and 2019, respectively). The demand for products benchmarked to fixed income securities, such as pension funds that typically invest in this type of assets, may decrease if equity capital markets perform favourably and may increase when equity capital markets are weaker. Demand for products benchmarked to equity securities, such as mutual funds that typically invest in this type of assets, may increase when equity markets perform favourably, and usually decrease when markets show a downward trend.

A market downturn or an increase in competition in the future could also cause a decrease in the number of transactions carried out on behalf of the Group's customers and, as a consequence, a decrease in its income from commissions. In addition, because the fees that the Group charges for managing its clients' portfolios are, in many cases, based on the value and performance of those portfolios, a reduction in such value and an increased amount of withdrawals, could reduce its revenues from its asset management business.

The Group is subject to sovereign risk

As of 30 September 2021, the gross carrying value of the Group's total exposure to sovereign debt amounted to €14,768,502[17] thousand (€12,298,909 thousand and €11,843,970 thousand as of 31 December 2020 and 2019, respectively), which represented 25.4% of its total assets as of 30 September 2021 (21.1% and 21.4% as of 31 December 2020 and 2019, respectively). Of the Group's total sovereign exposure as of 30 September 2021, 70.5% was held by Ibercaja Banco (59.9% and 55.2% as of 31 December 2020 and 2019, respectively) and 29.3% was held by Ibercaja Vida (39.8% and 44.4% as of 31 December 2020 and 2019, respectively).

As of 30 September 2021, the Group's total exposure to sovereign debt included €10,324,271[17] thousand of "Financial assets at amortized cost" (€7,453,249 thousand and €6,113,082 thousand as of 31 December 2020 and 2019, respectively), €4,437,695[17] thousand of "Financial assets at fair value through other comprehensive income" (€4,838,244 thousand and €5,723,384 thousand as of 31 December 2020 and 2019, respectively) and €6,536[17] thousand of "Financial assets at fair value through profit and loss" (€7,416 thousand and €7,504 thousand as of 31 December 2020 and 2019, respectively).

Based on geographic markets, Spain accounted for 92.7% of the Group's total sovereign exposure as of 30 September 2021 (90.7% and 90.6% as of 31 December 2020 and 2019, respectively) and Italy accounted for 5.9% of its total sovereign exposure as of 30 September 2021 (8.3% and 8.7% as of 31 December 2020 and 2019, respectively). The remaining geographic markets accounted for less than 2% as of all relevant dates.

Therefore, any decline in Spain's credit ratings could adversely affect the value of these and other securities the Group holds in its various portfolios. It could also adversely impact the extent to which the Group can use Spanish government bonds it holds as collateral for the ECB refinancing and, indirectly, the extent to which other securities held could be used for such same purpose, which would adversely affect its cost of funding and its ability to access funds, raise capital and meet minimum regulatory capital requirements and adversely affect its interest margins. Furthermore, any downgrades of Spain's credit ratings may increase the risk of a downgrade of the Group's own credit ratings by the rating agencies, which could have similar effects. As such, a downgrade or series of downgrades in the sovereign rating of

[17] This metric has been obtained from the Company's internal accounting records as of 30 September 2021 and is determined in the same manner as the corresponding metric as of 31 December included in Note 3.9.3 of the Annual Accounts for its inclusion in this Prospectus for comparison purposes.

Spain or the Group's own credit rating or a perceived increase in risk and any resulting reduction in the value of Spanish government bonds may have a material adverse effect on its business, results of operations, financial condition and prospects.

Funding and liquidity risk are inherent in the Group's operations

Liquidity risk comprises uncertainties in relation to the Group's ability, under adverse conditions, to timely access funding necessary to cover its obligations to customers, to meet the maturity of its liabilities as they become due and to satisfy its liquidity requirements. It includes both the risk of unexpected increases in the Group's cost of funding and the risk of not being able to structure the maturity dates of its liabilities reasonably in line with its assets.

The Group's main source of liquidity and funding is its customer deposit base, as well as funds derived from the access to wholesale lending markets, including interbank deposits and covered bonds. The Group's ability to obtain funds or to access them could be harmed by factors that are intrinsic to its operations, such as a decline in its performance, credit rating or creditworthiness, or extrinsic to the Group, such as general macroeconomic and market conditions, including, any major turbulence or closure in the financial markets, a negative view of the perspectives of the sectors that predominate in its lending business (particularly, real estate, consumer and public sectors) or uncertainty as to the availability of funds to market participants in general or their ability or perceived ability to discharge their liabilities as they fall due. These factors could generate a negative perception of the Group's liquidity among creditors and result in a decrease in credit ratings, higher funding costs and a reduction in its ability to access funds or result in its inability to continue to operate without additional funding support, which may be unavailable to the Group. The Group's financial position could be adversely affected if access to liquidity and funding is limited or becomes more expensive for a prolonged period of time.

Retail deposits[APM], the Group's main source of liquidity and funding, accounted for 77.96% of its external funding[APM] as of 30 September 2021 (78.36% and 76.77% as of 31 December 2020 and 2019, respectively). As a result of the short-term nature of part of this source of financing, the Group could suffer from liquidity problems if deposits do not reach the expected volumes or are not renewed because a significant number of depositors withdraw their deposits or do not reinvest their deposits at the end of their term. Large denomination term deposits may, under some circumstances, such as during periods of significant interest rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. The Group's level of retail deposits[APM] may fluctuate due to factors outside its control, such as loss of public confidence (including as a result of political initiatives, such as bail-in and/or the confiscation and/or taxation of creditors' funds) or competition from investment funds and other new players in the banking business or other products (see "*—Increased competition in the markets where the Group operates may adversely affect the Group's growth prospects and operations*"), which could result in a significant outflow of deposits within a short period of time. In the event of a sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which the Group operates, the Group might not be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. If any of these factors were to occur, the Group's net interest income would be reduced, and its interest margins adversely affected.

Financing from wholesale lending markets amounted to €10,176,365 thousand, representing 22.04% of the Group's external funding[APM] as of 30 September 2021 (€9,985,634 thousand and €9,915,818 thousand representing 21.64% and 23.23% of its external funding[APM] as of 31 December 2020 and 2019, respectively). In the event such funding were to no longer be available or become too expensive, the Group could be forced to raise interest rates paid on deposits to attract more customers and/or sell its assets at or below their expected price. The persistence or worsening of adverse market conditions or rising interest

rates could have a material adverse effect on its ability to access liquidity and negatively impact its financing costs (either directly or indirectly).

The Group's financing capacity also depends on its credit rating. As of the date of this Prospectus, the Group's ratings and outlooks are as follows:

Agency(1)	**Long-term**	**Short-term**	**Outlook**	**Date of latest rating**
Moody's	Ba1	NP	Stable	1 October 2021
S&P	BB+	B	Stable	24 June 2021
Fitch	BB+	B	Positive	9 September 2021

Notes:—

(1) Each of Moody's Investors Service España, S.A. ("**Moody's**"), S&P Global Ratings Europe Limited ("**S&P**") and Fitch Ratings Ireland Limited ("**Fitch**") is registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies ("**CRA Regulation**"). As such, each of Moody's, S&P and Fitch is included in the latest update of the list of registered credit rating agencies (as of 7 May 2021) on the ESMA website in accordance with the CRA Regulation.

Any downgrade in the Group's ratings could limit its access to capital markets, reduce its prospective investor base, increase its borrowing costs and adversely affect its interest margins, require the Group to post additional collateral or take other actions under some of its derivative contracts, any of which would materially adversely affect its business, financial condition, results of operations and prospects.

Additionally, corporate and institutional counterparties may seek to reduce aggregate credit exposures to the Group (or to all banks), which would increase its cost of funding and restrict its access to liquidity.

On 6 June 2019 the ECB announced a new program of targeted long-term refinancing operations ("**TLTRO III**"). In April 2020, the Governing Council of the ECB made a number of amendments to the TLTRO III to support the provision of credit to households and business to mitigate the economic effects of the COVID-19 pandemic. The Governing Council of the ECB adopted, in December 2020, additional monetary policy measures aiming to contribute to preserve the favourable financing conditions over the pandemic period and, as part of these measures, decided to further recalibrate the conditions of the TLTRO III (in particular, it decided to extend the period over which considerable more favourable terms would apply to June 2022, that three additional operations would be conducted between June and December 2021 and to raise the total amount that Eurosystem counterparties would be entitled to borrow in TLTROs-III from 50% to 55% of their stock of eligible loans). The aforementioned measures were introduced by way of the adoption of ECB Decision ECB 2021/21 of 30 April 2021. As of 30 September 2021, financing from the ECB, all of it which was obtained in the context of TLTRO III and maturing in 2023, amounted to €5,959,000 thousand (of which €5,400,000 thousand was tendered in June 2020 and €459,000 was tendered in March 2021) and represented 10.25% of the Group's total assets at such date. It is not possible to predict the term or the quantum of these extraordinary liquidity support programs in the future, or whether they will be implemented at all. As a result, the Group may need to seek alternative sources of funding, which may be difficult to obtain or may only be available to it at a higher cost.

As of 30 September 2021, the Group had liquid assets[APM] amounting to €14,253,871 thousand (€14,959,441 thousand and € 11,467,882 thousand as of 31 December 2020 and 2019, respectively), substantially all of which was eligible to be used as collateral to obtain ECB funding. In addition, as of

such date, the Group had an additional legal issuance capacity[18] of €8,843,544 thousand (€8,379,866 thousand and €7,307,407 thousand as of 31 December 2020 and 2019, respectively), so its available liquidity position[APM] was €23,097,415 thousand (€23,339,307 thousand and €18,775,289 thousand as of 31 December 2020 and 2019, respectively). Any changes to the policies and requirements for accessing funding from the ECB, including any changes to the criteria for identifying the asset types admitted as collateral or their relative valuations, could have a material adverse effect on the Group's liquidity and cost of funding.

The factors described above may also have a material adverse effect on the Group's regulatory position, including its ability to meet its regulatory minimum liquidity requirements. As of 30 September 2021, the Group's liquidity coverage ratio ("**LCR**") was 443.1% (excluding Ibercaja Vida) (468.1% and 307.1% as of 31 December 2020 and 2019, respectively) and its net stable funding ratio ("**NSFR**") (excluding Ibercaja Vida) was 150.5% (151.5% and 131.4% as of 31 December 2020 and 2019, respectively), both above their respective minimum requirement of 100%. However, there can be no assurance that the Group will be able to maintain its ratios in excess of regulatory requirements in the future. See "*Capital, liquidity and funding requirements and loss absorbing powers—Liquidity requirements*" for a further description of these liquidity and funding ratios.

The Group's insurance business is exposed to actuarial risk

The Group's insurance business, which is carried out through its subsidiaries, Ibercaja Vida and Ibercaja Mediación de Seguros, S.A.U. ("**Ibercaja Mediación**"), is significant to its overall business. Life savings insurance products represented 5,35% of the Group's recurring revenues[APM] in the nine months ended 30 September 2021 (6.18% and 6.66% in the years ended 31 December 2020 and 2019, respectively) and risk insurance products (which include life risk and non-life risk insurance products) represented 10.47% of its recurring revenues[APM] in the nine months ended 30 September 2021 (9.97% and 9.66% in the years ended 31 December 2020 and 2019, respectively).

Actuarial risk reflects the risk arising from the execution of life and other insurance contracts, considering events covered and the processes used in the conduct of business, and any risks related to it, including longevity risk (risk related to an increase in the survival of insured parties compared to forecasts), policy lapse risk (risk related to variations in surrender rates compared to forecasts) and mortality risk (risk related to an increase in the mortality rates compared to forecasts). The management of these risks depends on actuarial management policies relating to subscription and pricing rates.

The Group's business requires using models, assumptions and estimates, which present the risk of reality not matching the assumptions initially used to assess or predict future events. Reserves are calculated based on the assumption that the factors applied will be sufficient to cover the claims and expense rates in all current contracts until their expiry date.

Similarly, claims reserves are calculated by estimating the final cost of any claims, and life insurance technical reserves are calculated on the basis of estimates related to, among others, mortality, longevity, expenses and lapses. These estimates and assumptions are based on actuarial and statistical studies based on the facts and circumstances known at a specific time, but performance may depend on many different factors and may be affected by changes in applicable laws or in the general economic scenario. Actual

[18] Calculated in accordance with applicable regulations which, as of 30 September 2021, were Law 2/1981, and as the sum of the amount representing 80% of eligible mortgage portfolio (less mortgage covered bonds outstanding) and the amount representing 70% of public sector portfolio (less public sector covered bonds outstanding). Pursuant to Royal Decree-law 24/2021, covered bonds issued prior to 8 July 2022 pursuant to the former regulatory regime shall continue to be governed by said regulations.

future events may differ from the Group's estimates, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The following table shows the breakdown of technical reserves for life insurance as of 30 September 2021 and as of 31 December 2020 and 2019:

	As of 30 September	As of 31 December	
	2021	**2020**	**2019**
		(€ thousands)	
Technical reserves for:			
Life insurance:	5,572,194	6,573,738	7,393,305
Unearned premium reserve and current risks	*22,869*	*22,475*	*22,856*
Mathematical reserves	*5,549,325*	*6,551,263*	*7,370,449*
Benefits pending payment	93,890	92,728	71,710
Profit sharing and returned premiums	5,163	4,396	5,026
Life insurance in which the investment risk is borne by the policyholders	1,558,338	851,005	314,496
Total net amount	**7,229,585**	**7,521,867**	**7,784,537**

Notes:—

Source: For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric as of 31 December included in Note 20 of the Annual Accounts.

In addition, the Group's insurance subsidiaries regularly enter into contracts with reinsurance companies not belonging to the Group in order to control their risk exposure. Market conditions beyond the Group's control determine the availability and cost of the reinsurance protection the Group purchased. Accordingly, the Group's insurance subsidiaries may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's businesses are heavily exposed to operational risks

The Group's businesses depend on its ability to process a large number of transactions efficiently and accurately on a daily basis and to manage personal financial information on behalf of its customers. The operational risks to which the Group is exposed include, among others, those deriving from processing errors, system failures, internal and external fraud, compliance risks, low productivity and the inadequate training or qualifications of staff, deficient customer service, external system failures (such as administrative or accounting mistakes, errors in the computer or communication systems or IT security breaches) as well as external events that could undermine its operations or its image. Given the large number of transactions that we carry out on a daily basis, such mistakes could be made repeatedly before they are discovered and remedied. As of 31 December 2020, the losses associated to the Group's operational risk amounted to €6,936 thousand (€5,729 thousand as of 31 December 2019).

As of 30 September 2021, the own funds requirements associated to the Group's operational risks amounted to € 108,314[19] thousand (€108,314 thousand and €110,077 thousand as of 31 December 2020 and 2019, respectively).

[19] This metric has been obtained from the Company's internal accounting records as of 30 September 2021 and is determined in the same manner as the corresponding metric as of 31 December included in the information for prudential relevance 2020 for its inclusion in this Prospectus for comparison purposes.

Any failure causing an interruption of the Group's service or that slows down its response capacity could adversely affect the Group's customers' ability to use its systems, as well as damage its reputation, business and brand. The Group could be subject to claims filed by its customers aimed at recovering losses they might have suffered as a result of any of the aforementioned events or be subject to penalties and disciplinary sanctions, in the event of any delay or omission by it in the processing and registration of transactions, or any breach in internal control. As a result, the Group could suffer financial damage or harm to its reputation, which could in turn have a negative effect on its business, financial condition, results of operations and prospects.

In particular, the Group's technological infrastructure is critical to the operation of its business and the delivery of products and services to clients. The Group's information technology ("**IT**") systems are vulnerable to a series of problems, such as the malfunctioning of hardware and software, computer virus, hacking, phishing or similar attacks and cyber-attacks. In particular, the risks associated with cyber-attacks are a material risk to the Group and the Spanish financial system as a whole, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). These threats are increasingly sophisticated and any absence of or failure of existing controls could result in significant financial losses and a material adverse effect on the Group's operational performance and reputation. As attempted attacks continue to evolve in scope and sophistication, the Group may incur significant costs in order to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to its customers or other affected individuals. Any external attack aiming to circumvent the Group's security measures could result in the unlawful use of its and its customers' confidential information, which could expose the Group to the risk of losses, disciplinary measures from regulatory authorities, lawsuits and harm to its reputation.

Furthermore, the Group's technology and operations depend on a number of specialised technology and service providers. If any of the Group's key technological and service providers fails to perform its services effectively or not in accordance with the terms of the relevant service agreements with the Group, this could lead to interruptions in its business operations, services offered or information provided to its customers or may have a material adverse effect on the availability of its banking services, including the Group's online services and on the productivity of its employees.

Finally, the Group manages and uses confidential information from customers when processing banking transactions. Any unlawful or unauthorised disclosure may trigger legal actions and administrative fines together with damages and could result in reputational damage, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Increased competition in the markets where the Group operates may adversely affect its growth prospects and operations

The markets in which the Group operates are highly competitive. Financial sector reforms in these markets (mainly in Spain) have increased competition among both local and foreign financial institutions, and the Group believes that this trend will continue in the future. In addition, the banking sector has experienced in the last few years a trend towards consolidation which has been accelerated by the impact of the COVID-19 pandemic (especially in Spain, where four of the 12 most significant financial institutions in terms of asset volume in the sector have merged recently. In particular, Bankia, S.A. and Liberbank, S.A. have merged with and into CaixaBank, S.A. and Unicaja Banco, S.A., respectively, creating larger and stronger banks with which the Group must now compete. It cannot be ruled out that more consolidation transactions are executed in the financial sector in the coming months or years.

The Group also faces competition from non-bank competitors, such as department stores (for some credit products), automotive finance corporations, leasing companies, factoring companies, mutual funds, pension funds and insurance companies. In addition, the Group faces increasing competition from shadow banking entities that operate outside the regulated banking system. Furthermore, "crowdfunding" and other social media developments in finance are expected to become more popular as technology becomes a key driver of the banking sector. In particular, non-traditional providers of banking services, such as internet-based e-commerce providers, mobile telephone companies, social media companies, FinTech's, digital banks and internet search engines may start to offer or increase their existing offerings of financial products and services directly to customers. In July 2018, the EBA published a report on the impact of FinTech's on the banking sector identifying the main factors related to FinTech's companies that could significantly affect the sustainability of the credit institutions' business model which included, among others, a more digital and innovative strategy, their operational capacity to implement changes and their capacity to attract and retain staff. These providers may be able to innovate more quickly than the Group can, as they are not constrained by any legacy IT systems and face fewer regulatory requirements and lower fixed costs than the Group. The ongoing FinTech's development has resulted in increasing competition within the financial services sector, not only direct competition with the FinTech's firms but also among the traditional providers of banking services, who are competing in terms of technological development to achieve the first-mover advantage.

In its asset management business, the Group faces competition from exchange-traded funds (ETFs) and other investment products, which may negatively impact the margin from its asset management products.

If the Group is unable to successfully compete with current and new competitors, or if it is unable to anticipate and adapt its offerings to changing banking industry trends, including technological changes, this could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is subject to conduct and reputational risks that could result in fines, sanctions and reputational damage

Reputational risk is a particular concern for companies operating in the financial sector (including the Group), where participants need to maintain the confidence of customers, investors, regulators, creditors and financial markets generally. The Group is subject to the risk that inappropriate execution of its business activities causes harm to its customers or counterparties or to the Group and its employees, third-party service providers and external staff. In addition, the Group is subject to reputational risk to its brands arising from any inappropriate actions by the Group or its employees, customers or counterparties (including breaches of laws, regulations and internal policies, money laundering, terrorism financing and tax evasion), or by any association, action or inaction that is perceived by stakeholders to be inappropriate, unethical or not sustainable.

In particular, the Group is required to comply with applicable anti-money laundering ("**AML**"), anti-terrorism, anti-bribery and corruption, sanctions and other laws and regulations applicable to it. AML, antiterrorism, anti-bribery and corruption and sanctions laws and regulations are increasingly complex and detailed. Compliance with these laws and regulations requires automated systems, sophisticated monitoring and skilled compliance personnel, which puts a significant burden on banks and other financial institutions. The reputational damage to its business would be severe if the Group was found to have breached AML, anti-terrorism, anti-bribery and corruption or sanctions requirements. The Group's reputation could also suffer if it is unable to protect its customers' products and services from being used by criminals for illegal or improper purposes.

Failure to appropriately manage conduct and reputation risks may reduce the Group's attractiveness to stakeholders, including customers, and may lead to negative publicity, loss of revenue, litigation (including class actions), increased regulatory scrutiny and sanctions, reduced workforce morale, and difficulties in recruiting and retaining talent. Any event arising from conduct or reputation risks could cause damage to its business, regardless of whether the negative publicity is factually accurate. The Group's reputation may also suffer by association with fraudulent or criminal acts committed by customers or by employees for activities unrelated to their position with it.

The occurrence of any of these events may cause customers, investors, creditors and financial markets generally to lose confidence in the Group and materially and adversely affect its business, financial condition, results of operations and prospects.

Legal, regulatory and compliance risks

The Group is subject to substantial regulation and regulatory and governmental oversight which imposes significant costs on the Group and drives how the Group conducts its business

The financial services industry is among the most regulated industries in the world. The Group's operations are subject to substantial regulation that it may be unable to comply with, including as a result of changes in laws, regulations, guidelines, policies and interpretations, as well as judicial interpretations of new laws and regulations, in Spain and the EU. In addition, regulatory scrutiny under existing laws and regulations has become more stringent. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector, and which is expected to continue for the foreseeable future. This creates significant uncertainty for the Group and the financial industry in general.

The wide range of actions or regulatory proposals adopted during the last few years include, among other things, provisions for more stringent regulatory capital and liquidity standards (which could require the Group to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, negatively affecting its net interest margin[APM]) (see "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*"), restrictions on compensation practices, special bank levies and financial transaction taxes, recovery and resolution powers to intervene in a crisis including "bail-in" of creditors, separation of certain businesses from deposit taking, stress testing and capital planning regimes, heightened reporting requirements and reforms of derivatives, other financial instruments, investment products and market infrastructures. As a result, the Group may be subject to an increasing number of liability or regulatory sanctions and may be required to make greater expenditures and devote additional resources to address potential liability.

In addition, the Group is subject to rules and regulations regarding money laundering, corruption and the financing of terrorism which have become increasingly complex and detailed and the subject of enhanced government supervision, requiring the Group to use improved systems and implement sophisticated monitoring mechanisms and compliance personnel. Any failure of the Group's personnel to comply with such policies or applicable rules and regulations, may have severe consequences, including sanctions, fines and adverse reputational consequences, which would have a material adverse effect on its business, financial condition, results of operations and prospects.

Regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions like the Group.

The Group is subject to the supervision and/or regulation of the Bank of Spain, the ECB (which supervises the Group directly under the Single Supervisory Mechanism ("**SSM**") in which the Bank of Spain participates), the Single Resolution Board (the "**SRB**"), the Spanish Executive Resolution Authority (the "**FROB**", *Fondo Ordenado de Resolución Bancaria*), the CNMV and the Directorate General of Insurance and Pension Funds (*Dirección General de Seguros y Fondos de Pensiones*) which are the main regulators of the Group's operations. In addition, many of the Group's operations are dependent upon licenses issued by financial authorities.

These regulators, as part of their supervisory function, periodically review the internal processes and controls related to all areas of the Group's business including the granting of credit and classification of risks, its corporate governance and risk management, its technological security, its allowances for loan losses and compliance with rules of conduct in the marketing of financial products to its customers and may require the Group to change its business, marketing, governance and risk practices and procedures, to increase such allowances, to recognise further losses or to increase the regulatory risk-weighting of assets, or may increase its capital requirements. Any such measures, as required by these regulators, whose views may differ from those of its management, could have an adverse effect on the Group's business and financial condition, including on its common equity tier 1 ("**CET1**") ratio and on its ability to pay distributions.

Any required changes to the Group's business operations resulting from the legislation and regulations applicable to its business or from the supervisory function of its regulators could result in a significant loss of revenue or reduced profitability, require significant management attention and resources, limit its ability to pursue business opportunities, adversely affect the value of its assets or require the Group to increase its prices or incur in additional costs (including increased compliance costs) any of which would materially adversely affect its business, financial condition, results of operations and prospects.

Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges

Solvency risk is the risk related to the failure to maintain sufficient resources to absorb losses through a full economic cycle, meet solvency regulatory and prudential requirements or maintain sufficient resources to maintain the confidence of current and prospective investors.

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**") set by the ECB. On 8 April 2020, the ECB notified the Group of its decision to modify the prudential requirements established as part of the SREP of 25 November 2019, which are still in place for 2021. As a result, as of the date of this Prospectus the Group must maintain a CET1 ratio of 8.125% and a total capital ratio of 12.50%. These capital requirements include the minimum capital requirement for Pillar 1 (4.5% CET 1 and 8% of total capital), Pillar 2 (1.125% for CET1 and 2% for total capital) and the capital conservation buffer (2.5%). As of 30 September 2021, the Group had a total capital ratio of 18.3% and a CET1 phased-in ratio of 13.6%. In addition, in March, 2021, the Group received a formal communication from the Bank of Spain regarding the MREL requirement, as determined by the SRB, upon which the Group has been required to reach an amount of own funds and eligible liabilities on a consolidated basis equal to 15.38% of RWAs and 5.24% in terms of MREL leverage ratio by 1 January 2022. This requirement would be equal to 18.42% of the Group's consolidated RWAs as of 1 January 2024 (5.24% in terms of MREL leverage ratio). As of 30 June 2021, the Group had a MREL position of 18.13% in terms of RWAs (including the CET1 dedicated to

comply with the combined buffer requirement) and 7.08% in terms of MREL leverage ratio[20], both of which are above the requirements for 2022. The Group estimates its MREL issuance needs towards the requirement for 2024, as of the date of this Prospectus, amount to approximately €0.7-0.8 billion. See "*Capital, liquidity and funding requirements and loss absorbing powers—MREL requirements*".

Additional and more demanding capital requirements may be applied in the future. The implementation of existing or new capital requirements, standards or recommendations may negatively affect the Group's return on equity and other financial performance indicators or require the Group to issue additional securities that qualify as regulatory capital or eligible liabilities for purposes of the MREL requirement (this requirement to issue additional securities may, in addition, impair the Group's ability to manage its funding and capital resources in the most efficient way), to liquidate assets, to curtail business or to take any other actions, any of which may materially adversely affect the Group's business, financial condition, results of operations and prospects.

Failure to comply with existing or future capital requirements may also adversely affect the Group's ability to make (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to additional tier 1 ("**AT1**") capital instruments ("**Discretionary Payments**"). As of the date of this Prospectus, the Group is not required to calculate a Maximum Distributable Amount (as defined below). Based on the most recent SREP carried out by the ECB in 2020, if the Group's CET1 phased-in ratio fell below 8.125% or its total capital ratio phased-in fell below 12.50% in 2021, the Group would be required to calculate its Maximum Distributable Amount, and the Group may be required to reduce its Discretionary Payments.

In addition, debt and equity investors, analysts and other market professionals may also require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase the Group's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is exposed to losses as a result of legal and regulatory claims relating to floor clauses in mortgage agreements with consumers

The Group is involved in certain actions relating to the application of "**floor clauses**" (clauses that set minimum interest rates payable by borrowers, whereby the borrower agrees to pay a minimum interest rate to the lender regardless of the applicable benchmark rate) in mortgage agreements acquired from Banco Grupo Cajatrés, S.A.U. ("**Banco Caja3**").

The Group has entered into negotiated settlements with certain of the borrowers under the portfolio of mortgage loans containing floor clauses that it acquired from Banco Caja3. As part of these negotiated settlements, the Group offered its customers to sign an amendment agreement to the original mortgage agreement whereby the Group would reduce or remove the floor clause and the customer would undertake not to bring a claim against it in the future. Out of the 39,674 mortgage loan agreements containing floor clauses, the Group signed 17,984 amendment agreements in accordance with such terms representing 45% of the total mortgage loan agreements containing floor clauses.

[20] This is the last public reporting of the Bank's MREL position, reported in the Bank's interim financial report for the six months ended 30 June 2021.

As of 30 September 2021, €978 million (16,796 mortgage loans), out of the approximately €1,056 million of outstanding principal amount of 19,543 mortgage loans containing floor clauses, corresponded to mortgage loans amended in negotiated settlements and €78 million (2,747 mortgage loans) corresponded to mortgage loans containing floor clauses which have not been claimed by customers or subject to negotiated settlements but which were still claimable as of such date. The Spanish Supreme Court declared in its ruling dated 11 April 2018 the validity of the floor clauses contained in the amendment agreements signed between the Group and its customers in the negotiated settlements, and the lower Spanish courts are applying the Spanish Supreme Court's criteria. However, on 26 June 2018, the Court of First Instance and Investigation (*Juzgado de Primera Instancia e Instrucción*) No 3 in Teruel requested from the Court of Justice of the European Union ("**CJEU**") a preliminary ruling based on the apparent conflict between the Spanish Supreme Court's ruling upholding the validity of these amendment agreements and EU law on unfair terms in consumer contracts.

On 9 July 2020, the CJEU ruled on this matter stating that (i) amendment agreements in relation to potential abusive clauses as the ones reached by the Group do not breach Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts ("**Directive 93/13**"), provided that the consumer has consented to it freely and has been duly informed, (ii) national courts would have to determine, on a case-by-case basis, whether the agreement was subject to individual negotiation and, if applicable, whether the transparency requirement was met (i.e. whether the consumer was in a position to understand the economic and legal consequences of the transaction), (iii) national courts would have to determine if such agreement complies with the requirements set out in Directive 93/13, in particular, with the transparency requirements, if the relevant clauses have not been subject to individual negotiation and (iv) the consumer may validly waive the right to have the original floor clause declared unfair, provided that this waiver is made by the consumer with free and informed consent.

On 5 November 2020 the Spanish Supreme Court, despite the fact that in its ruling dated 11 April 2018 it upheld the validity of one of the Group's negotiated settlements, considered that the settlement agreements that the Group had reached with its customers were not individually negotiated and were subject to the transparency test. In this context, on 5 November 2020 the Spanish Supreme Court ruled that an agreement between a lender and a consumer whereby the consumer accepts an amendment to the floor clause and waives his right to claim against the lender is valid provided that the consumer was duly informed about the amendment and that such waiver only covers claims relating to the floor clause (and therefore does not extend to claims other than those relating to the floor clause). As a result, since this resolution from the Spanish Supreme Court, the Group was obliged to reimburse customers with the amounts paid under the rate of the floor clauses from the beginning of the original agreement until the amendment but it was established that the floor clauses which were reduced by virtue of the settlement agreements were valid and in place since the date of the relevant settlement agreement. The Group understands that if this criteria is followed in the future, the decisions in connection with the outstanding claims related to this matter will be partially favourable to the Group, as it has been happening up until the date of this Prospectus. The Spanish Supreme Court's ruling declaring the validity of the floor clauses contained in the amendment agreements signed between the Group and its customers in the negotiated settlements is in line with the CJEU case law.

As of 30 September 2021, the Group's provisions related to this matter amounted to €14.9 million, which cover its estimate of the risk from potential claims arising from non-amended loans and amended loans. The Group considers its provisions to be reasonable taking into consideration the amount of mortgage loans containing floor clauses which have not been claimed by customers or subject to negotiated settlements but which were still claimable as well as the rulings by the CJEU on 9 July 2020 and by the Spanish Supreme Court on 5 November 2020 in respect of mortgage loans containing floor clauses amended in negotiated settlements. However, these estimates may not be complete, may not have factored

in all customers or former customers that could potentially file claims, and may not reflect the most recent facts or legal trends adopted by the Spanish courts, or any other circumstances that could be relevant for establishing the impact of these clauses for the Group or the successful outcome of the claims filed in relation to these clauses. Consequently, the provisions made by the Group could prove to be inadequate.

For further information on floor clause litigation and other legal proceedings in which the Group is involved, see "*Description of the Issuer—Legal and arbitration proceedings*".

Risk of not recovering certain tax assets

As of 30 September 2021 the Group had deferred tax assets ("**DTAs**") amounting to €1,316,173[21] thousand (€1,335,625 thousand and €1,326,708 thousand as of 31 December 2020 and 2019, respectively), representing 2.3% of its total consolidated assets (2.3% and 2.4% as of 31 December 2020 and 2019, respectively). These assets or tax credits are derived principally from (i) negative taxable base for corporate tax due to losses in a given fiscal year; (ii) certain corporate tax deductions that cannot be applied to a given fiscal year if the corporate income tax ("**CIT**") base is negative; and (iii) certain temporary adjustments recognised in a given fiscal year, that are pending to be applied.

The Group's ability to recover these tax assets in the future is subject to different time limitations depending on the origin of the asset (e.g. no time limitation for negative taxable bases or 15 years for deductions pending application, as provided in Act 27/2014, dated 27 November, on Corporate Income Tax (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) (the "**CIT Act**"), except for deductions for research and development and innovation which may be offset within 18 years). According to the business plan of Ibercaja, which served as the basis for the valuation of these tax assets, the estimated period to recover these tax assets is no longer than 15 years.

Temporary differences are typically recovered following the recovery path foreseen accounting-wise, and there is no time limit to offset negative tax bases and deductions to prevent international double taxation.

Out of the Group's €1,316[21] million total DTAs as of 30 September 2021 (€1,336 million and €1,327 million as of 31 December 2020 and 2019, respectively), €423[21] million as of 30 September 2021, and €433 million and €452 million as of 31 December 2020 and 2019, respectively, are DTAs for tax-loss carryforwards and unused tax credits. The eventual recovery of these tax assets is subject to, or limited by, the occurrence of certain factors, such as obtaining sufficient profits, the non-reduction of the corporate tax rate or the existence of discrepancies with the Spanish tax authorities in the settlement of such tax.

Therefore, in the event that (i) the Group does not generate sufficient profits (or at all) within the applicable time to offset non-monetizable tax credits; (ii) discrepancies are detected in previous tax returns as a consequence of audits undertaken by the Spanish tax authorities resulting in a reduction of its DTAs; or (iii) there are changes in current regulations, or their application or interpretation, the Group could be totally or partially restricted from recovering the amount of its DTAs, which could have a material adverse effect on the Group's business, results of operations and/or financial condition.

The Spanish tax authorities notified the Group in July 2020 of the commencement of tax audit proceedings in relation to the CIT for 2011 to 2017 (both inclusive) which are still ongoing. The tax inspectors have already requested certain financial information from the Group and as of the date of this Prospectus, no significant discrepancies have been identified.

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[21] This metric has been obtained from the Company's internal accounting records as of 30 September 2021 and is determined in the same manner as the corresponding metric as of 31 December included in Note 25.4 of the Annual Accounts for its inclusion in this Prospectus for comparison purposes.

As of 30 September 2021, the Group had provisions for an amount of €3,935 thousand (€3,935 thousand and €3,935 thousand as of 31 December 2020 and 2019, respectively) in connection with the tax audit proceedings which, taking into consideration the current CIT rate of 30% would represent €13,110 thousand at tax base level. However, these estimates may not be complete, may not reflect all the circumstances that could be relevant for establishing the impact of these tax audit proceedings. Consequently, the provisions made by the Group could prove to be inadequate.

Risks relating to the Notes

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

As discussed in "*Capital, Liquidity and Funding Requirements and Loss Absorbing Powers—Loss absorbing powers by the Relevant Resolution Authority under Law 11/2015 and the SRM Regulation*", the Notes may be subject to the bail-in tool (the "**Spanish Bail-in Power**" as defined therein) and in general to the powers that may be exercised by the Relevant Resolution Authority (as defined therein) 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. 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 Notes 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 Notes and/or the ability of the Bank to satisfy its obligations under any Notes. 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 Notes.

There may be limited protections, if any, that will be available to holders of securities subject to the Spanish Bail-in Power (including the Notes) and to the broader resolution powers of the Relevant Resolution Authority. Accordingly, Holders of the Notes 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 Notes 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 Notes 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 (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 Notes.

The exercise of the Spanish Bail-in Power by the Relevant Resolution Authority with respect to the Notes is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Bank's control. In addition, as the Relevant Resolution Authority will retain an element of discretion, Holders of the Notes may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power. 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 Notes, the price or value of an investment in the Notes and/or the Bank's ability to satisfy its obligations under the Notes.

The qualification of the Notes as MREL-Eligible Instruments is subject to uncertainty

The Notes are intended to be MREL-Eligible Instruments under the Applicable Banking Regulations. However, there is uncertainty regarding the final substance of the Applicable Banking Regulations on the subject and how those regulations, once enacted, are to be interpreted and applied and the Bank cannot provide any assurance that the Notes will or may be (or thereafter remain) MREL-Eligible Instruments.

The EU Banking Reforms include directives and regulations intended to clarify the requirements for MREL eligibility. 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, generally in force since 10 November 2021, amended Royal Decree 84/2015 to continue the implementation into Spanish law of CRD V Directive but full implementation of CRD V Directive still requires approval of the relevant amendments to other secondary Spanish regulations (i.e. Bank of Spain circulars) and Royal Decree 1041/2021, generally in force since 24 November 2021, amended Royal Decree 1012/2015 and completed the implementation of BRRD II into Spanish law. There is uncertainty how such amendments will affect the Bank or the Holders of the Notes. In addition, there is also uncertainty as to how the EU Banking Reforms will be implemented and applied by the relevant authorities. See "*Capital, liquidity and funding requirements and loss absorbing powers*".

Because of this uncertainty, the Bank cannot provide any assurance that the Notes will or may ultimately be (or thereafter remain) MREL-Eligible Instruments.

If for any reasons the Notes are not MREL-Eligible Instruments or if they initially are MREL-Eligible Instruments and subsequently become ineligible, then a Disqualification Event will occur, with the consequences indicated in the Conditions. See "*—The Notes may be redeemed at the option of the Bank" and "—Substitution and variation of the Notes without Holder consent "*.

The Notes provide for limited events of default

The Conditions do not provide for any events of default, except in the case that an order is made by any competent court commencing insolvency proceedings against the Bank or for its winding up or dissolution (other than as permitted in Condition 6). Accordingly, in the event that any payment on the Notes is not made when due, each Holder will have a claim only for amounts then due and payable on their Notes but will have no right to accelerate such Notes.

As mentioned above, pursuant to the BRRD, as implemented through Law 11/2015 and Royal Decree 1012/2015, and the SRM Regulation the Bank may be subject to a procedure of early intervention or resolution. Pursuant to Law 11/2015 the adoption of any early intervention or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Bank to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the adoption of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 11/2015.

Any attempt by a Holder to enforce its rights under the Notes following the adoption of any early intervention or any resolution procedure will, therefore, be subject to the relevant provisions of the BRRD and Law 11/2015 and Royal Decree 1012/2015 in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to above (see "*— The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 or the SRM Regulation could materially affect the rights of the Holders of the Notes under, and the value of, any Notes*").

There can be no assurance that the taking of any such action would not adversely affect the rights of Holders (in particular, any rights a Holder may otherwise have on the occurrence of any such action may be limited in these circumstances), the price or value of their investment in the Notes and/or the ability of the Bank to satisfy its obligations under the Notes.

The Notes may be redeemed at the option of the Bank

All, but not some only of the Notes may be redeemed at the option of the Bank on the Reset Date at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

The redemption of the Notes at the option of the Bank is subject to the prior Supervisory Permission (as defined in the Conditions) and compliance with Applicable Banking Regulations then in force. The Regulation (EU) 575/2013, of 26 June, on prudential requirements for credit institutions and investment firms (the "**CRR**") provides that the redemption of eligible liabilities instruments prior to the date of their contractual maturity is subject to the prior permission of the resolution authority. According to Article 78a of CRR, such permission will be given only if any of the following conditions is met:

(i) before or at the same time of such redemption, the institution replaces the eligible liabilities instruments with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the issuer; or

(ii) the institution has demonstrated to the satisfaction of the resolution authority that the own funds and eligible liabilities of the institution would, following such redemption, exceed the requirements laid down in the CRR, the CRD IV and the BRRD by a margin that the resolution authority, in agreement with the competent authority, considers necessary; or

(iii) the institution has demonstrated to the satisfaction of the resolution authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in CRR and in CRD IV for continuing authorisation.

The Notes are also redeemable on or after the Issue Date at the option of the Bank in whole but not in part, at any time, at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption (subject to the prior Supervisory Permission and otherwise in accordance with Applicable Banking Regulations then in force) if there is a Disqualification Event or a Tax Event (each as defined in Condition 15 in the Conditions).

It is not possible to predict whether or not any further change in the laws or regulations of Spain, Applicable Banking Regulations or, in the case of a redemption of the Notes for tax reasons, the official application or 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 Notes, and if so whether or not the Bank will elect to exercise such option to redeem the Notes or any prior consent of the Competent Authority required for such redemption will be given. There can be no assurances 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 Notes.

In addition, the redemption feature of the Notes is likely to limit their market value. During any period when the Bank has the right to elect to redeem the Notes or there is a perceived increase in the likelihood that the Bank will exercise the right to elect to redeem the Notes, the market value of the Notes is unlikely to rise substantially above the price at which they can be redeemed. This may also be true prior to such period.

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

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

Substitution and variation of the Notes without Holder consent

Subject to Condition 4.6, if a Tax Event or a Disqualification Event occurs, the Bank may, instead of redeeming the Notes, at any time, without the consent of the Holders, and subject to compliance with Applicable Banking Regulations and to the prior Supervisory Permission, either (a) substitute new notes for all (but not some only) the Notes whereby such new notes shall replace the Notes or (b) vary the terms of all (but not some only) the Notes, so that the Notes may become or remain Qualifying Notes (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.

Despite Qualifying Notes must contain terms that are materially no less favourable to Holders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally or more favourable, or that the Qualifying Notes will trade at prices that are equal to or higher than the prices at which the Notes 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 Notes.

Gross-up obligation under the Notes does not apply to any repayment of principal

The Bank's obligation under Condition 7 to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments of interest and any other amounts does not apply to any repayment of principal. Accordingly, if any such withholding or deduction were to apply, Holders of the Notes may receive less than the full amount of principal due under the Notes upon redemption, and the market value of the Notes may be adversely affected.

Risks relating to the 1-year Mid-Swap Rate and other "benchmarks"

The determination of the interest in respect of the Notes after the Reset Date is dependent upon the 1-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 1-year Mid-Swap Rate and the EURIBOR) have been the subject of recent national and international regulatory guidance and proposals for reform including the recent approval and entry into force of the Benchmark Regulation, that could have a material impact on the Notes, 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"; (iii) or lead to the disappearance of the "benchmark".

The Conditions provide for certain fallback arrangements in the event that the Original Reference Rate ceases to exist or be published, or another Benchmark Event (as defined in Conditions) occurs. See Condition 3.7. These fallback arrangements include the possibility that the Reset Rate of Interest could be determined without any separate consent or approval of the Holders by reference to a Successor Rate or an Alternative Rate by (i) an Independent Financial Adviser, or (ii) if an Independent Financial Adviser cannot be appointed or the Independent Financial Adviser appointed fails to determine a Successor Rate or an Alternative Rate prior to the 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). In addition, an Adjustment Spread may be applied to such Successor Rate or Alternative Rate, together with the making of certain Benchmark Amendments to the Conditions. In certain circumstances, the Adjustment Spread is the spread, quantum, formula or methodology which the Bank determines to be appropriate to reduce or eliminate to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the 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 or eliminate economic prejudice to Holders. The use of a Successor Rate or an Alternative Rate may result in a lower Reset Rate of Interest than the payments that could have been made on the Notes if the Original Reference Rate continued to be available in its current form.

Where the Bank is unable to appoint an Independent Financial Adviser in a timely manner, or the Independent Financial Adviser or the Bank (as applicable) is unable to determine a Successor Rate or Alternative Rate before the Reset Determination Date, the 1-year Swap-Rate applicable to the Interest Period during the Reset Period will be equal to the last available 1-year Mid-Swap Rate on the Screen Page.

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the Notes. Investors should consider these matters when making their investment decision with respect to the Notes.

INFORMATION INCORPORATED BY REFERENCE

The documentation set out below shall be deemed to be incorporated by reference in, and to form part of, this Prospectus. However, any statement contained in any such document shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such statement:

(i) The Group's unaudited condensed consolidated interim financial statements as of and for the nine months ended 30 September 2021, which include unaudited comparative information for the nine months ended 30 September 2020, prepared in accordance with IFRS-EU, taking into account International Accounting Standard 34 "Interim Financial Reporting", and with Circulars 4/2017 of the Bank of Spain and 3/2018 of the CNMV, available at Ibercaja Banco's website (www.ibercaja.com) (the "**2021 Third Quarter Financial Information**").

(ii) The Group's audited consolidated annual accounts and the directors' report as of and for the year ended 31 December 2020, prepared in accordance with IFRS-EU, together with the audit report of PricewaterhouseCoopers Auditores, S.L., available at Ibercaja Banco's website (www.ibercaja.com) (together, the "**2020 Annual Accounts**").

(iii) English translation of the 2020 Annual Accounts, available at Ibercaja Banco's website (www.ibercaja.com).

(iv) The Group's audited consolidated annual accounts and the directors' report as of and for the year ended 31 December 2019, prepared in accordance with IFRS-EU, together with the audit report of PricewaterhouseCoopers Auditores, S.L., available at Ibercaja Banco's website (www.ibercaja.com) together, the "**2019 Annual Accounts**" and, together with the 2020 Annual Accounts, the "**Annual Accounts**").

(v) English translation of the 2019 Annual Accounts, available at Ibercaja Banco's website (www.ibercaja.com).

Each document incorporated herein by reference is only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of Ibercaja Banco or the Group, as the case may be, since the date thereof or that the information contained therein is current as of any time subsequent to its date.

Any documents incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, the information contained on the corporate website of the Issuer does not form part of this Prospectus.

English translations

In the event of a discrepancy, the original Spanish-language versions prevail.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes.

The Notes (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 28 October 2021.

1 Form, Denomination and Title

1.1 The Notes have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €50,000,000 and in the denomination of €100,000 (as reduced from time to time by any write down or cancellation, as the case may be, the "**principal amount**" of a Note).

1.2 The Notes have been registered with Iberclear as managing entity of the central registry of the Spanish settlement system (the "**Spanish Central Registry**"). Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes 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 of the Notes, notwithstanding the Bank's commitment to assist, when appropriate, on the clearing and settlement of the Notes 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 Notes: ES0244251023.

1.3 Title to the Notes 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 Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the "**Holder**" means the person in whose name such Notes are 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 Notes 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 Notes have been issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes 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 Notes 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.

2 Status of Notes

The payment obligations of the Bank under the Notes on account of principal constitute direct, unconditional, unsubordinated and unsecured ordinary claims ("*créditos ordinarios*") of the Bank and, in accordance with the Insolvency Law and Additional Provision 14.2º 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 (and unless they qualify as subordinated claims ("*créditos subordinados*") pursuant to Article 281.1 of the Insolvency Law or equivalent legal provision which replaces it in the future), would rank:

(a) senior to:

(i) Senior Non Preferred Liabilities; and

(ii) subordinated obligations ("*créditos subordinados*") of the Issuer in accordance with Article 281.1 of the Insolvency Law; and

(b) *pari passu* among themselves and with any Senior Preferred Liabilities

As of the Issue Date, according to the Insolvency Law, claims of Holders in respect of interest accrued but unpaid as of the commencement of any insolvency procedure in respect of the Bank shall constitute subordinated claims ("*creditos subordinados*") against the Bank ranking in accordance with the provisions of Article 281.1.3º of the Insolvency Law and accrual of interest shall be suspended from the date of the declaration of insolvency of the Bank.

The payment obligations of the Issuer under the Notes are subject to, and may be limited by, the exercise of any Loss Absorbing Powers. The Notes are not subject to any set-off or netting arrangements that would undermine their capacity to absorb losses in resolution. The Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

3 Interest Payments

3.1 Interest Rate

The Notes bear interest on their outstanding principal amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 3.

Interest shall be payable on the Notes annually in arrear on each Interest Payment Date as provided in this Condition 3.

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

3.2 Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 4.1, 4.3, 4.4 or 4.5 or the date of cancellation thereof pursuant to Condition 4.8, as the case may be, unless payment of all amounts due in respect of such Note (if any) is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note for any period shall be equal to the product of the

outstanding principal amount of the Note, the relevant Interest Rate and the day-count fraction as described in Condition 3.1 for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

3.3 Initial Fixed Interest Rate

During the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 1.125% per annum (the "**Initial Fixed Interest Rate**"). The amount of interest payable on each Interest Payment Date during the Initial Fixed Rate Interest Period shall be €1,125 in respect of each Note of €100,000 denomination.

3.4 Reset Rate of Interest

The Interest Rate will be reset (the "**Reset Rate of Interest**") in accordance with this Condition 3 on the Reset Date. The Reset Rate of Interest will be determined by the Bank on the Reset Determination Date as the sum of the 1-year Mid-Swap Rate and the Margin. From (and including) the Reset Date the Notes bear interest at the Reset Rate of Interest.

3.5 Determination of Reset Rate of Interest

The Bank will, as soon as practicable after 11:00 a.m. (Central European time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period.

3.6 Publication of Reset Rate of Interest

The Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 3 in respect of the Reset Period to be given to Holders in accordance with Condition 10 as soon as practicable after its determination but in any event not later than the fourth Business Day after the Reset Determination Date.

3.7 Benchmark discontinuation

(a) Independent Financial Adviser

If at the time of determination of the Reset Rate of Interest, 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 3.7(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 3.7(c)) and any Benchmark Amendments (in accordance with Condition 3.7(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 3.7(a) prior to the 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 Reset Determination Date, the Reset Rate of Interest shall be determined using the 1-year Mid-Swap Rate last displayed on the relevant Screen Page prior to the Reset Determination Date.

(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 3.7(c) subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) (subject to the operation of this Condition 3.7); 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 3.7(c)subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) (subject to the operation of this Condition 3.7).

(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 3.7 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 the day count fraction, the business days convention, the Reset Determination Date, the floating leg of the 1-year Mid-Swap Rate, the Reset Rate of Interest, and the method for determining the fallback rate in relation to the Notes are necessary in order to follow market practice in relation to the Successor Rate or 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 3.7(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 3.7(d), the Bank shall comply with the rules of any stock exchange on which the Notes 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 3.7 will be notified promptly by the Bank to the Holders in accordance with Condition 10. 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 the Original Reference Rate

Without prejudice to the obligations of the Bank under this Condition 3.7, 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 3.7, 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 result in the partial or full exclusion of the Notes from treatment as MREL-Eligible Instruments of the Group.

4 Redemption, Substitution, Variation and Purchase

4.1 Final Redemption

Unless previously redeemed or purchased and cancelled pursuant to Conditions 4.7 and 4.8 or substituted and cancelled pursuant to Conditions 4.6 and 4.8, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on 2 December 2027. The Notes may not be redeemed at the option of the Bank other than in accordance with this Condition 4.

4.2 Conditions to Redemption, Substitution, Variation and Purchase prior to Final Redemption

The Bank may, subject to compliance with the Applicable Banking Regulations then in force and subject to the prior Supervisory Permission, when applicable, redeem or purchase the Notes or substitute or vary the terms of the Notes in each case in accordance with Conditions 4.3, 4.4, 4.5, 4.6 or 4.7(a).

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 4.4, 4.5 and 4.6, the Bank shall make available to the Holders at its registered office a certificate signed by two of its duly Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied.

4.3 Bank's Call Option

Subject to Condition 4.2, the Bank may, by giving not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem all, but not some only, of the Notes on the Reset Date at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Bank shall redeem the Notes.

4.4 Redemption Due to Tax Event

If, prior to the giving of the notice referred to below in this Condition 4.4, a Tax Event has occurred and is continuing, then the Bank may, subject to Condition 4.2 and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Bank shall redeem the Notes.

4.5 Redemption Due to Disqualification Event

If, prior to the giving of the notice referred to below in this Condition 4.5, a Disqualification Event has occurred and is continuing, then the Bank may, subject to Condition 4.2 and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 10 (which

notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Bank shall redeem the Notes.

4.6 Substitution or Variation

If a Tax Event or a Disqualification Event has occurred and is continuing, then the Bank may, subject to Condition 4.2 and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 10 but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of all (but not some only) of the Notes so that they remain or, as appropriate, become, Qualifying Notes. Upon the expiry of such notice, the Bank shall either vary the terms of or substitute the Notes in accordance with this Condition 4.6, as the case may be.

Any notice provided in accordance with this Condition 4.6 shall be irrevocable, specify the relevant details of the manner in which such substitution or, as the case may be, variation shall take effect (including the date for substitution or variation) and where the Holders can inspect or obtain copies of the new conditions of the Notes. Such substitution or, as the case may be, variation will be effected without any cost or charge to the Holders.

Holders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant full power and authority to the Bank to take any action and/or to 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 Notes.

In connection with any substitution or variation in accordance with this Condition 4.6, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

4.7 Purchases

(a) The Bank, or any member of the Group, may, subject to Condition 4.2, purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for their account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Bank, or any member of the Group, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders.

(b) Notwithstanding Condition 4.2, the Bank or any member of the Group, or any agent on its or their behalf shall have the right at all times to purchase the Notes for market making purposes or if it would be beneficial from a prudential point of view and justified by exceptional circumstances subject to prior Supervisory Permission if required under prevailing Applicable Banking Regulations, and has otherwise complied with any conditions therefore set out in the Applicable Banking Regulations.

4.8 Cancellation

All Notes substituted by the Bank pursuant to Condition 4.6 will forthwith be cancelled. All Notes purchased by or on behalf of the Bank may, subject to obtaining any Supervisory Permission therefore if required under prevailing Applicable Banking Regulations, be held, resold or, at the

option of the Bank, cancelled forthwith. Any Notes so cancelled may not be resold and the obligations of the Bank in respect of any such Notes shall be discharged.

4.9 Unauthorised Purchases

By its acquisition of any Note, each Holder shall be deemed to have acknowledged and accepted that, if the Bank or any member of the Group purchases any Note from a Holder without having obtained the prior Supervisory Permission as required under the Applicable Banking Regulations in effect at the relevant time, the Holder shall be obliged to repay in full to the Bank or to the relevant member of the Group, as the case may be, any amounts received by it in consideration of such purchase.

5 Payments

5.1 Method of Payment

Payments of principal and interest in respect of the Notes will be made in euro by transfer to the registered euro account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET System, 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 principal or interest, as the case may be, 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 Notes. The Bank will have no responsibility or liability for the records relating to payments made in respect of the Notes.

5.2 Payments Subject to Laws

Save as provided in Condition 7, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Bank agrees to be subject and the Bank will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

5.3 Delay in Payment

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day.

5.4 Non-Business Days

If any date for payment in respect of any Note is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day.

6 Default

If an order is made by any competent court commencing insolvency proceedings against the Bank or if any order is made by any competent court or resolution passed for the winding up or dissolution of the Bank (except in the case of a reconstruction, merger or amalgamation (i) which has been approved by an Extraordinary Resolution at a meeting of Holders of the Notes; or (ii) where the entity resulting from any such reconstruction, merger or amalgamation is (A) a financial institution (*entidad de crédito*) under article 1 of Law 10/2014, as amended and restated and (B) has a rating for long-term senior debt assigned by a Rating Agency equivalent to or higher than the rating for long-term senior debt of the Bank immediately prior to such reconstruction, merger or amalgamation) and such order is continuing, then any Note may, unless there has been an Extraordinary Resolution to the contrary at a meeting of Holders, by written

notice addressed by the Holder thereof to the Bank and delivered to the Bank, be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall, when permitted by applicable Spanish law, become immediately due and payable without further action or formality.

If a default occurs under this Condition 6, claims of Holders in respect of the Notes shall rank as set out under Condition 2.

Except as set out in this Condition 6, Holders shall have no right to declare immediately due and payable any amounts of principal or interest in respect of the Notes.

By its acquisition of any Note, each Holder acknowledges and accepts that the taking by the Relevant Resolution Authority of an early intervention measure or a resolution action in respect of the Bank under the Applicable Banking Regulations shall not constitute an event of default and Holders shall have no right to declare immediately due and payable any amounts of principal or interest in respect of the Notes.

7 Taxation

All payments of interest and any other amounts payable (excluding, for the avoidance of doubt, any repayment of principal) in respect of the Notes 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 interest and any other amounts (excluding, for the avoidance of doubt, any repayment of principal), the Bank shall pay such additional amounts as will result in Holders receiving such amounts as they would have received in respect of such payments of interest and any other amounts had no such withholding or deduction been required.

The Bank shall not be required to pay any additional amounts in relation to any payment in respect of Notes:

(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 Notes by reason of his having some connection with Spain other than:

  (i) the mere holding of Notes; or

  (ii) the receipt of any payment in respect of Notes;

(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 Note, of a custodian, collection agent, person or entity acting on its behalf or similar person in relation to such Note; or

(c) to, or to a third party on behalf of, a Holder who is an individual resident for tax purposes in the Kingdom of 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 Notes the Bank (or an agent acting on behalf of the Bank) has not received such information as it may be required to obtain in order to comply with Spanish tax reporting requirements, as may be necessary to allow payments on such Notes 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 Notes 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 Notes.

8 Prescription

Claims against the Bank for payment in respect of the Notes shall be prescribed and become void unless made within five years after the date on which the payment in question becomes due and payable.

9 Meetings of Holders, Modification and Substitution

9.1 Convening meetings

(a) Meetings convened by the Bank

The Bank may, at any time, and shall, if so directed in writing by Holders holding not less than 10% in aggregate principal amount of the Notes for the time being outstanding (the "**relevant Holders**"), convene a meeting of Holders.

(b) Meetings convened by the Holders

If the Bank has not delivered notice convening a meeting of the Holders prior to the expiry of seven clear days from the date on which the Bank has received written directions from the relevant Holders to do so, the relevant Holders may themselves convene the meeting in place of the Bank subject to and in accordance with the provisions of this Condition 9, provided however that, in such circumstances all references to the performance by the Bank of a particular obligation in this Condition 9, or the delivery by the Bank of any notice in accordance with Condition 10, shall be deemed to be a reference to the performance by the relevant Holders of such obligation and/or the delivery of such notice. Any costs and expenses incurred by the relevant Holders as a result of, in connection with or related to the convening by them of a meeting of the Holders in such circumstances shall be for the account of the Bank and shall be promptly paid by the Bank to the account designated for such purpose in writing by the relevant Holders upon presentation of receipts, invoices or other documentary evidence of such costs.

Notwithstanding the foregoing, no refusal or failure by the Bank to convene a meeting of the Holders when so directed by the relevant Holders shall give rise to any right by any Holder to declare any principal amounts or interest in respect of the Notes immediately due and payable.

9.2 Procedures for convening meetings

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 platform), day and hour of the meeting shall be given to the Holders in the manner provided in Condition 10.

The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, where the meeting has been convened to vote on any matter requiring the approval of the Holders by means of an Extraordinary Resolution only, shall specify the terms of the Extraordinary Resolution to be proposed. This notice shall include information as to the manner in which Holders are entitled to attend and vote at the meeting.

If the meeting has been convened by the relevant Holders in the circumstances set out in Condition 9.1(b), a copy of the notice shall also be sent by certified post to the Bank.

9.3 Chairman

The person (who may be, 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.

9.4 Quorums

(a) Regular Quorum

At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5% in principal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business, and no business (other than the choosing of a Chairman in accordance with Condition 9.3) 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% in principal amount of the Notes 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 principal amount of the Notes for the time being outstanding; or

(ii) a reduction of the amount payable or modification of the Interest Payment Dates or variation of the method of calculating the Interest Rate; or

(iii) a modification of the currency in which payments under the Notes 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 9.8(b)(vi) below; or

(vi) any proposal to amend any of the terms of this sub-paragraph 9.4(c) or the terms of Condition 9.5(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 principal amount of the Notes for the time being outstanding.

9.5 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 9.1, 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).

Otherwise, at least 7 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 platform), day and hour of the adjourned meeting, and otherwise given in accordance with Condition 9.2 shall be given to the Holders in the manner provided in Condition 10.

(b) If within 15 minutes (or such 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:

(i) for any matter other than to vote on an Extraordinary Resolution, not less than 14 clear days (but without any maximum number of clear days); or

(ii) for any matter requiring approval by an Extraordinary Resolution, not less than 14 clear days nor more than 42 clear days,

and in either case 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.

(c) At any adjourned meeting one or more Eligible Persons present (whatever the principal amount of the Notes for the time being outstanding 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 9.4(c) the quorum shall be one or more Eligible Persons present and holding

or representing in the aggregate not less than one-third in principal amount of the Notes for the time being outstanding.

9.6 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 Notes must be notified to Holders in accordance with Condition 10 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 9.6(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 Note.

9.7 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 principal amount of the Notes 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 9.7(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.

9.8 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 10 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 9 means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 9 by a majority consisting of not less than 75% 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% 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 9.4(b) and 9.4(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 Notes or otherwise;

(iii) power to agree to any modification of the provisions contained in these Conditions or the Notes which is proposed by the Bank;

(iv) power to give any authority or approval which under the provisions of this Condition 9 or the Notes 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 Notes;

(c) Subject to Condition 9.8(a), to be passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 9, 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.

(d) The agreement or approval of the Holders shall not be required in the case of any Benchmark Amendments determined pursuant to Condition 3.7(d).

9.9 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 9 will be effected in accordance with the Applicable Banking Regulations and conditional upon any prior approval from the Competent Authority, to the extent required thereunder.

10 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 Notes are for the time being listed and/or admitted to trading.

So long as the Notes 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 through an announcement of inside information (*comunicación de información privilegiada*) or of other relevant information (*comunicación de otra información relevante*) to be filed with the CNMV and to be published on the CNMV's website at www.cnmv.es and (ii) all notices to the Holders will be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*).

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

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.

11 Further Issues

The Bank may from time to time without the consent of the Holders, but subject to any Supervisory Permission (if required), create and issue further securities having the same conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

12 Governing Law and Jurisdiction

12.1 Governing Law

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

12.2 Jurisdiction

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 Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (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 bringing of any Proceedings before the courts of the city of Madrid, Spain. To the extent permitted by law, nothing contained in this Condition 12 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.

13 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 Note) 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 Notes is discharged by set-off, 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 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 Note but for this Condition.

14 Loss absorption

14.1 Exercise of Loss Absorbing Power and Acknowledgment

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

14.2 Payment of Interest and Other Outstanding Amount 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 Notes, 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 Notes 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 Notes, 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 Notes will be an event of default or otherwise constitute non-performance of a contractual obligation.

15 Definitions

In these Conditions:

"**1-year Mid-Swap Rate**" means, in relation to the Reset Period:

(a) the rate of the annual swap rate for euro swap transactions with a maturity of one year, expressed as a percentage, which appears on the relevant Screen Page under the heading "**EURIBOR BASIS – EUR**" and above the caption "**11AM FRANKFURT**" as at 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 the Reset Determination Date, the Reset Reference Bank Rate on the Reset Determination Date, unless a Benchmark Event has occurred, in which case the 1-year Mid-Swap Rate shall be determined pursuant to Condition 3.7;

"**1-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 one year commencing on the 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;

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the 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 relevant 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 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 customarily applied to the relevant Successor Rate or Alternative Rate

(as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(c) (if no such recommendation 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 to reduce or eliminate, to the extent reasonably practicable in the circumstances, 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 (*AIAF Mercado de Renta Fija, S.A.*);

"**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 3.7(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 principal amount or outstanding amount, together with any accrued but unpaid interest, and additional amounts, if any, due on the Notes under Condition 7 (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 including, in particular, those giving effect to the MREL or any equivalent or successor principles 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 relating to capital adequacy, resolution and/or solvency including, in particular, those giving effect to the MREL or any equivalent or successor principles then applicable to the Bank and/or the Group, in each case to the extent 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 Bank and/or the Group) (in all cases, as amended or replaced from time to time);

"**Authorised Signatory**" means any authorised officer of the Bank;

"**Bail-in Dispute**" has the meaning given in Condition 12.2;

"**Bank**" means Ibercaja Banco, S.A.;

"**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 Notes under Condition 4.6 will result in the Qualifying Notes having terms not materially less favourable to the Holders than the terms of the Notes on issue and (ii) the differences between the terms and conditions of

the Qualifying Notes and these Conditions are only those strictly necessary to (a) in the case of a Disqualification Event, comply with the requirements for MREL-Eligible Instruments 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 3.7(d);

"**Benchmark Event**" means:

(a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(b) a public statement by the administrator of the Original Reference Rate that it has ceased or will cease publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**") (in circumstances where no successor administrator has been or will be appointed that will continue publication of the Original Reference Rate); 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 the Specified Future Date, be permanently or indefinitely discontinued (in circumstances where no successor administrator has been or will be 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 the Original Reference Rate will, by the 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 Notes; 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 or will, by the Specified Future Date, be 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 any 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 subparagraphs (b), (c) or (d) 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 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, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in Zaragoza, Madrid and in London and, if on that day a payment is to be made, a day which is a TARGET Business Day also;

"**Certificate**" has the meaning given to it in Condition 1.3;

"**Chairman**" has the meaning given to such term in Condition 9.3;

"**Clearstream Luxembourg**" has the meaning given to such term in Condition 1.2;

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

"**Code**" has the meaning given to such term in Condition 7;

"**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 Notes, as amended from time to time;

"**CRD IV**" means any or any combination of the CRD IV Directive, the CRR, and any CRD IV Implementing Measures (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 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 or the Group, as applicable, including, without limitation, Law 10/2014, as amended from time to time, Royal Decree 84/2015, as amended 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 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 Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012;

"**Disqualification Event**" means, at any time on or after the Issue Date, that all or part of the outstanding nominal amount of the Notes does not fully qualify as MREL-Eligible Instruments of the Group, except where such non-qualification (i) is due solely to the remaining maturity of the relevant Notes being less than any period prescribed for MREL-Eligible Instruments by the Applicable Banking Regulations or (ii) is as a result of the relevant Notes being bought back by or on behalf of the Bank or a buy back of the relevant Notes which is funded by or on behalf of the Bank or (iii) is due to any limitation on the amount

of such Notes that may be eligible for the inclusion in the amount of MREL Eligible Instruments of the Group.

A Disqualification Event shall, without limitation, be deemed to include where any non-qualification of the Notes as MREL-Eligible Instruments arises as a result of (a) any legislation which gives effect to the EU Banking Reforms in the Kingdom of Spain differing in any respect from the form of the EU Banking Reforms (including if the EU Banking Reforms are not implemented in full in the Kingdom of Spain), or (b) the official interpretation or application of the EU Banking Reforms or the EU Banking Reforms as implemented in the Kingdom of Spain (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the manner in which the EU Banking Reforms have been reflected in these Conditions;

"**€**" or "**euro**" means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities as amended;

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

"**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 Notes held by or for the benefit, or on behalf, of the Bank or any of its Subsidiaries;

"**EU Banking Reforms**" means the CRD V Directive, BRRD II, CRR II and the SRM Regulation II;

"**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 Reset Period; or

(b) if such rate does not appear on the relevant Screen Page at such time on the 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 the Reset Determination Date to prime banks in the Eurozone interbank market for a six-month period commencing on the 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 1.2;

"**Extraordinary Resolution**" has the meaning given to such term in Condition 9;

"**FATCA**" has the meaning given to such term in Condition 7;

"**Group**" means the Bank together with its consolidated Subsidiaries;

"**Holder**" has the meaning given to it in Condition 1.3;

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

"**Iberclear Member**" means each participating entity (*entidad participante*) in Iberclear;

"**Independent Financial Adviser**" means an independent financial firm or financial adviser with appropriate expertise or financial institution of recognised standing 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 Notes under Condition 4.6 will result in the Qualifying Notes having terms not materially less favourable to the Holders than the terms of the Notes on issue and (ii) the differences between the terms and conditions of the Qualifying Notes and these Conditions are only those strictly necessary to (a) in the case of a Disqualification Event, comply with the then current requirements for MREL-Eligible Instruments in accordance with Applicable Banking Regulations or (b) in the case of a Tax Event, cure the relevant Tax Event;

"**Initial Fixed Interest Rate**" has the meaning given to it in Condition 3.3;

"**Initial Fixed Rate Interest Period**" means the period from (and including) the Issue Date to (but excluding) the Reset Date;

"**Insolvency Law**" means the restated text of the Spanish Insolvency Law approved by Legislative Royal 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 from time to time;

"**Interest Payment Date**" means (i) in respect of the period from the Issue Date to (and including) the Reset Date, 2 December in each year, starting on (and including) 2 December 2022 and (ii) after the Reset Date, 2 December 2027;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

"**Issue Date**" means 2 December 2021, being the date of the initial issue of the Notes;

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

"**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 from time to time;

"**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) including the Notes, can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations of such Regulated Entity (or affiliate of such Regulated Entity).

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

(a) the reduction of all, or a portion of, the Amounts Due on a permanent basis;

(b) the conversion of all, or a portion of, the Amounts Due into shares, other securities or other obligations of the Bank or another person (and the issue to the Holders of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Holder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Bank or another person;

(c) the cancellation of the Notes or Amounts Due;

(d) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(e) the amendment of the terms of the Notes;

"**Margin**" means 1.25%;

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

"**MREL-Eligible Instrument**" means an instrument included in the Eligible Liabilities which are available to meet the MREL Requirements for the purposes of the Applicable Banking Regulations;

"**MREL Requirements**" means the minimum requirement for own funds and eligible liabilities applicable to the Group under the Applicable Banking Regulations;

"**Notes**" means the €50,000,000 Fixed Rate Reset Senior Preferred Notes due December 2027 issued by the Bank on the Issue Date;

"**Original Reference Rate**" means:

(a) the originally-specified benchmark (including the 1-year Mid-Swap Rate and EURIBOR) or screen rate (as applicable) used to determine the Reset Rate of Interest (or any component part thereof) on the Notes; 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 3.7(b);

"**outstanding**" means, in relation to the Notes, all the Notes issued other than those Notes (a) that have been redeemed pursuant to Condition 4.3, 4.4, 4.5 or otherwise pursuant to the Conditions; (b) that have been purchased (or acquired) pursuant to Condition 4.7 and cancelled under Condition 4.8; (c) that have been substituted pursuant to Condition 4.6 and cancelled under Condition 4.8 or (d) that have become void

or in respect of which claims have prescribed under Condition 8, 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 Notes are for the time being outstanding for the purposes of Condition 9,

those Notes (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;

"**principal amount**" has the meaning given to this term in Condition 1.1;

"**Proceedings**" has the meaning given to this term in Condition 12.2;

"**Qualifying Notes**" means, at any time, any securities denominated in euros and 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 Notes with any differences between their terms and conditions and these Conditions being those strictly necessary to (in the case of a Disqualification Event) comply with the then current requirements for MREL-Eligible Instruments in accordance with 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 registered 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 Notes, (2) have the same denomination and outstanding aggregate principal amount as the Notes prior to the relevant variation or substitution, the same (or higher) Interest Rate, the same maturity date and the same Interest Payment Dates as those from time to time applying to the Notes, (3) have the same redemption rights as the Notes; (4) comply with the then current requirements of Applicable Banking Regulations in relation to MREL-Eligible Instruments; (5) preserve any existing rights under the Notes to any accrued interest or other amounts which have not been paid, (6) are assigned (or maintain) at least the same solicited credit ratings as were assigned to the Notes immediately prior to such variation or substitution, and (7) shall not at such time be subject to a Disqualification 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 Notes were listed immediately prior to such variation or substitution;

For the avoidance of doubt, any variation in the ranking of the Notes as set out in Condition 2 resulting from any substitution or variation of the terms of the Notes shall be deemed not to be materially less favourable to the interests of the Holders where the ranking of the Notes following such substitution or variation is at least the same ranking as is applicable to the Notes under Condition 2 on the Issue Date;

"**Rating Agency**" means any of S&P Global Ratings Europe Limited, Moody's Investors Service España, S.A., Fitch Ratings Ireland Limited and DBRS Ratings GmbH or their respective successors;

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

"**Reference Banks**" means five leading swap dealers in the principal interbank market relating to euro 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 Date**" means in respect of any payment, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made;

"**Relevant Nominating Body**" means, in respect of a benchmark or 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 2 December 2026;

"**Reset Determination Date**" means, in respect of the Reset Period, the day falling two TARGET Business Days prior to the first day of such Reset Period;

"**Reset Period**" means the period from and including the Reset Date to but excluding 2 December 2027;

"**Reset Rate of Interest**" has the meaning given to it in Condition 3.4;

"**Reset Reference Bank Rate**" means, in relation to the Reset Period and the Reset Determination Date, the percentage determined on the basis of the 1-year Mid-Swap Rate Quotations provided by the Reference Banks at approximately 11.00 am (CET) on the 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 the 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 equal to the last available 1-year mid swap rate for euro swap transactions, expressed as an annual rate, on the Screen Page;

"**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 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 from time to time;

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

(a) in the case of the 1-year Mid-Swap Rate, the "ICESWAP2" 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 1-year Mid-Swap Rate or EURIBOR 6-month, as applicable;

"**Spanish Central Registry**" has the meaning given in Condition 1.2;

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

"**Senior Preferred Liabilities**" means any obligations of the Bank with respect to any unsecured and unsubordinated ordinary claims ("*créditos ordinarios*") against the Bank, other than the Senior Non Preferred Liabilities;

"**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);

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

"**Subsidiary**" means any entity over which another entity 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 1-year Mid-Swap Rate which is formally recommended by any Relevant Nominating Body;

"**Supervisory Permission**" means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under prevailing Applicable Banking Regulations (if any);

"**TARGET Business Day**" means a day on which the TARGET System is operating;

"**TARGET System**" means the Trans European Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto);

"**Tax Event**" means, at any time on or after the Issue 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 the Kingdom of Spain in respect of any payments of interest in respect of the Notes 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 7; or

(c) the applicable tax treatment of the Notes changes in a material way that was not reasonably foreseeable at the Issue Date,

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

"**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 Note.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net amount of proceeds of the issue of the Notes is €49,877,000 and the Issuer intends to use it for general corporate purposes.

The Notes are expected to be eligible for MREL.

ALTERNATIVE PERFORMANCE MEASURES

The following discussion sets out information related to certain non-IFRS financial measures of the Group, which the Group regards as alternative performance measures ("**APMs**") for the purposes of Commission Delegated Regulation (EU) 2019/979 and as defined in the ESMA Guidelines on Alternative Performance Measures dated 5 October 2015.

The Group uses APMs, which are financial measures derived from (or based on) the Group's accounting records, to evaluate period to period changes that are not required by, or presented in accordance with, IFRS-EU. Many of these APMs are based on the Group's internal estimates, assumptions and calculations. These APMs are not measures of the Group's financial performance under IFRS-EU, are not audited or reviewed and should not be considered as an alternative to any balance sheet, income statement or cash flow statement item. Accordingly, investors are cautioned not to place undue reliance on these APMs.

The Group has included these APMs because they are used by management to evaluate its performance and because the Group believes these APMs will assist securities analysts, investors and other interested parties in having a better understanding of the Group's financial condition and results of operations. These APMs are commonly reported by financial institutions, as they capture information that is not immediately apparent from the IFRS-EU framework. Further, they may be helpful for the in-depth analysis of the performance of the highly regulated and specialized sector in which the Issuer operates, and should allow securities analysts, investors and other interested parties to compare the Group's performance with that of the Group's peers more effectively.

These APMs have limitations as analytical tools and should not be considered in isolation from, or as a substitute for analysis of, the Group's financial condition or results of operations as reported under IFRS-EU. Accordingly, investors are cautioned not to place undue reliance on these APMs. Other companies in the Issuer's industry may calculate similarly titled measures differently than the Issuer does, such that disclosure of similarly titled measures by other companies may not be comparable with the Group's ones. Investors are advised to review these APMs in conjunction with the Annual Accounts and their respective accompanying notes included in this Prospectus and the related discussion thereof set forth in this Prospectus.

The Group considers that the APMs contained in this Prospectus comply with the ESMA Guidelines.

The Group segments certain APMs by market based on the location of the branch through which the Group manages the commercial relationship with each of its clients.

Below is included an index to the APMs:

Name	**Category**	**Number**
Asset management and life savings insurance funds	APMs related to business volume	38
Available liquidity position	APMs related to liquidity	49
Cash dividend payout ratio	APMs related to solvency	16
External funding	APMs related to business volume	40
Gross loans and advances to customers	APMs related to business volume	41
Guaranteed Credit Lines drawn over loans to businesses	APMs related to asset quality	33
Liquid assets	APMs related to liquidity	48

Liquid assets over total assets	APMs related to liquidity	50
Loan portfolio by stages	APMs related to asset quality	22
Loans to sectors most affected by the COVID-19 pandemic over gross loans and advances to customers	APMs related to asset quality	34
Loans with outstanding moratoria over gross loans and advances to customers	APMs related to asset quality	35
LTD ratio	APMs related to liquidity	47
LTV ratio	APMs related to asset quality	32
Net fee income and exchange differences	APMs related to the income statement	2
Net fee income and exchange differences over average total assets	APMs related to profitability	9
Net fee income and exchange differences over recurring revenues	APMs related to profitability	10
Net interest income over gross income	APMs related to profitability	8
Net interest margin	APMs related to profitability	7
Net loans and advances to customers	APMs related to business volume	41
Net loans and advances to customers over total assets	APMs related to business volume	42
Net loans for real estate construction and development and net value of foreclosed assets	APMs related to asset quality	36
Net NPAs	APMs related to asset quality	30
Net NPAs over total assets	APMs related to asset quality	31
Net NPLs by sector	APMs related to asset quality	27
NPA coverage ratio	APMs related to asset quality	29
NPA provisions	APMs related to asset quality	28
NPA ratio	APMs related to asset quality	21
NPAs	APMs related to asset quality	17
NPL coverage ratio	APMs related to asset quality	25
NPL coverage ratio by sector	APMs related to asset quality	26
NPL provisions	APMs related to asset quality	23
NPL provisions by sector	APMs related to asset quality	24
NPL ratio	APMs related to asset quality	18
NPLs by sector	APMs related to asset quality	19
NPLs and NPL ratio[APM] by sector	APMs related to asset quality	20
Operating expenses	APMs related to the income statement	3
Performing loans excluding reverse repurchase agreements	APMs related to business volume	43

Profit before provisions	APMs related to the income statement	5
Recurring operating expenses	APMs related to the income statement	4
Recurring profit before provisions	APMs related to the income statement	6
Recurring revenues	APMs related to the income statement	1
Retail business volume	APMs related to business volume	44
Retail customer funds	APMs related to business volume	39
Retail deposits	APMs related to business volume	38
ROA	APMs related to profitability	11
ROE	APMs related to profitability	12
ROTE	APMs related to profitability	13
RWAs density	APMs related to solvency	15
Tangible shareholders' equity	APMs related to profitability	14
Total exposure of the fixed income and equity instruments portfolio	APMs related to business volume	45
Total exposure of the fixed income and equity instruments portfolio over total assets	APMs related to business volume	46

The following list includes the definition, calculation and relevance of the Group's APMs:

APMs related to the income statement

1. Recurring revenues[APM]:

Definition: Net interest income plus net fee income and exchange differences[APM] (as defined and calculated below).

Relevance: The Group uses this APM to measure the evolution of the Group's revenues that are directly linked to its business activities (banking business, asset management and bancassurance).

	For the nine months ended 30 September		For the year ended 31 December	
	2021	**2020**	**2020**	**2019**
	(*€ thousands*)			
(+) Net interest income[(1)]	370,615	404,190	533,673	547,246
(+) Net fee income and exchange differences[APM]	317,629	273,800	374,987	394,843
Recurring revenues[APM]	**688,244**	**677,990**	**908,660**	**942,089**

Notes:—

(1) Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December and 2021 Third Quarter Financial Information for the information for the nine months ended 30 September.

The following table shows the breakdown of recurring revenues[APM] by market:

For the nine months ended 30 September	For the year ended 31 December	
2021	**2020**	**2019**
(*€ thousands, except %*)		

	For the nine months ended 30 September		For the year ended 31 December			
	2021		2020		2019	
Home Markets.....	425,840	61.87%	537,700	59.18%	537,019	57.00%
Aragón	*346,407*	*50.33%*	*425,323*	*46.81%*	*414,928*	*44.04%*
Rest of Home Markets	*79,433*	*11.54%*	*112,377*	*12.37%*	*122,091*	*12.96%*
Growth Markets	211,149	30.68%	295,583	32.53%	320,716	34.04%
Madrid	*141,787*	*20.60%*	*193,463*	*21.29%*	*207,074*	*21.98%*
Mediterranean basin	*69,362*	*10.08%*	*102,120*	*11.24%*	*113,642*	*12.06%*
Rest of Spain.....	51,255	7.45%	75,377	8.30%	84,354	8.95%
Recurring revenues[APM]	**688,244**	**100.00%**	**908,660**	**100.00%**	**942,089**	**100.00%**

The following table shows the breakdown of recurring revenues[APM] by products:

	For the nine months ended 30 September		For the year ended 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Banking products	400,255	58.16%	570,403	62.77%	583,472	61.93%
of which leasing and renting (a).....	*8,719*	*1.27%*	*12,258*	*1.35%*	*10,272*	*1.09%*
Assets under management and bancassurance (b)	287,989	41.84%	338,257	37.23%	358,617	38.07%
Mutual funds	*147,613*	*21.45%*	*153,815*	*16.93%*	*168,246*	*17.86%*
Long term savings.....	*68,292*	*9.92%*	*93,871*	*10.33%*	*99,410*	*10.55%*
of which: life savings insurance products.....	*36,804*	*5.35%*	*56,136*	*6.18%*	*62,760*	*6.66%*
Risk insurance.....	*72,084*	*10.47%*	*90,571*	*9.97%*	*90,961*	*9.66%*
Recurring revenues[APM].....	**688,244**	**100.00%**	**908,660**	**100.00%**	**942,089**	**100.00%**
Recurring revenues[APM] from Financial Group (a) + (b).....	**296,708**	**43.11%**	**350,515**	**38.57%**	**368,889**	**39.16%**

2. Net fee income and exchange differences[APM]:

Definition: Fee and commission income minus fee and commission expense plus net exchange differences.

Relevance: The Group uses this APM to measure the margin obtained through its fees and commissions.

	For the nine months ended 30 September		For the year ended 31 December	
	2021	2020	2020	2019
		(*€ thousands*)		
(+) Fee and commission income	331,613	284,869	390,771	412,375
(-) Fee and commission expense	14,306	11,614	16,636	18,636
(+) Net exchange differences	322	545	852	1,104
Net fee income and exchange differences[APM]	**317,629**	**273,800**	**374,987**	**394,843**

Notes:—

Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, these metrics have been obtained from the Company's internal accounting records and are determined in the same manner as the corresponding metrics for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

The following table shows the breakdown of net fee income and exchange differences[APM] by business for the years ended 31 December 2020 and 2019.

	For the nine months ended 30 September		For the year ended 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Banking commissions	106,812	33.63%	144,769	38.61%	151,851	38.46%
Non-banking commissions[(1)]	210,817	66.37%	230,218	61.39%	242,992	61.54%
Net fee income and exchange differences[APM]	**317,629**	**100.00%**	**374,987**	**100.00%**	**394,843**	**100.00%**

Notes:—

(1) Non-banking commissions are calculated as follows:

	For the nine months ended 30 September	For the year ended 31 December	
	2021	2020	2019
	(€ thousands)		
(+) Non-bank financial product marketing fees[(i)]	187,376	206,590	195,389
(+) Asset management fees[(ii)]	29,382	29,751	53,603
(+) Other fees for marketing of non-banking financial products[(ii)]	(5,941)	(6,123)	(6,000)
Non banking commissions	**210,817**	**230,218**	**242,992**

Notes:—

(i) Source: Note 32 to the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in Note 32 of the Annual Accounts.

(ii) Source: Company's internal accounting records.

3. Operating expenses[APM]:

Definition: Sum of staff expenses, other administration expenses and depreciation/amortization.

Relevance: The Group uses this APM as an indicator of the amount of expenses it incurs in connection with its activity.

	For the nine months ended 30 September		For the year ended 31 December	
	2021	2020	2020	2019
	(*€ thousands*)			
(+) Staff expenses	273,939	265,779	502,568	360,944
(+) Other administration expenses	117,473	109,042	153,020	171,915
(+) Depreciation/Amortization	49,966	51,133	62,918	67,228
Operating expenses[APM]	**441,378**	**425,954**	**718,506**	**600,087**

Notes:—
Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, these metrics have been obtained from the Company's internal accounting records and are determined in the same manner as the corresponding metrics for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

4. Recurring operating expenses[APM]:

Definition: Operating expenses[APM] (as defined and calculated above) less extraordinary expenses.

Relevance: The Group uses this APM to measure the evolution of the amount of total expenses generated by its businesses (banking business, asset management and bancassurance), excluding extraordinary items, such as the expenses related to the 2021-2022 Redundancy Plan.

	For the nine months ended 30 September		For the year ended 31 December	
	2021	2020	2020	2019
	(*€ thousands*)			
(+) Operating expenses[APM]	441,378	425,954	718,506	600,087
(-) Extraordinary expenses[(1)]	-	-	151,041	-
Recurring operating expenses[APM]	**441,378**	**425,954**	**567,465**	**600,087**

Notes:—
(1) Source: Note 38 to the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

5. Profit before provisions[APM]:

Definition: Gross income less administration expenses and depreciation/amortization.

Relevance: The Group uses this APM to show its profitability before provisions and impairments.

	For the nine months ended 30 September		For the year ended 31 December	
	2021	2020	2020	2019
	(*€ thousands*)			
(+) Gross income	731,899	695,810	1,001,822	926,579
(-) Administration expenses	391,412	374,821	655,588	532,859
(-) Depreciation/amortization	49,966	51,133	62,918	67,228
Profit before provisions[APM]	**290,521**	**269,856**	**283,316**	**326,492**

Notes:—
Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, these metrics have been obtained from the Company's internal accounting records and

are determined in the same manner as the corresponding metrics for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

6. Recurring profit before provisions[APM]:

Definition: Recurring revenues[APM] less recurring operating expenses[APM] (each as defined and calculated above).

Relevance: The Group uses this APM to measure the recurring profitability of the business before provisions and impairments.

	For the nine months ended 30 September		For the year ended 31 December	
	2021	**2020**	**2020**	**2019**
	(*€ thousands*)			
(+) Recurring revenues[APM]	688,244	677,990	908,660	942,089
(-) Recurring operating expenses[APM]	441,378	425,954	567,465	600,087
Recurring profit before provisions[APM]	**246,866**	**252,036**	**341,195**	**342,002**

APMs related to profitability

7. Net interest margin[APM]:

Definition: Net interest income divided by average total assets.

Relevance: The Group uses this APM as an indicator of its profit margin.

		For the nine months ended 30 September		For the year ended 31 December	
		2021	**2020**	**2020**	**2019**
		(*€ thousands, except %*)			
Numerator	Net interest income[(1)]	370,615	404,190	533,673	547,246
Denominator	Average total assets[(2)]	57,731,883	54,670,098,	55,479,103	52,779,955
=	**Net interest margin[APM]**	**0.86%**	**0.99%**	**0.96%**	**1.04%**

Notes:—

(1) Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December and 2021 Third Quarter Financial Information for the information for the nine months ended 30 September.

(2) Calculated as a simple average of the monthly asset balances.

8. Net interest income over gross income[APM]:

Definition: Net interest income divided by gross income.

Relevance: The Group uses this APM to measure the contribution of net interest income to its gross income.

		For the nine months ended 30 September		For the year ended 31 December	
		2021	2020	2020	2019
		(*€ thousands, except %*)			
Numerator	Net interest income [(1)]	370,615	404,190	533,673	547,246
Denominator	Gross income[(1)]	731,899	695,810	1,001,822	926,579
=	**Net interest income over gross income[APM]**	**50.64%**	**58.09%**	**53.27%**	**59.06%**

Notes:—

(1) Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December and 2021 Third Quarter Financial Information for the information for the nine months ended 30 September.

9. Net fee income and exchange differences over average total assets[APM]:

Definition: Net fee income and exchange differences[APM] (as defined and calculated above) divided by average total assets.

Relevance: The Group uses this APM to measure the contribution of fee and commission income to its profitability.

		For the nine months ended 30 September		For the year ended 31 December	
		2021	2020	2020	2019
		(*€ thousands, except %*)			
Numerator	Net fee income and exchange differences[APM (1)]	317,629	273,800	374,987	394,843
Denominator	Average total assets[(2)]	57,731,883	54,670,098,	55,479,103	52,779,955
=	**Net fee income and exchange differences over average total assets[APM]**	**0.73%**	**0.67%**	**0.68%**	**0.75%**

Notes:—

(1) For the nine months ended 30 September 2021 and 2020, the net fee income and exchange differences[APM] figure is annualised (it is multiplied by 1.33) to make the ratio comparable with the information for the years ended 31 December 2020 and 2019.

(2) Calculated as a simple average of the monthly asset balances.

10. Net fee income and exchange differences over recurring revenues[APM]:

Definition: Net fee income and exchange differences[APM] divided by recurring revenues[APM] (each as defined and calculated above).

Relevance: The Group uses this APM to measure the contribution of its net fee income to its recurring revenues[APM].

		For the nine months ended 30 September		For the year ended 31 December	
		2021	2020	2020	2019
		(*€ thousands, except %*)			
Numerator	Net fee income and exchange differences[APM]	317,629	273,800	374,987	394,843
Denominator	Recurring revenues[APM]	688,244	677,990	908,660	942,089
=	**Net fee income and exchange differences over recurring revenues[APM]**	**46.15%**	**40.38%**	**41.27%**	**41.91%**

11. Return on assets ("ROA[APM]"):

Definition: Profit attributable to the owners of the parent as a percentage of average total assets.

Relevance: The Group uses this APM to measure the return obtained from its assets.

		For the nine months ended 30 September		For the year ended 31 December	
		2021	2020	2020	2019
		(*€ thousands, except %*)			
Numerator	Profit attributable to the owners of the parent[(1) (2)]	145,975	72,758	23,602	83,989
Denominator	Average total assets[(3)]	57,731,883	54,670,098	55,479,103	52,779,955
=	**ROA[APM]**	**0.34%**	**0.18%**	**0.04%**	**0.16%**

Notes:—

(1) Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

(2) For the nine months ended 30 September 2021 and 2020, the profit attributable to the owners of the parent figure is annualised (it is multiplied by 1.33) to make the ratio comparable with the information for the years ended 31 December 2020 and 2019.

(3) Calculated as a simple average of the monthly asset balances.

12. Return on equity ("ROE[APM]"):

Definition: Profit attributable to the owners of the parent as a percentage of average shareholders' equity (excluding the €350,000 thousand AT1 issue accounted for as shareholders' equity net of other reserves from the issue of equity instruments other than capital, which include the issue costs of, and the interest accrued related to, the AT1 issue).

Relevance: The Group uses this APM to measure the return obtained on its shareholders' equity.

		For the nine months ended September 30,		For the year ended December 31,	
		2021	2020	2020	2019
		(*€ thousands, except %*)			
Numerator	Profit attributable to the owners of the parent[(1) (2)]	145,975	72,758	23,602	83,989
Denominator	Average shareholders' equity[(3)(4)]	2,938,650	2,858,906	2,878,372[(5)]	2,810,747[(6)]
=	**ROE[APM]**	**6.62%**	**3.39%**	**0.82%**	**2.99%**

Notes:—

(1) Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

(2) For the nine months ended 30 September 2021 and 2020, the profit attributable to the owners of the parent figure is annualised (it is multiplied by 1.33) to make the ratio comparable with the information for the years ended 31 December 2020 and 2019.

(3) For the years ended 31 December, calculated as the arithmetic mean of (i) the end-of-quarter total equity figure for the first quarter of the corresponding period, (ii) the end-of-quarter total equity figure for the second quarter of the corresponding period, (iii) the end-of-quarter total equity figure for the third quarter of the corresponding period and (iv) the arithmetic mean of the end-of quarter total equity figures for the fourth quarter of the corresponding and previous periods.

(4) For the nine months ended 30 September 2021 and 2020, calculated as the arithmetic mean of (i) the end-of-quarter total equity figure for the first quarter of the corresponding period, (ii) the end-of-quarter total equity figure for the second quarter of the corresponding period and (iii) the arithmetic mean of the end-of quarter total equity figures for the third quarter of the corresponding and December.

(5) Calculated as the arithmetic mean of (i) €(3,149,049-312,995) thousand (as of 31 March 2020), (ii) €(3,211,078-308,708) thousand (as of 30 June 2020), (iii) €(3,238,363-304,418) thousand (as of 30 September 2020) and (iv) the arithmetic mean of €(3,139,017-317,280) thousand (as of 31 December 2019) and €(3,160,630-300,130) thousand (as of 31 December 2020).

(6) Calculated as the arithmetic mean of (i) €(3,141,718-330,148) thousand (as of 31 March 2019), (ii) €(3,138,920-325,858) thousand (as of 30 June 2019), (iii) €(3,150,437-321,568) thousand (as of 30 September 2019) and (iv) the arithmetic mean of €(3,091,665-334,430) thousand (as of 31 December 2018) and €(3,139,017-317,280) thousand (as of 31 December 2019).

13. Return on tangible equity ("ROTE^{APM}")

Definition: Profit attributable to the owners of the parent as a percentage of average tangible shareholders' equity (excluding the €350,000 thousand AT1 issue accounted for as shareholders' equity net of other reserves from the issue of equity instruments other than capital, which include the issue costs of, and the interest accrued related to, the AT1 issue).

Relevance: The Group uses this APM to measure the return obtained on its tangible shareholders' equity.

		For the nine months ended 30 September		For the year ended 31 December	
		2021	**2020**	**2020**	**2019**
		(*€ thousands, except %*)			
Numerator	Profit attributable to the owners of the parent[(1) (2)]	145,975	72,758	23,602	83,989
Denominator	Average tangible shareholders' equity[(3)(4)]	2,701,264	2,647,922	2,663,926[(5)]	2,608,245[(6)]
=	**ROTE^{APM}**	**7.21%**	**3.66%**	**0.89%**	**3.22%**

Notes:—

(1) Source: Consolidated income statement in the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

(2) For the nine months ended 30 September 2021 and 2020, the profit attributable to the owners of the parent figure is annualised (it is multiplied by 1.33) to make the ratio comparable with the information for the years ended 31 December 2020 and 2019.

(3) For the years ended 31 December, calculated as the arithmetic mean of (i) the end-of-quarter tangible equity figure for the first quarter of the corresponding period, (ii) the end-of-quarter tangible equity figure for the second quarter of the corresponding period, (iii) the end-of-quarter tangible equity figure for the third quarter of the corresponding period and (iv) the arithmetic mean of the end-of quarter tangible equity figures for the fourth quarter of the corresponding and previous periods.

(4) For the nine months ended 30 September 2021 and 2020, calculated as the arithmetic mean of (i) the end-of-quarter total tangible equity figure for the first quarter of the corresponding period, (ii) the end-of-quarter total tangible equity figure for the second quarter of the corresponding period and (iii) the arithmetic mean of the end-of quarter tangible equity figures for the third quarter of the corresponding and December.

(5) Calculated as the arithmetic mean of (i) €2,625,879 (as of 31 March 2020), (ii) €2,692,149 thousand (as of 30 June 2020), (iii) €2,721,506 thousand (as of 30 September 2020) and (iv) the arithmetic mean of €2,609,064 thousand (as of 31 December 2019) and €2,623,274 thousand (as of 31 December 2020).

(6) Calculated as the arithmetic mean of (i) €2,610,771 thousand (as of 31 March 2019), (ii) €2,613,959 thousand (as of 30 June 2019), (iii) €2,627,038 thousand (as of 30 September 2019) and (iv) the arithmetic mean of €2,553,358 thousand (as of 31 December 2018) and €2,609,064 thousand (as of 31 December 2019).

14. Tangible shareholder's equity [APM]:

Definition: Shareholders' equity (excluding the €350,000 thousand AT1 issue accounted for as shareholders' equity net of other reserves from the issue of equity instruments other than capital) less than intangible assets.

Relevance: The Group uses this APM to calculate the denominator of the ROTE[APM].

	As of 30 September	As of 31 December	
	2021	**2020**	**2019**
(+) Shareholder's equity[(1)]	3,303,406	3,160,630	3,139,017
(-) Equity instruments issued other than capital[(2)]	350,000	350,000	350,000
(+) Other reserves from the issue of equity instruments other than capital[(2)]	62,732	49,870	32,720
(-) Intangible assets[(1)]	245,972	237,226	212,673
Tangible shareholders' equity[APM]	**2,770,166**	**2,623,274**	**2,609,064**

Notes:—

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in the consolidated balance sheet of the Annual Accounts.

(2) Note 23.1 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric as of 31 December included in Note 23.1 of the Annual Accounts.

APMs related to solvency

15. RWAs density[APM]:

Definition: RWAs (phased in) divided by total assets.

Relevance: The Group uses this APM to measure the risk profile of its balance sheet.

		As of September 30,	As of December 31,	
		2021	**2020**	**2019**
		(*€ thousands, except %*)		
Numerator	RWAs (phased in)[(1)]	18,165,265	18,248,449	20,362,850
Denominator	Total assets[(2)]	58,163,076	58,400,790	55,422,015
=	**RWAs density[APM]**	**31.23%**	**31.25%**	**36.74%**

Notes:—

(1) Source: Note 1.7.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric as of 31 December included in Note 1.7.2 of the Annual Accounts.

(2) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December. and 2021 Third Quarter Financial Information for the information for the nine months ended 30 September.

16. Cash dividend payout ratio[APM]:

Definition: Cash dividends divided by the profit attributable to the owners of the parent.

Relevance: The Group uses this APM to measure the amount of dividends distributed to its shareholders in relation to the profit obtained in the year.

		For the nine months ended 30 September	For the year ended December 31,	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Distribution of dividends[(1)]	47,000	3,849	17,500
Denominator	Profit attributable to the owners of the parent[(2)]	145,975	23,602	83,989
=	**Cash dividend payout ratio[APM]**	**32.20%**	**16.30%**	**20.84%**

Notes:—

(1) Source: Note 4 to the Annual Accounts for the information for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in Note 4 of the Annual Accounts.

(2) Source: Consolidated income statement in the Annual Accounts for the years ended 31 December. For the nine months ended 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the years ended 31 December included in the consolidated income statement of the Annual Accounts.

APMs related to asset quality

17. NPAs[APM]:

Definition: Sum of NPLs and gross value of foreclosed assets.

Relevance: The Group uses this APM to evaluate the size of its problematic asset portfolio (NPLs and foreclosed assets) in gross terms.

	As of September 30,	As of December 31,	
	2021	2020	2019
	(*€ thousands, except %*)		
(+) NPLs[(1)]	842,401	1,012,938	1,293,161
(+) Gross value of foreclosed assets[(2)]	558,865	619,527	624,890
NPAs[APM]	**1,401,266**	**1,632,465**	**1,918,051**

Notes:—

(1) Source: Note 3.5.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.4 of the Annual Accounts.

(2) Source: Note 3.5.6.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.6.2 of the Annual Accounts.

18. NPL ratio[APM]:

Definition: NPLs divided by gross loans and advances to customers[APM] (as defined and calculated below).

Relevance: The Group uses this APM to monitor its credit risk quality.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	NPLs[(1)]	842,401	1,012,938	1,293,161
Denominator	Gross loans and advances to customers[APM]	31,180,078	31,589,582	32,563,215
=	**NPL ratio[APM]**	**2.70%**	**3.21%**	**3.97%**

Notes:—

(1) Source: Note 3.5.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.4 of the Annual Accounts.

19. NPLs by sector[APM]:

Definition: This APM shows the breakdown of NPLs associated to each sector comprising the Group's loan portfolio.

Relevance: The Group uses this APM to measure the distribution by sector of its credit risk quality.

	As of 30 September	As of 31 December	
	2021	2020	2019
	NPLs	NPLs	NPLs
	(*€ thousands, except %*)		
Loans to businesses	**378,071**	**455,239**	**554,278**
Real estate development	76,053	92,613	146,036
Non-real estate activities	302,018	362,626	408,242
Loans to individuals	**462,928**	**556,276**	**735,952**
Housing	359,572	437,913	621,954
Consumer loans and other	103,356	118,363	113,998
Public sector and other	**1,402**	**1,423**	**2,931**
Total[(1)]	**842,401**	**1,012,938**	**1,293,161**

Notes:—Source: Company's internal accounting records.

(1) Source: Note 3.5.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.4 of the Annual Accounts.

20. NPL ratio[APM] by sector[APM]:

Definition: NPLs by sector [APM] (as defined and calculated above) divided by gross loans and advances to customers[APM] by sector (as defined and calculated below).

Relevance: The Group uses this APM to measure the distribution by sector of its credit risk quality.

	As of 30 September	As of 31 December	
	2021	2020	2019
	NPL ratio[APM]	NPL ratio[APM]	NPL ratio[APM]
	(*€ thousands, except %*)		
Loans to businesses	**4.67%**	**5.72%**	**6.70%**
Real estate development	7.14%	8.96%	12.13%
Non-real estate activities	4.30%	5.24%	5.78%
Loans to individuals	**2.28%**	**2.66%**	**3.46%**
Housing	1.95%	2.30%	3.18%
Consumer loans and other	5.70%	6.28%	6.68%
Public sector and other	**0.05%**	**0.05%**	**0.10%**
Total	**2.70%**	**3.21%**	**3.97%**

Notes:—

Source: Company's internal accounting records.

21. NPA ratio[APM]:

Definition: NPAs[APM] (as defined and calculated above) divided by the sum of gross loans and advances to customers[APM] and gross value of foreclosed assets.

Relevance: The Group uses this APM to evaluate the size of its problematic portfolio (NPLs and foreclosed assets) in relative terms.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	NPAs[APM]	1,401,266	1,632,465	1,918,051
Denominator	(a) Gross loans and advances to customers[APM]	31,180,078	31,589,582	32,563,215
	(b) Gross value of foreclosed assets[(1)]	558,865	619,527	624,890
=	(a) + (b)	**31,738,943**	**32,209,109**	**33,188,105**
	NPA ratio[APM]	**4.41%**	**5.07%**	**5.78%**

Notes:—

(1) Source: Note 3.5.6.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.6.2 of the Annual Accounts.

22. Loan portfolio by stages[APM]

Definition: breakdown of outstanding balance and coverage of the loan portfolio and customers by type of credit risk. A transaction is considered to be at Stage 1 (performing) when no significant increase in risk has occurred since its initial recognition. A transaction is considered to be at Stage 2 (performing on special watch) when the risk has significantly increased from the date on which the transaction was initially recognised, but without yet leading to impairment. A transaction is considered to be at Stage 3 (NPL) when it shows effective signs of impairment as a result of one or more events that have already occurred and is expected to result in a loss. Stage 3 loans are also referred to as NPLs.

Relevance: The Group uses this APM to monitor its credit risk quality.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(€ thousands)	
Stage 1	*28,716,518*	*28,898,790*	*29,866,845*
Stage 2	*1,621,159*	*1,677,854*	*1,403,209*
Stage 3	*842,401*	*1,012,938*	*1,293,161*
Gross loans and advances to customers[APM]	**31,180,078**	**31,589,582**	**32,563,215**
Stage 1	*51,207*	*51,991*	*59,666*
Stage 2	*123,242*	*132,330*	*65,200*
Stage 3	*416,003*	*462,857*	*519,404*
NPL Provisions[APM]	**590,452**	**647,178**	**644,270**
Stage 1	*28,665,311*	*28,846,799*	*29,807,179*
Stage 2	*1,497,917*	*1,545,524*	*1,338,009*
Stage 3	*426,398*	*550,081*	*773,757*
Net loans and advances to customers[APM]	**30,589,626**	**30,942,404**	**31,918,945**

Notes:—
Source: Company's internal accounting records.

The distribution of gross loans and advances to customers[APM] by Stage is as follows:

	As of 30 September	As of 31 December	
	2021	2020	2019
		(%)	
Stage 1	*92.10*	*91.48*	*91.72*
Stage 2	*5.20*	*5.31*	*4.31*
Stage 3	*2.70*	*3.21*	*3.97*
Gross loans and advances to customers[APM]	**100.00**	**100.00**	**100.00**

23. NPL provisions[APM]:

Definition: Sum of impairment losses on loans and advances to customers and negative accumulated changes in the fair value due to credit risk for doubtful exposures. It includes allowances for impairment losses on stages 1, 2 and 3.

Relevance: The Group uses this APM as an indicator of the part of NPLs that is covered with loan-loss provisions.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(€ thousands)	
(+) Impairment losses on loans and advances to customers[(1)]	589,174	644,937	642,039

	As of 30 September	As of 31 December	
	2021	2020	2019
		(€ thousands)	
(+) Accumulated negative changes in fair value due to credit risk from doubtful exposures[(2)]	1,278	2,241	2,231
NPL provisions[APM]	**590,452**	**647,178**	**644,270**

Notes:—

(1) Source: Note 11.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.4 of the Annual Accounts.

(2) Source: Note 8 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 8 of the Annual Accounts.

24. NPL provisions by sector[APM]:

Definition: This APM shows the breakdown of NPL provisions associated to each sector comprising the Group's loan portfolio.

Relevance: The Group uses this APM as an indicator of the part of NPLs that is covered with loan-loss provisions by sector.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(€ thousands)	
Loans to businesses	**327,710**	**370,016**	**392,566**
Real estate construction and development	53,285	54,754	74,951
Non-real estate activities	274,425	315,262	317,615
Loans to individuals	**261,582**	**276,009**	**249,345**
Housing	189,213	201,459	179,908
Consumer loans and other	72,369	74,550	69,437
Public sector and other	**1,160**	**1,153**	**2,359**
Total	**590,452**	**647,178**	**644,270**

Notes:—

Source: Company's internal accounting records.

25. NPL coverage ratio[APM]:

Definition: NPL provisions[APM] (as defined and calculated above) divided by the Group's NPLs.

Relevance: The Group uses this APM to monitor the quality of its credit risk because it reflects the degree to which NPLs have been covered with loan-loss provisions.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	NPL provisions[APM]	590,452	647,178	644,270
Denominator	NPLs[(1)]	842,401	1,012,938	1,293,161
=	**NPL coverage ratio[APM]**	**70.09%**	**63.89%**	**49.82%**

Notes:—

(1) Source: Note 3.5.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.4 of the Annual Accounts.

26. NPL coverage ratio by sector[APM]:

Definition: NPL provisions by sector[APM] (as defined and calculated above) divided by the Group's NPLs by sector [APM] (as defined and calculated above).

Relevance: The Group uses this APM to monitor the quality of its credit risk by sector because it reflects the degree to which NPLs have been covered with loan-loss provisions.

	As of 30 September	As of December 31,	
	2021	2020	2019
	(*€ thousands*)		
Loans to businesses	**86.68%**	**81.28%**	**70.82%**
Real estate construction and development	70.06%	59.12%	51.32%
Non-real estate activities	90.86%	86.94%	77.80%
Loans to individuals	**56.51%**	**49.62%**	**33.88%**
Housing	52.62%	46.00%	28.93%
Consumer loans and other	70.02%	62.98%	60.91%
Public sector and other	**82.74%**	**81.03%**	**80.48%**
Total	**70.09%**	**63.89%**	**49.82%**

Notes:—

Source: Company's internal accounting records.

27. Net NPLs by sector[APM]:

Definition: NPLs by sector[APM] less NPL provisions by sector[APM].

Relevance: The Group uses this APM to monitor the quality of its credit risk by sector because it reflects the degree to which NPLs have been covered with loan-loss provisions.

	As of 30 September	As of December 31,	
	2021	2020	2019
	(*€ thousands*)		
Loans to businesses	**50,361**	**85,223**	**161,712**
Real estate construction and development	22,768	37,859	71,085
Non-real estate activities	27,593	47,364	90,627

	As of 30 September	As of December 31,	
	2021	**2020**	**2019**
		(*€ thousands*)	
Loans to individuals	**201,346**	**280,267**	**486,607**
Housing	170,359	236,454	442,046
Consumer loans and other	30,987	43,813	44,561
Public sector and other	**242**	**270**	**572**
Total	**251,949**	**365,760**	**648,891**

Notes:—

Source: Company's internal accounting records.

28. NPA provisions[APM]:

Definition: Sum of NPL provisions[APM] and foreclosed assets provisions.

Relevance: The Group uses this APM as an indicator of the part of NPLs and foreclosed assets that is covered with provisions.

	As of 30 September	As of 31 December	
	2021	**2020**	**2019**
		(*€ thousands*)	
(+) NPL provisions[APM]	590,452	647,178	644,270
(+) Foreclosed assets provisions[(1)]	330,769	367,413	346,033
NPA provisions[APM]	**921,221**	**1,014,591**	**990,303**

Notes:—

(1) Source: Note 3.5.6.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.6.2 of the Annual Accounts.

29. NPA coverage ratio[APM]:

Definition: NPA provisions[APM] divided by NPAs[APM] (each as defined and calculated above).

Relevance: The Group uses this APM as an indication of its asset quality in relation to coverage of problematic assets.

		As of 30 September	As of 31 December	
		2021	**2020**	**2019**
			(*€ thousands, except %*)	
Numerator	NPA provisions[APM]	921,221	1,014,591	990,303
Denominator	NPAs[APM]	1,401,266	1,632,465	1,918,051
=	**NPA coverage ratio[APM]**	**65.74%**	**62.15%**	**51.63%**

30. Net NPAs[APM]:

Definition: NPAs[APM] net of NPA provisions[APM] (each as defined and calculated above).

Relevance: The Group uses this APM as an indicator of the net value (after deducting provisions) of its problematic assets.

	As of 30 September	As of 31 December	
	2021	2020	2019
	(*€ thousands*)		
(+) NPAs[APM]	1,401,266	1,632,465	1,918,051
(-) NPA provisions[APM]	921,221	1,014,591	990,303
Net NPAs[APM]	**480,045**	**617,874**	**927,748**

31. Net NPAs over total assets[APM]:

Definition: Net NPAs[APM] (as defined and calculated above) divided by total assets.

Relevance: The Group uses this APM to measure the weight of problematic assets after deducting the provisions allocated to non-productive assets on its balance sheet.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Net NPAs[APM]	480,045	617,874	927,748
Denominator	Total assets[(1)]	58,163,076	58,400,790	55,422,015
=	**Net NPAs over total assets[APM]**	**0.83%**	**1.06%**	**1.67%**

Notes:—

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in the consolidated balance sheet of the Annual Accounts.

32. LTV ratio[APM]:

Definition: Amount of the mortgage loan portfolio divided by the value of the latest available appraisal of the mortgage collateral.

Relevance: The Group uses this APM as an indicator of the quality of its mortgage loan portfolio.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Mortgage loan portfolio	20,647,870	21,387,222	22,268,182
Denominator	Appraised value	40,984,259	41,820,926	42,972,177
=	**LTV ratio[APM]**	**50.38%**	**51.14%**	**51.82%**

Notes:—

Source: Company's internal accounting records.

33. Guaranteed Credit Lines drawn over loans to businesses[APM]:

Definition: Guaranteed Credit Lines divided by loans to businesses.

Relevance: The Group uses this APM to monitor the exposure of loans to businesses that is guaranteed by ICO.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Guaranteed Credit Lines drawn[(1)]	1,660,645	1,454,067	-
Denominator	Loans to businesses[(2)]	8,097,320	7,952,846	8,272,611
=	**Guaranteed Credit Lines drawn over loans to businesses[APM]**	**20.51%**	**18.28%**	**-**

Notes:—

(1) Source: Note 11.6.1 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.6.1 of the Annual Accounts.

(2) See definition of "Gross loans and advances to customers[APM]".

34. Loans to sectors most affected by the COVID-19 pandemic over gross loans and advances to customers[APM]:

Definition: Loans to sectors most affected by the COVID-19 pandemic divided by gross loans and advances to customers[APM]. The sectors more affected by the COVID-19 pandemic are: transport and storage, accommodation and arts, entertainment and recreation.

Relevance: The Group uses this APM to monitor the credit risk portfolio of the loans to sectors most affected by the COVID-19 pandemic.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Loans to sectors most affected by the COVID-19 pandemic[(1)]	598,540	633,487	474,919
Denominator	Gross loans and advances to customers [APM]	31,180,078	31,589,582	32,563,315
=	**Loans to sectors most affected over gross loans[APM]**.....	**1.92%**	**2.01%**	**1.46%**

Notes:—

(1) Source: Company's internal accounting records based on template F.06.01 Distribution of NFC loans and advances by NACE code (excluding financing to individual entrepreneurs).

35. Loans with outstanding moratoria over gross loans and advances to customers[APM]:

Definition: Loans affected by any Legal Moratoria or Sectorial Moratoria measures divided by gross loans and advances to customers.

Relevance: The Group uses this APM to monitor the exposure of credit risk portfolio affected by the Legal Moratoria and Sectorial Moratoria.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Loans affected by Legal Moratoria or Sectorial Moratoria measures[(1)]	95,957	366,129	-
Denominator	Gross loans and advances to customers [APM]	31,180,078	31,589,582	32,563,315
=	**Loans with outstanding moratoria over gross loans and advances to customers[APM]**	**0.31%**	**1.16%**	**-**

Notes:—

(1) Source: Note 11.6.1 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.6.1 of the Annual Accounts.

The table below shows a breakdown of the loans affected by Legal Moratoria or Sectorial Moratoria measures which have matured by stages:

	As of 30 September		As of 31 December			
	2021		2020		2019	
	(*€ thousands, except %*)					
Principal amount expired of loans and advances subject to Legal Moratoria and Sectorial Moratoria[(1)]	663,283	100.00%	375,292	100.00%	—	—
Stage 1	457,650	69.00%	280,113	74.64%	—	—
Stage 2	182,600	27.53%	79,159	21.09%	—	—
Stage 3	23,033	3.47%	16,020	4.27%	—	—

Notes:—

Source: Company's internal accounting records.

(1) Source: Note 11.6.1 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.6.1 of the Annual Accounts.

36. Net loans for real estate construction and development and net value of foreclosed assets[APM]:

Definition: Sum of net loans for real estate construction and development and net value of foreclosed assets.

Relevance: The Group uses this APM as an indicator of the exposure to the Spanish real estate market.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
(+) *Gross loans real estate construction and development*	*1,065,826*	*1,033,183*	*1,203,767*
(-) NPLs provisions real estate construction and development	53,285	54,754	74,951
(1) Net loans for real estate construction and development	1,012,541	978,429	1,128,816
(+) *Gross value of foreclosed asset*[(1)]	558,865	619,527	624,890
(-) Foreclosed assets provisions[(1)]	330,769	367,413	346,033
(2) Net value of foreclosed assets	228,096	252,114	278,857
(1) + (2) Net loans for real estate construction and development and net value of foreclosed assets[APM]	**1,240,637**	**1,230,543**	**1,407,673**

Notes:—

Source: Company's internal accounting records.

(1) Source: Note 3.5.6.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.6.2 of the Annual Accounts.

APMs related to business volume

37. Retail deposits[APM]:

Definition: Sum of demand deposits (current accounts) and term deposits (excluding mortgage covered bonds).

Relevance: The Group uses this APM as an indicator of its on-balance retail funding.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
(+) Demand deposits[(1)]	33,402,246	33,014,125	28,509,031
(+) Term deposits[(1)]	3,617,891	4,688,146	6,009,517
(-) Mortgage covered bonds (includes nominal amount and issue premium)	1,027,605	1,536,960	1,746,096
Nominal mortgage covered bonds[(1)]	*1,100,470*	*1,625,470*	*1,842,137*
Issue premium mortgage covered bonds[(2)]	*(72,865)*	*(88,510)*	*(96,040)*
Retail deposits[APM]	**35,992,532**	**36,165,311**	**32,772,452**

Notes:—

(1) Source: Note 19.3 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 19.3 of the Annual Accounts.

(2) Source: Company's internal accounting records.

The following table shows the breakdown of retail deposits[APM] by market:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Home Markets	24,090,019	66.93%	24,279,444	67.13%	21,983,501	67.08%
Aragón	*16,584,149*	*46.08%*	*16,657,347*	*46.06%*	*15,054,745*	*45.94%*
Rest of Home Markets	*7,505,870*	*20.85%*	*7,622,097*	*21.08%*	*6,928,756*	*21.14%*
Growth Markets	9,665,884	26.86%	9,663,982	26.72%	8,862,565	27.04%
Madrid	*6,226,431*	*17.30%*	*6,146,404*	*17.00%*	*5,529,939*	*16.87%*
Mediterranean basin	*3,439,453*	*9.56%*	*3,517,578*	*9.73%*	*3,332,626*	*10.17%*
Rest of Spain	2,236,629	6.21%	2,221,885	6.14%	1,926,386	5.88%
Retail deposits[APM]	**35,992,532**	**100.00%**	**36,165,311**	**100.00%**	**32,772,452**	**100.00%**

38. Asset management and life savings insurance funds[APM]:

Definition: Sum of collective investment institutions (includes third-party funds, but excludes the assets of funds that invest in Ibercaja Gestión funds), pension funds and life savings insurance products.

Relevance: It provides information about the amount of customer savings the Group manages through its Financial Group. The Group considers this APM to be relevant to it because the management of customer off-balance funds is one of the Group's main sources of income.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(€ thousands)	
(+) Collective investment institutions[(1)]	18,918,681	16,234,844	14,708,533
(+) Pension funds[(1)]	6,321,085	5,907,074	5,668,503
(+) Life savings insurance products[(2)]	6,937,548	7,103,732	7,493,363
Asset management and life savings insurance funds[APM]	**32,177,314**	**29,245,650**	**27,870,399**

Notes:—

(1) Source: Note 27.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 27.4 of the Annual Accounts.

(2) Source: Note 24.4 to the individual annual accounts of Ibercaja Banco for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 24.4 to the individual annual accounts of Ibercaja Banco.

The following table shows the breakdown of asset management and life savings insurance funds[APM] by market:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %)*			
Home Markets	23,710,176	73.69%	21,631,960	73.97%	20,560,958	73.77%
Aragón	*17,863,676*	*55.52%*	*16,201,922*	*55.40%*	*15,247,412*	*54.71%*
Rest of Home Markets	*5,846,500*	*18.17%*	*5,430,038*	*18.57%*	*5,313,546*	*19.07%*
Growth Markets	6,287,442	19.54%	5,670,914	19.39%	5,443,453	19.53%
Madrid	*3,738,674*	*11.62%*	*3,401,275*	*11.63%*	*3,296,56*	*11.83%*
Mediterranean basin	*2,548,768*	*7.92%*	*2,269,639*	*7.76%*	*2,146,894*	*7.70%*
Rest of Spain	2,179,696	6.77%	1,942,776	6.64%	1,865,988	6.70%
Asset management and life savings insurance funds[APM]	**32,177,314**	**100.00%**	**29,245,650**	**100.00%**	**27,870,399**	**100.00%**

39. Retail customer funds[APM]:

Definition: Sum of retail deposits[APM] (as defined and calculated above) and asset management and life savings insurance funds[APM] (as defined and calculated above).

Relevance: The Group uses this APM as an indicator of the total retail savings managed by it.

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
(+) Retail deposits[APM]	35,992,532	52.80%	36,165,311	55.29%	32,772,452	54.04%
(+) Asset management and life savings insurance funds[APM]	32,177,314	47.20%	29,245,650	44.71%	27,870,399	45.96%
Retail customer funds[APM]	**68,169,846**	**100.00%**	**65,410,961**	**100.00%**	**60,642,851**	**100.00%**

The following table shows the breakdown of retail customer funds[APM] by market:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Home Markets	47,800,195	70.12%	45,911,404	70.19%	42,544,459	70.16%
Aragón	*34,447,825*	*50.53%*	*32,859,269*	*50.24%*	*30,302,157*	*49.97%*
Rest of Home Markets	*13,352,370*	*19.59%*	*13,052,135*	*19.95%*	*12,242,302*	*20.19%*
Growth Markets	15,953,326	23.40%	15,334,896	23.44%	14,306,018	23.59%
Madrid	*9,965,105*	*14,62%*	*9,547,679*	*14.60%*	*8,826,499*	*14.55%*
Mediterranean basin	*5,988,221*	*8.78%*	*5,787,217*	*8.85%*	*5,479,520*	*9.04%*
Rest of Spain	4,416,325	6.48%	4,164,661	6.37%	3,792,374	6.25%

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Retail customer funds[APM]	**68,169,846**	**100.00%**	**65,410,961**	**100.00%**	**60,642,851**	**100.00%**

The following table shows the breakdown of retail customer funds[APM] by market and by component:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Home Markets	**47,800,195**	**70.12%**	**45,911,404**	**70.19%**	**42,544,459**	**70.16%**
(+) Retail deposits[APM]	*24,090,019*	*35.34%*	*24,279,444*	*37.12%*	*21,983,501*	*36.25%*
(+) Asset management and life savings insurance funds[APM]	*23,710,176*	*34.78%*	*21,631,960*	*33.07%*	*20,560,958*	*33.90%*
Growth Markets	**15,953,326**	**23.40%**	**15,334,896**	**23.44%**	**14,306,018**	**23.59%**
(+) Retail deposits[APM]	*9,665,884*	*14.18%*	*9,663,982*	*14.77%*	*8,862,565*	*14.61%*
(+) Asset management and life savings insurance funds[APM]	*6,287,442*	*9.22%*	*5,670,914*	*8.67%*	*5,443,453*	*8.98%*
Rest of Spain	**4,416,325**	**6.48%**	**4,164,661**	**6.37%**	**3,792,374**	**6.25%**
(+) Retail deposits[APM]	*2,236,629*	*3.28%*	*2,221,885*	*3.40%*	*1,926,386*	*3.18%*
(+) Asset management and life savings insurance funds[APM]	*2,179,696*	*3.20%*	*1,942,776*	*2.97%*	*1,865,988*	*3.08%*
Retail customer funds[APM]	**68,169,846**	**100.00%**	**65,410,961**	**100.00%**	**60,642,851**	**100.00%**

40. External funding[APM]:

Definition: Sum of deposits of central banks, deposits of credit institutions, customer deposits, debt securities issued and the AT1 issue accounted for as shareholders' equity.

Relevance: The Group uses this APM as an indicator of its funding from external sources and to measure the weight of the different external sources of funding.

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Deposits of central banks[(1)]	5,886,372	12.75%	5,371,202	11.64%	1,628,990	3.82%
Deposits of credit institutions[(1)]	1,118,787	2.42%	1,207,820	2.62%	4,304,232	10.08%
Customer deposits[(1)]	37,528,627	81.29%	37,881,253	82.08%	34,924,627	81.81%
(A) *of which retail deposits[APM]*	*35,992,532*	77.96%	*36,165,311*	*78.36%*	*32,772,452*	*76.77%*
Debt securities issued[(1)]	1,285,111	2.78%	1,340,670	2.90%	1,480,421	3.47%

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
AT1 issue[2]	350,000	0,76%	350,000	0.76%	350,000	0.82%
External funding[APM] (B)	**46,168,897**	**100.00%**	**46,150,945**	**100.00%**	**42,688,270**	**100.00%**
Of which Retail funding (=(A))	*35,992,532*	*77.96%*	*36,165,311*	*78.36%*	*32,772,452*	*76.77%*
Of which Financing from wholesale lending markets (=(B) – (A))	*10,176,365*	*22.04%*	*9,985,634*	*21.64%*	*9,915,818*	*23.23%*

Notes: —

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in the consolidated balance sheet of the Annual Accounts.

(2) Source: Note 23 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 23 of the Annual Accounts.

41. Gross loans and advances to customers[APM] exluding reverse repurchase agreements[APM], gross loans and advances to customers[APM] and net loans and advances to customers[APM]:

Definition: Sum of all the loans and advances to the Group's customers, in accordance with rule 52.1.b of Bank of Spain Circular 4/2017.

Relevance: The Group uses this APM to measure the total amount of financing granted to its customers as this is the most relevant item in its balance sheet in terms of weight and income derived from it.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
(+) Non-trading financial assets mandatorily measured at fair value with changes through profit and loss – loans and advances to customers	1,694	1,542	12,197
(+) Financial assets at amortized cost – loans and advances to customers[1]	30,587,932	30,940,862	31,906,748
Net loans and advances to customers[APM]	**30,589,626**	**30,942,404**	**31,918,945**
(+) NPL provisions[APM]	590,452	647,178	644,270
Gross loans and advances to customers[APM]	**31,180,078**	**31,589,582**	**32,563,215**
(-) Reverse repurchase agreements[2]	1,619,500	1,620,857	1,615,753
Gross loans and advances to customers excluding reverse repurchase agreements[APM]	**29,560,578**	**29,968,725**	**30,947,462**

Notes:—

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in the consolidated balance sheet of the Annual Accounts.

(2) Source: Note 11.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.4 of the Annual Accounts.

The following table shows the breakdown of Gross loans and advances to customers[APM] by sector:

	As of 30 September		As of 31 December			
	2021		2020		2019	
	(*€ thousands, except %*)					
Loans to businesses	**8,097,320**	**25.97%**	**7,952,846**	**25.18%**	**8,272,611**	**25.40%**
Real estate construction and development	*1,065,826*	*3.42%*	*1,033,183*	*3.27%*	*1,203,767*	*3.70%*
Non-real estate activities	*7,031,494*	*22.55%*	*6,919,663*	*21.90%*	*7,068,844*	*21.71%*
Loans to individuals	**20,281,736**	**65.05%**	**20,939,027**	**66.28%**	**21,259,453**	**65.29%**
Housing	*18,469,588*	*59.24%*	*19,052,798*	*60.31%*	*19,553,933*	*60.05%*
Consumer loans and other	*1,812,148*	*5.81%*	*1,886,229*	*5.97%*	*1,705,520*	*5.24%*
Loans to public sector and other	**2,801,022**	**8.98%**	**2,697,708**	**8.54%**	**3,031,151**	**9.31%**
Gross loans and advances to customers[APM]	**31,180,078**	**100.00%**	**31,589,582**	**100.00%**	**32,563,215**	**100.00%**

The following table shows the breakdown of Gross loans and advances to customers excluding reverse repurchase agreements[APM] by sector:

	As of 30 September		As of 31 December			
	2021		2020		2019	
	(*€ thousands, except %*)					
Loans to businesses	**8,097,320**	**27.39%**	**7,952,846**	**26.54%**	**8,272,611**	**26.73%**
Real estate construction and development	*1,065,826*	*3.61%*	*1,033,183*	*3.45%*	*1,203,767*	*3.89%*
Non-real estate activities	*7,031,494*	*23.79%*	*6,919,663*	*23.09%*	*7,068,844*	*22.84%*
Loans to individuals	**20,281,736**	**68.61%**	**20,939,027**	**69.87%**	**21,259,453**	**68.70%**
Housing	*18,469,588*	*62.48%*	*19,052,798*	*63.58%*	*19,553,933*	*63.18%*
Consumer loans and other	*1,812,148*	*6.13%*	*1,886,229*	*6.29%*	*1,705,520*	*5.51%*
Loans to public sector and other	**1,181,522**	**4.00%**	**1,076,851**	**3.59%**	**1,415,398**	**4.57%**
Gross loans and advances to customers excluding reverse repurchase agreements[APM]	**29,560,578**	**100.00%**	**29,968,725**	**100.00%**	**30,947,462**	**100.00%**

42. Net loans and advances to customers over total assets[APM]:
Definition: Net loans and advances to customers[APM] (as defined and calculated above) divided by total assets.

Relevance: The Group uses this APM to monitor the weight of the loan portfolio in its balance sheet.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Net loans and advances to customers[APM]	30,589,626	30,942,404	31,918,945
Denominator	Total assets[(1)]	58,163,076	58,400,790	55,422,015
=	**Net loans and advances to customers over total assets[APM]**	**52.59%**	**52.98%**	**57.59%**

Notes:—

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 Decemberand 2021 Third Quarter Financial Information for the information as of 30 September.

43. Performing loans excluding reverse repurchase agreements[APM]:

Definition: Gross loans and advances to customers[APM] excluding NPLs and reverse repurchase agreements.

Relevance: The Group uses this APM as an indicator of its main source of revenues.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
(+) Gross loans and advances to customers[APM]	31,180,078	31,589,582	32,563,215
(-) NPLs[(1)]	842,401	1,012,938	1,293,161
(-) Reverse repurchase agreements[(2)]	1,619,500	1,620,857	1,615,753
Performing loans excluding reverse repurchase agreements[APM]	**28,718,177**	**28,955,787**	**29,654,301**

Notes:—

(1) Source: Note 3.5.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.5.4 of the Annual Accounts.

(2) Source: Note 11.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.4 of the Annual Accounts.

The following table shows the breakdown of performing loans excluding reverse repurchase agreements[APM] by sector:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Performing loans to businesses	**7,719,249**	**26.88%**	**7,497,607**	**25.89%**	**7,718,333**	**26.03%**
Real estate construction and development	*989,773*	*3.45%*	*940,570*	*3.25%*	*1,057,731*	*3.57%*
Non-real estate activities	*6,729,476*	*23.43%*	*6,557,037*	*22.64%*	*6,660,602*	*22.46%*

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Performing loans to individuals	**19,818,808**	**69.01%**	**20,382,751**	**70.39%**	**20,523,501**	**69.21%**
Housing	*18,110,016*	*63.06%*	*18,614,885*	*64.29%*	*18,931,979*	*63.84%*
Consumer loans and other	*1,708,092*	*5.95%*	*1,767,866*	*6.11%*	*1,591,522*	*5.37%*
Performing loans to public sector and other	**1,180,120**	**4.11%**	**1,075,428**	**3.71%**	**1,412,567**	**4.76%**
Performing loans excluding reverse repurchase agreements[APM]	**28,718,177**	**100.00%**	**28,955,787**	**100.00%**	**29,654,401**	**100.00%**

The following table shows the breakdown of performing loans excluding reverse repurchase agreements[APM] by market:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %*)			
Home Markets	11,959,366	41.65%	12,216,584	42.19%	12,709,871	42.86%
Aragón	*8,227,088*	*28.65%*	*8,414,209*	*29.06%*	*8,893,180*	*29.99%*
Rest of Home Markets	*3,732,278*	*13.00%*	*3,802,375*	*13.13%*	*3,816,691*	*12.87%*
Growth Markets	12,395,536	43.16%	12,385,302	42.77%	12,465,523	42.04%
Madrid	*7,260,554*	*25.28%*	*7,258,256*	*25.07%*	*7,317,085*	*24.67%*
Mediterranean basin	*5,134,982*	*17.88%*	*5,127,046*	*17.71%*	*5,148,438*	*17.36%*
Rest of Spain	4,363,275	15.19%	4,353,901	15.04%	4,478,907	15.10%
Performing loans excluding reverse repurchase agreements[APM]	**28,718,177**	**100.00%**	**28,955,787**	**100.00%**	**29,654,301**	**100.00%**

44. Retail business volume[APM]:

Definition: Sum of performing loans excluding reverse repurchase agreements[APM] and retail customer funds[APM] (each as defined and calculated above).

Relevance: The Group uses this APM to measure aggregated changes in its main business metrics with its customers.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
(+) Performing loans excluding reverse repurchase agreements[APM]	28,718,177	28,955,787	29,654,301
(+) Retail customer funds[APM]	68,169,846	65,410,961	60,642,851

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
Retail business volume[APM]	**96,888,023**	**94,366,748**	**90,297,152**

The following table shows the breakdown of retail business volume[APM] by market:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %)*			
Home Markets	59,759,561	61.68%	58,127,988	61.60%	55,254,330	61.19%
Aragón	*42,674,913*	*44.05%*	41,273,478	43.74%	39,195,337	43.41%
Rest of Home Markets	*17,084,648*	*17.63%*	16,854,510	17.86%	16,058,993	17.78%
Of which Badajoz	*3,683,449*	*3.80%*	*3,641,893*	*3.86%*	*3,371,615*	*3.73%*
Growth Markets	28,348,862	29.26%	27,720,198	29.37%	26,771,541	29.65%
Madrid	*17,225,659*	*17.78%*	16,805,935	17.81%	16,143,584	17.88%
Mediterranean basin	*11,123,203*	*11.48%*	10,914,263	11.57%	10,627,958	11.77%
Rest of Spain	8,779,600	9.06%	8,518,562	9.03%	8,271,281	9.16%
Retail business volume[APM]	**96,888,023**	**100.00%**	**94,366,748**	**100.00%**	**90,297,152**	**100.00%**

The following table shows the breakdown of retail business volume[APM] by market and by component:

	As of 30 September		As of 31 December			
	2021		2020		2019	
	(*€ thousands, except %)*					
Home Markets	**59,759,561**	**61.68%**	**58,127,988**	**61.60%**	**55,254,330**	**61.19%**
(+)Performing loans excluding reverse repurchase agreements[APM]	*11,959,366*	*12.34%*	*12,216,584*	*12.95%*	*12,709,871*	*14.08%*
(+)Retail customer funds[APM]	*47,800,195*	*49.34%*	*45,911,404*	*48.65%*	*42,544,459*	*47.12%*
Growth Markets	**28,348,862**	**29.26%**	**27,720,198**	**29.37%**	**26,771,541**	**29.65%**
(+)Performing loans excluding reverse repurchase agreements[APM]	*12,395,536*	*12.79%*	*12,385,302*	*13.12%*	*12,465,523*	*13.81%*
(+)Retail customer funds[APM]	*15,953,326*	*16.47%*	*15,334,896*	*16.25%*	*14,306,018*	*15.84%*
Rest of Spain	**8,779,600**	**9.06%**	**8,518,562**	**9.03%**	**8,271,281**	**9.16%**
(+)Performing loans excluding reverse repurchase agreements[APM]	*4,363,275*	*4.50%*	*4,353,901*	*4.61%*	*4,478,907*	*4.96%*

	As of 30 September		As of 31 December			
	2021		2020		2019	
	(*€ thousands, except %*)					
(+)Retail customer funds[APM]	*4,416,325*	*4.56%*	*4,164,661*	*4.41%*	*3,792,374*	*4.20%*
Retail business volume[APM]	**96,888,023**	**100.00%**	**94,366,748**	**100.00%**	**90,297,152**	**100.00%**

45. Total exposure of the Group's fixed income and equity instruments portfolio[APM]:

Definition: Sum of debt securities, equity instruments and investments in joint ventures and associates.

Relevance: The Group uses this APM to find out the total amount of the Group's securities portfolio.

	As of September 30,	As of December 31,	
	2021	2020	2019
		(*€ thousands*)	
Non-trading financial assets mandatorily measured at fair value with changes through profit or loss	1,533,628	853,721	375,885
Debt securities (1)	—	*28,009*	*78,783*
Equity instruments (2)	*1,531,934*	*824,170*	*284,905*
Loans and advances	*1,694*	*1,542*	*12,197*
Financial assets at fair value through profit and loss	7,715	8,602	8,939
Debt securities (3)	*7,715*	*8,602*	*8,939*
Financial assets at fair value through other comprehensive income	6,382,256	7,023,328	8,086,430
Debt securities (4)	*5,999,507*	*6,669,456*	*7,688,599*
Equity instruments (5)	*382,749*	*353,872*	*397,831*
Financial assets at amortized cost	40,403,841	39,726,825	39,768,768
Debt securities (6)	*9,561,770*	*8,474,312*	*7,218,228*
Loans and advances	*30,842,071*	*31,252,513*	*32,550,540*
Investments in joint ventures and associates (7)	105,016	106,525	109,815
Total exposure of our fixed income and equity instruments (1) +(2) + (3)+ (4)+ (5) +(6)+ (7)	**17,588,691**	**16,464,946**	**15,787,100**

Notes:—

Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December. For the information as of 30 September, these metrics have been obtained from the Company's internal accounting records and are determined in the same manner as the corresponding metrics for the information as of 31 December included in the consolidated balance sheet of the Annual Accounts.

The table below shows a breakdown of the exposure of the Group's fixed income and equity instruments by business activity:

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
Banking business	10,185,411	8,908,586	8,271,950
From which fixed income/ ALCO portfolio	*9,697,740*	*8,439,326*	*7,724,942*
From which fixed income / subsidiaries portfolio	*35,528*	*39,280*	*66,647*

	As of 30 September	As of 31 December	
	2021	2020	2019
From which equity	*452,143*	*429,980*	*480,361*
Insurance business	*7,403,280*	7,556,360	7,515,150
From which fixed income portfolio	*5,835,725*	*6,701,773*	*7,202,960*
From which equity	*1,567,555*	*854,587*	*312,190*
Total exposure of the Group's fixed income and equity instruments	**17,588,691**	**16,464,946**	**15,787,100**

The table below shows the composition of the Group's ALCO portfolio by type of asset:

	As of 30 September		As of 31 December			
	2021		2020		2019	
			(*€ thousands, except %)*			
Spanish sovereign debt	6,572,657	67.78%	5,291,254	62.70%	4,472,408	57.90%
Foreign sovereign debt	*673,275*	*6.94%*	689,875	8.17%	651,149	8.43%
Public administrations and autonomous organizations	*697,845*	*7.20%*	655,296	7.76%	680,477	8.81%
SAREB	1,628,700	16.79%	1,653,300	19.59%	1,702,200	22.04%
Private fixed income	*125,263*	*1.29%*	149,601	1.77%	218,708	2.83%
Total	**9,697,740**	**100.00%**	**8,439,326**	**100.00%**	**7,724,942**	**100.00%**

46. Total exposure of the fixed income and equity instruments portfolio[APM] over total assets[APM]:

Definition: Group's securities portfolio divided by total assets.

Relevance: The Group uses this APM to measure the weight of the securities portfolio over the Group's total assets.

		As of 30 September	As of 31 December	
		2021	2020	2019
			(*€ thousands, except %*)	
Numerator	**Total exposure of the fixed income and equity instruments portfolio[APM]**	17,588,691	16.464.946	15.787.100
Denominator	Total assets[(1)]	58,163,076	58.400.790	55.422.015
=	**Total exposure of the fixed income and equity instruments portfolio over total assets[APM]**	**30.24%**	**28.19%**	**28.49%**

Notes:—

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December and 2021 Third Quarter Financial Information for the information as of 30 September.

APMs related to liquidity

47. Loan-to-Deposit (LTD) ratio[APM]:

Definition: Net loans and advances to customers[APM] (as defined and calculated above) excluding reverse repurchase agreements divided by retail deposits[APM] (as defined and calculated above).

Relevance: The Group uses this APM to assess the extent to which the loans and advances the Group grants to its customers are financed with retail deposits[APM].

		As of 30 September	As of 31 December	
		2021	2020	2019
			(*€ thousands, except %*)	
Numerator	(a) Net loans and advances to customers[APM]	30,589,626	30,942,404	31,918,945
	(b) Reverse repurchase agreements[(1)]	1,619,500	1,620,857	1,615,753
	Net loans and advances to customers[APM] excluding reverse repurchase agreements ((a) – (b))	28,970,126	29,321,547	30,303,192
Denominator	Retail deposits[APM]	35,992,532	36,165,311	32,772,452
=	**LTD ratio[APM]**	**80.49%**	**81.08%**	**92.47%**

Notes:—

(1) Source: Note 11.4 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 11.4 of the Annual Accounts.

48. Liquid assets [APM]:

Definition: Sum of cash and central banks, available on policy, eligible off-policy assets and other marketable assets not eligible by the ECB, in accordance with the criteria of the Bank of Spain.

Relevance: The Group uses this APM to know the volume of its available assets in the event of a possible outflow of customer funds.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(€ thousands)	
Cash and central banks	6,342,453	7,319,717	3,671,499
Available on policy	1,053,710	891,981	4,982,938
Eligible assets not included in the policy	6,400,558	6,421,078	2,432,048
Other marketable assets not eligible by the Central Bank	457,150	326,665	381,397
Liquid assets[APM]	**14,253,871**	**14,959,441**	**11,467,882**

Notes:—

Source: Note 3.8.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, these metrics have been obtained from the Company's internal accounting records and are determined in the same manner as the corresponding metrics for the information as of 31 December included in Note 3.8.2 of the Annual Accounts.

49. Available liquidity position[APM]:

Definition: Sum of the Group's liquid assets and its issuance capacity for mortgage covered bonds.

Relevance: The Group uses this APM to calculate the amount of its assets that would potentially be available in the event of a sudden outflow of customer funds.

	As of 30 September	As of 31 December	
	2021	2020	2019
		(*€ thousands*)	
(+) Liquid assets[APM]	14,253,871	14,959,441	11,467,882
(+) Issuance capacity for mortgage covered bonds[(1)]	8,843,544	8,379,866	7,307,407
Available liquidity position[APM]	**23,097,415**	**23,339,307**	**18,775,289**

Notes:—

(1) Source: Note 3.8.2 to the Annual Accounts for the information as of 31 December. For the information as of 30 September, this metric has been obtained from the Company's internal accounting records and is determined in the same manner as the corresponding metric for the information as of 31 December included in Note 3.8.2 of the Annual Accounts.

50. Liquid assets over total assets[APM]:

Definition: Liquid assets divided by total assets.

Relevance: The Group uses this APM to measure the weight of its liquid assets over the Group's total assets.

		As of 30 September	As of 31 December	
		2021	2020	2019
		(*€ thousands, except %*)		
Numerator	Liquid assets[APM]	14,253,871	14,959,441	11,467,882
Denominator	Total assets[(1)]	58,163,076	58,400,790	55,422,015
=	**Liquid assets over total assets[APM]**	**24.51%**	**25.62%**	**20.69%**

Notes:—

(1) Source: Consolidated balance sheet in the Annual Accounts for the information as of 31 December and 2021 Third Quarter Financial Information for the information as of 30 September.

DESCRIPTION OF THE ISSUER

History and development

Ibercaja Banco is a company incorporated under the laws of Spain as a public limited liability company (*sociedad anónima*) with the status of a bank. As a financial institution, the Issuer is subject to special banking legislation and related regulations in respect of the management, supervision and solvency of credit institutions, in particular, Law 10/2014, of 26 June, on organisation, supervision and solvency of credit entities ("**Law 10/2014**") and Royal Decree 84/2015, of 13 February, implementing Law 10/2014 ("**Royal Decree 84/2015**"), and is subject to the supervision, control and regulation of the Bank of Spain, the ECB under the supervision system created by the SSM, the SRB, the CNMV and the Directorate General of Insurance and Pension Funds.

Ibercaja Banco is also subject to the Spanish Companies Law (*Texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*), the Spanish Securities Market Law, Royal Decree 217/2008, of 15 February, on the legal regime for investment services companies and other entities providing investment services (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*) and further implementing legislation.

The Issuer was incorporated on 22 September 2011 for an unlimited period of time pursuant to a notarised public deed of incorporation granted before the public notary of Zaragoza Mr. Francisco de Asís Pizarro Moreno under number 3,169 of his records and registered with the Commercial Registry of Zaragoza under volume 3,865, page Z-52186, book 0 and sheet 1, and as a credit institution with the Special Registry at the Bank of Spain (*Registro Administrativo de Bancos y Banqueros del Banco de España*) under number 2,085. Ibercaja Banco holds Spanish tax identification number (NIF) A-99319030 and its LEI code is 549300OLBL49CW8CT155.

The Issuer's legal name is Ibercaja Banco, S.A. and it operates under the commercial name "Ibercaja Banco".

The registered office of the Issuer is at Plaza de Basilio Paraíso, 2, 50008 Zaragoza, Spain. Its phone number is +34 976 76 79 83 and its corporate website is "www.ibercajabanco.com" (the information on the corporate website of the Issuer does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus).

Ibercaja Banco's corporate purpose consists of all types of general banking activities, transactions, actions, contracts and services provided they are permitted by law, including the rendering of investment and other auxiliary services.

The history of the Issuer spans more than 145 years, and starts with the foundation of the savings bank Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (the "**Ibercaja Savings Bank**") in 1873 and the commencement of its operations in 1876 with the aim of stimulating the economies of the autonomous regions of Aragón and La Rioja by pursuing social welfare projects.

The main milestones of the Issuer's history are described below:

- between 1933 and 1964, the Ibercaja Savings Bank carried out its first expansion plan with the opening of branches in Aragón, La Rioja and Guadalajara;

- in 1988, the Ibercaja Savings Bank created the Financial Group[22] to offer products and services outside the scope of core banking;
- in 1989, the Ibercaja Savings Bank initiated an expansion plan with the opening of branches in Madrid and the Mediterranean basin, that has led to the Issuer's current well-established presence in these Growth Markets;
- in July 2011, within the framework of the restructuring of the Spanish financial system, the general assembly of the Ibercaja Savings Bank (now transformed into the Ibercaja Foundation as set out below) approved the creation of Ibercaja Banco, as a result of the segregation and contribution to Ibercaja Banco of the financial activity of the Ibercaja Savings Bank;
- in 2012, despite the turmoil in the Spanish banking sector, the Issuer passed the bottom-up stress test conducted by Oliver Wyman and was classified within the group of banks with no capital shortfall identified, complying with applicable capital requirements without any state aid;
- in July 2013, the Issuer acquired 100% of the share capital of Banco Caja3, an entity formed by the segregation and subsequent merger of the financial activity of three former savings banks: Caja de Ahorros de la Inmaculada de Aragón ("**Fundación Inmaculada de Aragón**"), Monte de Piedad y Caja General de Ahorros de Badajoz ("**Fundación Caja Badajoz**") and Monte de Piedad del Círculo Católico de Burgos ("**Fundación Círculo de Burgos**"). The restructuring plan of Banco Caja3 (approved by the Bank of Spain and the European Commission) included its integration into a larger financial group. As part of its restructuring plan, Banco Caja3 received €407 million of public funds through the subscription by the FROB of contingent convertible bonds to be issued by Banco Caja3 (the "**Banco Caja3 CoCos**"). The acquisition of Banco Caja3 was structured as a capital increase in the Issuer of €325.5 million, which was subscribed by the shareholders of Banco Caja3, in exchange for Banco Caja3's entire share capital. Fundación Inmaculada de Aragón, Fundación Caja Badajoz and Fundación Círculo de Burgos received in consideration an aggregate of 11.96% of the Issuer's share capital, while the Ibercaja Savings Bank held the remaining 88.04% (both as amended by the valuation adjustments on the assets transferred to SAREB). The deed of merger by absorption of Banco Caja3 by the Issuer was executed in October 2014 and Banco Caja3 ceased to exist by dissolution without liquidation and all of its assets and liabilities were transferred to the Issuer by means of universal succession;
- in September 2014, the Ibercaja Savings Bank was transformed into the Ibercaja Foundation. Since then, the Ibercaja Foundation has been the Issuer's controlling shareholder retaining the aforementioned 88.04% shareholding and with a view to reduce its stake pursuant to the Banking Foundations Act;
- in 2015, the current management team was appointed;
- between March 2016 and March 2017, with the consent of the ECB, the Issuer completed the early redemption of all Banco Caja3 CoCos;
- in April 2021, Ibercaja Banco launched its "Plan Desafío 2023" Strategic Plan; and
- in June 2021, Ibercaja Banco celebrated its 145 years of history.

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[22] References to the "**Financial Group**" refer to Ibercaja Gestión, Ibercaja Pensión, Ibercaja Vida, Ibercaja Mediación and Ibercaja Leasing, a group of subsidiaries responsible for the management of mutual funds, the management of pension funds, the Group's insurance business and its leasing and renting business.

Business overview

Ibercaja Banco is a Spanish retail bank based in Zaragoza. It is a "one-stop-shop" for its customers' financial needs, offering a wide range of banking and financial products and services, with a special focus on first home mortgages, asset management and life savings insurance products, SME lending and risk insurance products.

The Group's main activity is retail banking focused on individuals, families and SMEs. Its retail focus is reflected in its simple balance sheet structure, with net loans and advances to customers[APM] accounting for 52.59% of its total assets and retail deposits[APM] accounting for 77.96% of its external funding[APM] as of 30 September 2021. In addition, the Group's LTD ratio[APM] as of 30 September 2021 was 80.49% (81.08% and 92.47% as of 31 December 2020 and 2019, respectively). As of 30 September 2021, the Issuer had €58.2 billion of total assets and stood as the nineth largest Spanish bank in terms of assets, with a market share of 2.4% in loans to individuals and non-financial entities (*source: Bank of Spain public report on loans to households and non-financial entities as of 30 September 2021*) and had €54.8 billion of total liabilities with a market share of 2.8% in customer deposits (*source: Bank of Spain public report on deposits to households and non-financial entities as of 30 September 2021*). As of 30 September 2021, the Issuer had a national market share of 3.6% in terms of home retail mortgage loans (*source: Bank of Spain public report on home retail mortgages as of 30 September 2021*). The Issuer was also the fourth largest domestic financial entity in asset management and life savings insurance with €31.9 billion in assets under management ("**AuM**") and technical reserves and a total market share of 5.1% as of 30 September 2021 (*source: calculated by the Company with data from Inverco public reports on mutual and pension funds and ICEA public reports on life savings insurance products as of 30 September 2021; includes AuM managed by each bank and excludes third party products*). As of 30 September 2021, the Group had 5,105 employees.

The Group carries out its business exclusively in Spain and mainly in the autonomous regions of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz (together, the "**Home Markets**"). The Group also has a well-established presence in Madrid and in the Mediterranean basin, which includes the autonomous region of Catalonia and the Valencian Community (together, the "**Growth Markets**").

The Group uses an omni-channel distribution strategy that combines its 944 branch network as of 30 September 2021, and digital channels such as its mobile banking application (the "**Ibercaja App**") and its online banking platform.

The table below sets forth information related to the Group's key APMs and solvency metrics as of and for the nine months ended 30 September 2021 and the years ended 31 December 2020 and 2019:

	As of and for the nine months ended 30 September	As of and for the years ended 31 December	
	2021	2020	2019
Total assets	€58.2 billion	€58.4 billion	€55.4 billion
Gross loans and advances to customers[APM]	€31.18 billion	€31.59 billion	€32.6 billion
Retail deposits[APM]	€36.0 billion	€36.2 billion	€32.8 billion
Profit before tax	€206.3 million	€53.5 million	€128.6 million
Profit before provisions[APM]	€290.6 million	€283.3 million	€326.5 million
Profit for the year	€146.0 million	€23.6 million	€84.0 million
ROA[APM]	0.34%	0.04%	0.16%
ROE[APM]	6.62%	0.82%	2.99%

	As of and for the nine months ended 30 September	As of and for the years ended 31 December	
	2021	2020	2019
ROTE[APM]	7.21%	0.89%	3.22%
LTD ratio[APM]	80.49%	81.08%	92.47%
Net fee income and exchange differences over average total assets[APM]	0.73%	0.68%	0.75%
Net NPAs[APM]	€480.0 million	€617.9 million	€927.7 million
Net NPAs over total assets[APM]	0.83%	1.06%	1.67%
NPL ratio[APM]	2.70%	3.21%	3.97%
NPL coverage ratio[APM]	70.09%	63.89%	49.82%
NPA ratio[APM]	4.41%	5.07%	5.78%
NPA coverage ratio[APM]	65.74%	62.15%	51.63%
Liquid assets over total assets[APM]	24.51%	25.62%	20.69%
CET1 ratio (fully-loaded)	12.8%	12.6%	11.3%
CET1 ratio (phased-in)	13.6%	13.6%	12.3%
Total capital ratio (fully-loaded)	17.5%	17.2%	15.5%
Leverage ratio (fully-loaded)	5.8%	5.8%	5.5%
Leverage ratio (phased-in)	6.1%	6.3%	5.8%
MREL	18.13%[23]	18.27%	16.40%
MREL leverage ratio	7.08[22]%	7.36%	—
Maximum Distributable Amount	5.46%	5.49%	3.27%

Medium-term financial objectives

In terms of profitability, the Group aims to achieve in the medium-term a ROTE[APM] of over 7.0% (0.9% as of 31 December 2020).

In terms of asset quality, the Group aims to achieve in the medium-term an NPA ratio[APM] below 5.0% (5.1% as of 31 December 2020).

In terms of solvency, the Group aims to maintain in the medium-term a CET1 ratio fully-loaded above 12.5% (12.6% as of 31 December 2020) with AT1 and Tier 2 buckets already completed, and a total capital ratio fully loaded of 17.0%.

The Group also aims to distribute a cash dividend payout ratio[APM] of approximately 50.0% (16.3% for the year ended 31 December 2020) in the medium-term.

Recent developments

On 1 October 2021, Moody's Investors Service, as a result of an internal review of its methodology, has upgraded Ibercaja Banco's long-term deposit rating to "Ba1" from "Ba2", maintaining the outlook at stable and the short-term deposit rating at Not Prime (NP).

On 5 October 2021, the Board of Directors of Ibercaja Banco, taking into consideration the Recommendation of the ECB of 23 July 2021, which repeals Recommendation ECB/2020/62 restricting

[23] This information is provided as of 30 June 2021 which was the last public reporting of the Bank's MREL position, reported in the Bank's interim financial report for the six months ended 30 June 2021.

the distribution of dividends, approved, in accordance with the provisions of Article 277 of the reinstated text of the Spanish Companies Act approved by Royal Decree 1/2010, of July 2 (*texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) (the "**Spanish Companies Act**"), the distribution of an interim dividend of €47 million among shareholders (representing a cash dividend payout ratio[APM] of 49.97%), proportionally to their respective stakes in the Bank's share capital, out of the profits for the current year. This dividend was paid in full on 7 October 2021.

Markets

The Group conducts all of its business in Spain. Based on the managing branch of its clients, the Group segments its activities geographically into (i) its Home Markets, which constitute its traditional geographic markets, (ii) its Growth Markets and (iii) the Rest of Spain.

The Group is mainly based in the northeast of Spain, which is the wealthiest area in Spain. As of 30 September 2020, the GDP per capita in the regions where the Group operated (weighted by the Group's retail business volume in each region) was 8% higher than the Spanish GDP per capita (*source: INE*).

Home Markets

The following table shows the number of branches in each of the Group's Home Markets and the percentage they represented over its total number of branches, as well as the Group's retail business volume[APM] of each of its Home Markets and their contribution to its total retail business volume[APM], as of and for the nine months ended 30 September 2021:

	As of and for the nine months ended 30 September 2021			
	Branches		**Retail business volume[APM]**	
	Number	*%*	*€ thousands*	*%*
Aragón	339	35.91%	42,674,913	44.05%
Rest of Home Markets	256	27.11%	17,084,648	17.63%
Total Home Markets	**595**	**63.02%**	**59,759,561**	**61.68%**

The following table shows information related to performing loans excluding reverse repurchase agreements[APM], retail deposits[APM], asset management and life savings insurance funds[APM] and retail customer funds[APM] in each of the Home Markets as of 30 September 2021:

	As of 30 September 2021							
	Performing loans excluding reverse repurchase agreements[APM]		**Retail deposits[APM]**		**Asset management and life savings insurance funds[APM]**		**Retail customer funds[APM]**	
	€ thousands	*%*	*€ thousands*	*%*	*€ thousands*	*%*	*€ thousands*	*%*
Aragón	8,227,088	28.65%	16,584,149	46.08%	17,863,676	55.52%	34,447,825	50.53%
Rest of Home Markets	3,732,278	13.00%	7,505,870	20.85%	5,846,500	18.17%	13,352,370	19.59%

	As of 30 September 2021							
	Performing loans excluding reverse repurchase agreements[APM]		**Retail deposits[APM]**		**Asset management and life savings insurance funds[APM]**		**Retail customer funds[APM]**	
	€ thousands	*%*	*€ thousands*	*%*	*€ thousands*	*%*	*€ thousands*	*%*
Total Home Markets	**11,959,366**	**41.65%**	**24,090,019**	**66.93%**	**23,710,176**	**73.69%**	**47,800,195**	**70.12%**

Growth Markets

In the late 1980s, the Group expanded its activities to its Growth Markets.

The following table shows the number of branches in each of the Group's Growth Markets and the percentage they represented over the Group's total number of branches, as well as the retail business volume[APM] of each of its Growth Markets and their contribution to its total retail business volume[APM] as of and for the nine months ended 30 September 2021:

	As of and for the nine months ended 30 September 2021			
	Branches		**Retail business volume[APM]**	
	Number	*%*	*€ thousands*	*%*
Madrid	140	14.83%	17,225,659	17.78%
Mediterranean basin	128	13.55%	11,123,203	11.48%
Growth Markets	**268**	**28.39%**	**28,348,862**	**29.26%**

The following table shows information related to performing loans excluding reverse repurchase agreements[APM], retail deposits[APM], asset management and life savings insurance funds[APM] and retail customer funds[APM] in each of the Group's Growth Markets as of 30 September 2021:

	As of 30 September 2021							
	Performing loans excluding reverse repurchase agreements[APM]		**Retail deposits[APM]**		**Asset management and life savings insurance funds[APM]**		**Retail customer funds[APM]**	
	€ thousands	*%*	*€ thousands*	*%*	*€ thousands*	*%*	*€ thousands*	*%*
Madrid	7,260,554	25.28%	6,226,431	17.30%	3,738,674	11.62%	9,965,105	14,62%
Mediterranean basin	5,134,982	17.88%	3,439,453	9.56%	2,548,768	7.92%	5,988,221	8.78%
Growth Markets	**12,395,536**	**43.16%**	**9,665,884**	**26.86%**	**6,287,442**	**19.54%**	**15,953,326**	**23.40%**

Rest of Spain

The Group also carries out its activities outside its Home Markets and its Growth Markets ("**Rest of Spain**"). The following table shows the number of branches in the Rest of Spain and the percentage they represented over the Group's total number of branches, as well as the retail business volume[APM] of the

Rest of Spain and their contribution to the Group's total retail business volume[APM] as of and for the nine months ended 30 September 2021:

	As of and for the nine months ended 30 September 2021			
	Branches		Retail business volume[APM]	
	Number	*%*	*€ thousands*	*%*
Rest of Spain	**81**	**8.58%**	**8,779,600**	**9.06%**

The following table sets out information related to performing loans excluding reverse repurchase agreements[APM], retail deposits[APM], asset management and life savings insurance funds[APM] products and retail customer funds[APM] in the Rest of Spain as of 30 September 2021:

	As of 30 September 2021							
	Performing loans excluding reverse repurchase agreements[APM]		Retail deposits[APM]		Asset management and life savings insurance funds[APM]		Retail customer funds[APM]	
	€ thousands	*%*	*€ thousands*	*%*	*€ thousands*	*%*	*€ thousands*	*%*
Rest of Spain	**4,363,275**	**15.19%**	**2,236,629**	**6.21%**	**2,179,696**	**6.77%**	**4,416,325**	**6.48%**

Operations and activities

Ibercaja Banco operates a universal banking model, focused on the retail business and based on advisory services, service quality and innovation.

Service quality is at the core of the Bank's strategy and a as a result, the Group's customers are very satisfied with its services. As of 30 September 2021, the Group ranked above peers in terms of customer satisfaction, being among the three top ranked entities in Spain with a score of 7.56 on a scale from 0 to 10 in global customer satisfaction (*source: BMKS*).

As a result of the strong customer satisfaction levels, the Group has a loyal customer base, with an average customer tenure of 20 years. The following table shows the Group's customer tenure for individual customers as of 30 September 2021:

	As of 30 September 2021
	(%)
Less than two years	5.60
Between two and 10 years	26.94
Between 10 and 20 years	17.07
More than 20 years	50.39
Total	100

As a result of the strong customer satisfaction levels, the Group's customers' loyalty and trust results in long-lasting relationships, which the Group's commercial efficiency turns into sales of its key products,

being the basis of the Group's differentiated revenue generation model. The average number of products/services per customer is 6.9 as of 30 September 2021.

Based on the type of customer, the Group divides its business activities in the following divisions: (i) Personal Banking, (ii) Private Banking, (iii) Rest of Families, (iv) Non-Real Estate Corporates, (v) Real Estate Corporates and (vi) Institutions, Public Sector and Others.

As of 30 September 2021, the Group had approximately 1.8 million customers, of which 16.0% were Personal Banking, 0.6% Private Banking, 73.7% Rest of Families, 4.9% Non-Real Estate Corporates, 0.4% Real Estate Corporates and 4.4% Institutions, Public Sector and Others customers.

Personal Banking

The Personal Banking customer segment includes individuals with a net worth (retail customer funds[APM] and securities) of between €100,000 and €500,000 in the Home Markets (and between €75,000 and €500,000 outside of the Home Markets).

This segment offers a management model based on a personal manager who assists customers in their financial planning, advises them on their investments, and gives them detailed information on the products and services that best meet their financial needs. Personal managers intend to offer customers the best investment strategy for their risk profile and preferences. Customers have their own digital banking service, preferential access to certain services and tailored products, making the Group's service model a "one-stop premium shop".

As of 30 September 2021, the Group's Personal Banking segment was managed by 434 full time managers, offering personalized solutions to more than 290,000 customers. In addition, 49 personal digital managers support 30,000 clients. The majority of specialised advisors assigned to this segment have a solid training, achieved through internal and external programs, recognised by well-known entities, such as the European Financial Planning Association. The Financial Group plays a key role in the product design of the Personal Banking segment, as does the Private Banking segment by training Personal Banking managers. The Personal Banking Service model has been certified by Aenor guaranteeing a best-in-class service to the Group's customers. In fact, in 2020 the Group obtained the certification of service excellence management for the Personal Banking segment granted by Aenor, being the first Spanish financial institution to receive it. This certification is in addition to the certification for personal wealth management advice, also awarded by Aenor, which the Group hold since 2012.

Private Banking

The Private Banking customer segment is addressed to individuals with a net worth (retail customer funds[APM] and securities) in excess of €500,000 (€300,000 in Extremadura). This segment offers banking services to 11,000 customers who have more sophisticated banking needs and investment profiles, providing them with a specialised, personalised and high-quality service. Private Banking customers are advised by 79 specialised advisors and have access to all types of financial assets such as listed securities, mutual funds, variable capital investment companies (*Sociedades de Inversión de Capital Variable* or "**SICAVs**") or structured deposits. Private Banking customers, together with Personal Banking customers, are the main target of the Group's asset management business.

Rest of Families

The Rest of Families customer segment comprises the Group's largest customer segment and the main users of its lending and deposit-taking services. The management of the branch network in this segment focuses on capturing new customers and consolidating the relationship with and loyalty of existing ones.

This is done through proposals adapted to personal needs, depending on the risk profile and disposable income of each customer.

Within its lending activity, Ibercaja Banco has historically specialised in financing housing for individuals.

Other products offered to the Group's Rest of Families segment include ordinary banking products such as current and savings accounts, term deposits, credit and debit cards and consumer loans, as well as other products from the Financial Group such as mutual funds, pension funds and insurance products.

Non-Real Estate Corporates

The Group's Non-Real Estate Corporates banking services are focused on financing corporate activities including corporate loans, credit lines, financing of fixed assets and working capital, treasury management, insurance, leasing, factoring and interest rates hedging.

As of 30 September 2021, the Group's Non-Real Estate Corporates customer segment was served by a team of 212 full-time specialised corporate managers. The aim of these managers is to provide specialised solutions to these companies and give them comprehensive financial advice. In addition, the Bank has 132 commercial business managers, a new figure created in 2020, whose task is to manage the Bank's relationship with companies with a turnover of less than €2 million.

Besides its branch network, Ibercaja Banco has 8 business centres for companies located in Zaragoza, Madrid, Barcelona, Valencia, Alicante and the Basque Country. These centres are responsible for the management of customers with a turnover of more than €6 or €10 million, depending on the operating area, and who require a higher degree of specialisation.

Real Estate Corporates

The Group's Real Estate Corporates banking services are focused on a range of products aimed at financing the construction or refurbishment of homes for sale. Once the property has been built, buyers can assume any of the Bank's mortgage loans on advantageous terms.

Institutions, Public Sector and Others

Through the Institutions, Public Sector and Others customer segment, the Group cooperates with public and private entities at national and regional levels, which gives the Group access to this source of business and, at the same time, helps its customers in their dealings with the public authorities.

In the public sector, the Group cooperates with central, regional and local administrations under financing agreements, youth programs and sponsorships. In addition, the Group is actively engaged in the introduction and dissemination of systems for the handling of electronic payments and their administration, and has agreements in place with different entities for the collection and management of taxes, handling of university enrolments and other administrative formalities.

The Group also develops a range of personalized services for private sector groups, including professional associations, members of the civil service, owners' associations and employees of large companies as well as members of condominium activities.

Financial Group – Asset Management, Insurance and Leasing and Renting

The Financial Group was created in 1988 and consists of a group of subsidiaries specialised in the management of mutual funds and pension funds and the Group's insurance and leasing-renting businesses.

The Financial Group offers a wide range of products aimed at the Group's retail customers, complementing traditional banking products and services. Assets under management and bancassurance

(which include mutual funds, pension funds and insurance products) generated 41.84% of the Group's recurring revenues[APM] for the nine months ended 30 September 2021.

Mutual funds

Through Ibercaja Gestión S.G.I.I.C., S.A. ("**Ibercaja Gestión**") the Group manages its mutual funds. As of 30 September 2021, AuM by Ibercaja Gestión amounted to €17,691 million (€15,248 million and €13,981 million as of 31 December 2020 and 2019, respectively) (*source: Inverco*), ranking sixth in its sector in Spain, with a market share of 5.77 % (5.56%[24] and 5.06% as of 31 December, 2020 and 2019, respectively) (*source: Inverco*).

Ibercaja Gestión offers fund portfolio management agreements to the Group's customers, who benefit from a diversified basket of suitable mutual funds selected according to their particular risk profile. As of 30 September 2021, Ibercaja Gestión also managed 12 SICAVs (11 and 10 as of 31 December 2020 and 2019, respectively), with an equity of €73 million.

Pension funds

Through Ibercaja Pensión, E.G.F.P., S.A.U. ("**Ibercaja Pensión**") the Group manages its pension funds. As of 30 September 2021, AuM by Ibercaja Pensión amounted to €7,405 million (€7,010 million and €6,794 million as of 31 December 2020 and 2019, respectively) (*source: Inverco*), ranking fourth in its sector in Spain, with a market share of 5.95% (*source: Inverco*).

Ibercaja Pensión offers (i) fixed-income plans; (ii) mixed fixed-and-variable income plans; (iii) variable-income plans; (iv) global plans; and (v) guaranteed plans.

Ibercaja Pension manages assets under plans established by employers or by individuals. AuM in individual pension funds amounted to €2,952 million as of 30 September 2021 (€2,751 million and €2,574 million as of 31 December 2020 and 2019, respectively), ranking sixth in its sector in Spain with a market share of 3.41% (*source: Inverco*). AuM in employment plans amounted to €4,452 million as of 30 September 2021 (€4,258 million and €4,220 million as of 31 December 2020 and 2019, respectively), ranking third in its sector in Spain, with a market share of 12.00% (*source: Inverco*).

Insurance products

The Group's insurance business is carried out through two subsidiaries that operate in the life and non-life insurance segments.

Through Ibercaja Vida the Group manages its life savings insurance and life risk insurance products. As of 30 September 2021, Ibercaja Vida ranked seventh in its sector in Spain in terms of volume of technical provisions, which amounted to €6,845 million as of 30 September 2021 (€7,002 million and €7,379 million as of 31 December 2020 and 2019, respectively) (*source: ICEA*), and with a market share of 3.54% (*source: ICEA*). Through Ibercaja Mediación the Group manages its general insurance brokerage business, principally non-life risk insurance for individuals and companies.

The Group offers two main types of insurance products:

[24] Inverco, with the publication of the April investment fund statistics, standardised the criteria for excluding the assets of funds that invest in the manager's own funds (funds of funds). This change led to a decrease in the overall assets of the system and a readjustment of quotas that raised Ibercaja Gestión's share at the end of December 2020 to 5.56%.

Life savings insurance products

Ibercaja Vida offers products aimed at promoting long-term savings by the Group's customers. It offers, among others, systematic savings policies, deferred capital policies, temporary annuities, investment savings plans, insured benefit plans, group insurance policies and unit linked policies.

Within all of the Group's life savings insurance products, systematic savings are the most relevant, representing mathematical reserves of €2,675,043[25] thousand as of 30 September 2021. Temporary annuities are the second most relevant products, representing mathematical reserves of €1,988,643[25] thousand as of 30 September 2021. In the current environment of negative interest rates, the Group is focusing on unit-linked products (€1,555,294[25] thousand as of 30 September 2021) and encouraging the transfer of funds from systematic savings products to this type of value-added products.

Risk insurance products

As of 30 September 2021, the Group had more than 983,000 risk insurance policies and risk insurance premiums amounted to €210.8[25] million (€275.9[25] million and €276.1[25] million as of 31 December 2020 and 2019, respectively).

The Group offers two types of risk insurance products:

(i) *Life-risk insurance products*. Ibercaja Vida offers insurance policies, related and unrelated to credit transactions, in which the beneficiary receives financial compensation in the event of a loss (death or disability).

(ii) *Non-life risk insurance products*. The Group offers these products through Ibercaja Mediación, which acts as an *insurance* broker.

In 2012, the Group reached a strategic agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. ("**CASER")** for the Group to exclusively market CASER's non-life risk insurance products through its branch network. In the period between 30 September 2020 and 30 September 2021, these premiums, linked to the business plan with CASER, grew by 7.3%, amounting to €136 million, which represented more than 92.0% of the Group's non-life risk insurance premiums. By business area, among the non-life risk insurance premiums, as of 30 September 2021 individual premiums grew by 7.0% since September 2020, while corporate premiums increased by 9.8% since the same date.

Leasing and Renting

Through Ibercaja Leasing y Financiación, S.A., Establecimiento Financiero de Crédito ("**Ibercaja Leasing**") the Group manages its leasing and renting arrangements. It provides products to enable SMEs and professionals to finance their fixed-asset investments and to use equipment under operating leases.

As of 30 September 2021, the outstanding risk was €544 million, which ranked Ibercaja Leasing as eighth in its sector in Spain, with a market share of 2.78% (*source: Asociación Española de Leasing*).

Digital transformation

In 2016, the Group initiated a digital transformation process to benefit from the opportunities of the technology and the digital economy.

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[25] This metric has been obtained from the Company's internal accounting records.

To this end, Microsoft is the Group's strategic partner in its digital transformation process by virtue of a collaboration agreement entered into on May 2016. Microsoft provides the technology for informational platforms and channels, as well as operating system software and database for the Group's open system servers. It also provides the base software and applications for the Group's workstations.

Since 2016, the Group has made good progress in developing all of its digital assets (improving user experience and functionalities). The Group offers its customers access to online services and products through its online banking platform ("**Ibercaja Directo**"), its mobile banking application (the "**Ibercaja App**") and Ibercaja Pay. As of 30 September 2021, the number of digital customers (number of customers who have used the Group's digital assets at least once in the last month) was approximately 865,089 (842,486 and 766,000 as of 31 December 2020 and 2019, respectively). As of 30 September 2021, transactions through digital channels (Ibercaja Directo and Ibercaja App) represented 74.8% of the total transactions (76.0% and 72.0% as of 31 December 2020 and 2019, respectively).

Board of Directors and Senior Management

Board of Directors

The following table sets out the names of the members of the Board of Directors of the Issuer (the "**Board of Directors**"), their positions within the Board of Directors, their category as directors and, where relevant, the shareholder they represent, as of the date of this Prospectus.

Name	Date of first appointment	Expiry date of appointment	Age	Title	Category
Mr. José Luis Aguirre Loaso.....	22 September 2011	30 August 2025	74	Chairman	Propietary(1)
Mr. Jesús Máximo Bueno Arrese..	22 September 2011	30 August 2025	70	Vice Chairman	Propietary(1)
Mr. Victor Manuel Iglesias Ruiz...	28 January 2015	29 August 2023	55	Chief Executive Officer	Executive
Ms. Gabriela González-Bueno Lillo	24 July 2013	13 November 2023	75	Director	Independent
Mr. Jesús Solchaga Loitegui	24 July 2013	13 November 2023	80	Director	Independent
Mr. José Miguel Echarri Porta	28 October 2021	28 October 2025	74	Director	Proprietary(2)
Mr. Vicente Evelio Cóndor López	9 April 2019	9 April 2024	66	Director	Independent
Mr. Félix Santiago Longás Lafuente	30 August 2016	30 August 2025	64	Director	Independent
Mr. Jesús Tejel Giménez.....	30 August 2016	30 August 2025	62	Director	Independent
Mr. Luis Enrique Arrufat Guerra ..	30 August 2017	30 August 2022	65	Director	Proprietary(1)
Ms. María Pilar Segura Blas	30 August 2017	30 August 2022	64	Director	Independent

Notes:—

(1) Representing the Ibercaja Foundation.

(2) Representing Fundación Inmaculada de Aragón.

The secretary of the Board of Directors (non-director) is Mr. Jesús Barreiro Sanz.

All members of the Board of Directors designate the Issuer's registered address as their professional address for the purposes of this Prospectus.

The table below sets forth the names of those members of the Board of Directors with activities performed outside the Group that are significant with respect to the Issuer as of the date of this Prospectus:

Director	Entity	Sector	Position/ Title	In office
Mr. José Luis Aguirre Loaso	CASER	Insurance	Director	Yes
	Confederación Española de Cajas de Ahorro	Financial	Director	Yes
Mr. Victor Manuel Iglesias Ruiz.....	Cecabank	Financial	Director	Yes
Ms. Gabriela González-Bueno Lillo	Centro de Investigación del Seguro, S.L.	Insurance	Director	Yes
	Instituto para la Formación Empresarial, S.L.U.	Education	Director	Yes
	Mutualidad Purísima Concepción, M.P.S.	Insurance	Director	Yes
Mr. José Miguel Echarri Porta	Fundación Caja de Ahorros de la Inmaculada de Aragón	Financial	Vice Chairman	Yes
Mr. Jesús Barreiro Sanz.....	Henneo Media, S.A.	Media	Director	Yes

Board Committees

In compliance with the Issuer's bylaws and the regulations of the Board of Directors (the "**Bylaws**" and the "**Board Regulations**", respectively), the Board of Directors has established: a delegated committee (the "**Delegated Committee**"), an audit and compliance committee (the "**Audit and Compliance Committee**"), an appointments committee (the "**Appointments Committee**"), a compensation committee (the "**Compensation Committee**"), a large risks and solvency committee (the "**Large Risks and Solvency Committee**") and a strategy committee (the "**Strategy Committee**").

Delegated Committee

The composition, responsibilities and rules of the Delegated Committee are governed by the Bylaws and Board Regulations.

As of the date of the Prospectus, the members of the Delegated Committee are:

Name	Position/Title	Category
Mr. José Luis Aguirre Loaso.....	Chairman	Proprietary
Mr. Jesús Máximo Bueno Arrese.....	Member	Proprietary
Mr. Víctor Manuel Iglesias Ruiz.....	Chief Executive Officer	Executive
Mr. Vicente Evelio Cóndor López.....	Member	Independent
Mr. Jesús Tejel Giménez.....	Member	Independent
Mr. Jesús Barreiro Sanz	Secretary	Non-Director

The secretary of the Board of Directors shall act as secretary of the Delegated Committee.

The Board of Directors has delegated all of its powers in favor of the Delegated Committee, except for those which cannot be delegated pursuant to the provisions of the Spanish law, the Bylaws or the Board Regulations.

Audit and Compliance Committee

The composition, responsibilities and rules of the Audit and Compliance Committee are governed by the Spanish Companies Act, the Spanish Auditing Act, the Bylaws and Board Regulations.

As of the date of this Prospectus, the members of the Audit and Compliance Committee are:

Name	Position/Title	Category
Mr. Jesús Tejel Giménez	Chairman	Independent
Mr. Félix Santiago Longás Lafuente	Member	Independent
Mr. Jesús Máximo Bueno Arrese	Member	Proprietary
Mr. Vicente Evelio Cóndor López	Member	Independent
Mr. José Miguel Echarri Porta	Member	Proprietary
Mr. Jesús Barreiro Sanz	Secretary	Non-Director

The secretary of the Board of Directors shall act as secretary of the Audit and Compliance Committee.

Appointments Committee

The composition, responsibilities and rules of the Appointments Committee are governed by the Spanish Companies Act, the Bylaws and the Board Regulations.

As of the date of this Prospectus, the members of the Appointments Committee are:

Name	Position/Title	Category
Mr. Jesús Solchaga Loitegui	Chairman	Independent
Mr. Félix Santiago Longás Lafuente	Member	Independent
Ms. María Pilar Segura Blas	Member	Independent
Ms. Gabriela González-Bueno Lillo	Member	Independent
Mr. Jesús Barreiro Sanz	Secretary	Non-Director

The secretary of the Board of Directors shall act as secretary of the Appointments Committee.

Compensation Committee

The composition, responsibilities and rules of the Compensation Committee are governed by the Spanish Companies Act, the Bylaws and Board Regulations.

As of the date of this Prospectus, the members of the Compensation Committee are:

Name	Position/Title	Category
Mr. Jesús Solchaga Loitegui	Chairman	Independent
Mr. Félix Santiago Longás Lafuente	Member	Independent
Ms. María Pilar Segura Blas	Member	Independent
Ms. Gabriela González-Bueno Lillo	Member	Independent
Mr. Jesús Barreiro Sanz	Secretary	Non-Director

The secretary of the Board of Directors shall act as secretary of the Compensation Committee.

Large Risks and Solvency Committee

The composition, responsibilities and rules of the Large Risks and Solvency Committee are governed by Act 10/2014, the Bylaws and Board Regulations.

As of the date of this Prospectus, the members of the Large Risks and Solvency Committee are:

Name	Position/Title	Category
Mr. Vicente Evelio Cóndor López	Chairman	Independent
Mr. Jesús Máximo Bueno Arrese	Member	Proprietary
Mr. Jesús Tejel Giménez	Member	Independent
Ms. María Pilar Segura Blas	Member	Independent
Mr. Jesús Solchaga Loitegui	Member	Independent
Mr. Jesús Barreiro Sanz	Secretary	Non-Director

The secretary of the Board of Directors shall act as secretary of the Large Risks and Solvency Committee.

Strategy Committee

The composition, responsibilities and rules of the Strategy Committee are regulated by Board Regulations.

As of the date of this Prospectus, the members of the Strategy Committee are:

Name	Position/Title	Category
Mr. José Luis Aguirre Loaso	Chairman	Proprietary
Mr. Félix Santiago Longás Lafuente	Member	Independent
Mr. Luis Enrique Arrufat Guerra	Member	Proprietary
Mr. Jesús Solchaga Loitegui	Member	Independent
Mr. José Miguel Echarri Porta	Member	Proprietary
Mr. Jesús Barreiro Sanz	Secretary	Non-Director

The secretary of the Board of Directors shall act as secretary of the Strategy Committee.

Senior management

Aside from the Board of Directors, the Issuer is managed on a day to day basis by the senior management team.

The following table sets out the names of the members of the senior management team and their respective ages and positions as of the date of this Prospectus. The members of the senior management team have extensive knowledge and experience in the financial industry.

Name	Age	Position/Title	Joined the Group in
Mr. Victor Manuel Iglesias Ruiz	55	Chief Executive Officer	1989
Mr. Rodrigo Galán Gallardo	65	Deputy Chief Executive Officer	1995
Mr. Francisco Serrano Gill de Albornoz	54	Deputy General Manager-General Secretary	2000
Mr. José Ignacio Oto Ribate	55	General Deputy Head-Chief Branch Network Officer	1990
Mr. Antonio Martínez	43	General Deputy Head-Chief Financial Officer	2001
Ms. María Raquel Martínez Cabañero	47	General Deputy Head-Chief Credit Risk Officer	1997
Mr. José Palma Serrano	51	General Deputy Head-Chief Technology Officer	1994
Ms. Ana Jesús Sangrós	53	Deputy Head-Chief of Human Resources Officer	1994
Mr. Ignacio Torre Solá	41	Chief Marketing Officer and Digital Strategy	2007
Mr. Luis Miguel Carrasco	64	Deputy General Manager of Financial Group	2013

Name	Age	Position/Title	Joined the Group in
Ms. María Teresa Fernández Fortún ..	53	General Deputy Head-Business Banking Officer	1991
Mr. Ángel Serrano Villavieja.....	46	General Deputy Head-Chief Audit Officer	2008

All members of the Issuer's senior management team designate the registered address of the Issuer as their professional address for the purposes of this Prospectus.

The table below sets forth the names of those members of the Issuer's senior management team with activities performed outside the Issuer or companies or members of the Group as of the date of this Prospectus that are significant with respect to the Issuer:

Senior management member	Entity	Sector	Position/ Title	In office
Mr. Víctor Manuel Iglesias Ruiz.....	See "*— Board of Directors*" above			
Mr. Francisco Serrano Gill de Albornoz.....	Ibercaja Gestión (Group company)	Financial	Chairman	Yes
	Ibercaja Pensión (Group company)	Insurance	Director	Yes
	Henneo Media, S.A.	Media	Director	Yes
	Aramón Montañas de Aragón, S.A.	Financial	Director	Yes
Mr. Luis Miguel Carrasco Miguel ..	Cerro Murillo (Group company)	Real Estate	Director	Yes
	Residencial Murillo (Group company)	Real Estate	Director	Yes
	Inmobinsa, Inversiones Inmobiliarias, S.A. (Group company)	Real Estate	Director	Yes
	Ibercaja Gestión (Group company)	Financial	Director	Yes
	Ibercaja Leasing (Group company)	Financial	Director	Yes
	Ibercaja Mediación (Group company)	Insurance	Director	Yes
	Ibercaja Vida (Group company)	Insurance	Director	Yes
	Ibercaja Pensión (Group company)	Financial	Director	Yes
Mr. José Ignacio Oto Ribate	Ibercaja Gestión (Group company)	Financial	Director	Yes
	Ibercaja Leasing (Group company)	Financial	Director	Yes
	Ibercaja Mediación (Group company)	Insurance	Director	Yes
	Ibercaja Vida (Group company)	Insurance	Director	Yes
	Ibercaja Pensión (Group company)	Financial	Director	Yes
	Viacajas, S.A.	Financial	Director	Yes
	E6K Servicios de Valor Añadido, S.L.	Financial	Director	Yes
	Sistemas de Tarjetas y Medios de Pago, S.A.	Payment methods	Director	Yes

Senior management member	Entity	Sector	Position/ Title	In office
	Servicios a Distancia IBD, S.L. (Group company)	Administrative	Director	Yes
	Aramón Montañas de Aragón, S.A.	Financial	Director	Yes
	Formigal, S.A.U.	Logistics	Director	Yes
	Nieve de Teruel, S.A.	Transportation	Director	Yes
	Bizum, S.L.	Financial	Director	Yes
	Panticosa Turística, S.A.	Logistics	Director	Yes
	Henneo Media, S.A.	Media	Director	Yes
Mr. Antonio Martínez Martínez.....	Ibercaja Cajaragón, S.A.U.	Financial	Director	Yes
	Ibercaja Vida (Group company)	Insurance	Director	Yes
Ms. María Raquel Martínez Cabañero.....	Ibercaja Leasing (Group company)	Financial	Chairwoman	Yes
	Ibercaja Pensión (Group company)	Financial	Director	Yes
Mr. José Palma Serrano	Ibercaja Gestión (Group company)	Financial	Director	Yes
	Ibercaja Leasing (Group company)	Financial	Director	Yes
	Ibercaja Vida (Group company)	Insurance	Director	Yes
	Radio Huesca, S.A.	Media	Director	Yes
	Servicios a Distancia IBD, S.L. (Group company)	Administrative	Director	Yes
	Mastercajas, S.A.		Director	Yes
	Sociedad Española de Sistemas de Pago, S.A.	Payment methods	Director	Yes
	Publicaciones y Ediciones del alto Aragón, S.A.	Media	Director	Yes
Ms. María Teresa Fernández Fortún	Ibercaja Gestión (Group company)	Financial	Director	Yes
Mr. Ignacio Torre Solá.....	Ibercaja Mediación (Group company)	Insurance	Director	Yes
	Ibercaja Connect (Group company)	Financial	Director	Yes
	Ibercaja Leasing (Group company)	Financial	Director	Yes
	Ibercaja Pensión (Group company)	Finance	Director	Yes
Mr. Rodrigo Galán Gallardo	Ibercaja Gestión (Group company)	Financial	Director	Yes
	Ibercaja Global International (Group company)	Financial	Director	Yes
	Ibercaja Leasing (Group company)	Financial	Director	Yes
	Ibercaja Mediación (Group company)	Insurance	Director	Yes
	Ibercaja Pensión (Group company)	Finance	Director	Yes
	Ibercaja Vida (Group company)	Insurance	Chairman	Yes

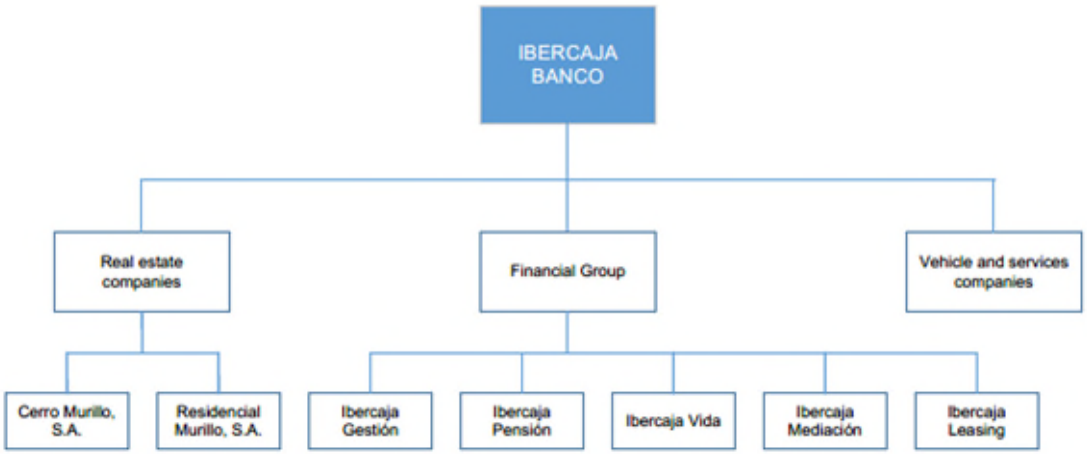
Senior management member	Entity	Sector	Position/ Title	In office
Ms. Ana Jesús Sangrós Orden.....	Ibercaja Mediación (Group company)	Insurance	Director	Yes
	Ibercaja Gestión (Group company)	Finance	Director	Yes
	Ibercaja Leasing (Group company)	Financial	Director	Yes
	Ibercaja Vida (Group company)	Insurance	Director	Yes

Conflicts of interest

As of the date of this Prospectus, there are no potential conflicts of interest in relation to members of the Board of Directors or to members of the Issuer's senior management between any duties owed to the Issuer and their private interests and other duties.

Organisational structure

The Issuer is the parent company of a consolidated group of credit institutions comprising various companies as dependent, associated and multi-group entities, pursuant to Bank of Spain Circular 4/2017, as amended. Following is an organisation chart of the Group as of the date of this Prospectus.



As of 30 September 2021, the Group had 14 fully consolidated subsidiaries (entities over which the Issuer has control, due to direct or indirect ownership of more than 50% of the relevant entity's voting rights or, if the percentage of ownership is lower than 50%, because the Issuer is party to agreements with other shareholders of the relevant entity that give the Issuer the majority of voting power), five jointly-controlled entities (entities which, without being dependent, are under contractual agreements of joint control, whereby decisions on the relevant activities are taken unanimously by the entities that share the control and are entitled to their net assets) and 15 associates (entities over which the Issuer exercises significant influence but which are neither subsidiaries nor jointly-controlled entities). All of the Issuer's subsidiaries, jointly-controlled entities and associates are incorporated in Spain.

Capital structure

As of the date of this Prospectus, the share capital of the Issuer is €214,427,597, consisting of 214,427,597 ordinary shares of €1 nominal value each. The share capital of the Issuer is composed a single class and series of shares, with the same rights.

Major shareholders

The following table shows the existing shareholders of the Issuer as of the date of this Prospectus:

Name of Shareholder	Ownership (voting rights)	
	Number of shares	% total(1)
The Ibercaja Foundation	188,782,056	88.04
Fundación Inmaculada de Aragón	10,142,425	4.73
Fundación Caja Badajoz	8,362,676	3.90
Fundación Círculo de Burgos	7,140,439	3.33
Total	**214,427,597**	**100**

Notes:—

(1) Rounded.

In order to avoid the potential conflict of interests between Ibercaja Banco and the majority shareholder, the governing body (*Patronato*) of the Ibercaja Foundation approved the Ibercaja Foundation Protocol (*Protocolo de gestión de la participación financiera de la Fundación Bancaria Ibercaja en Ibercaja Banco*) in accordance with the provisions of Law 26/2013, of 27 December, on savings banks and banking foundations (*Ley 26/2013, de 27 de diciembre, de Cajas de Ahorros y Fundaciones Bancarias*) in December 2014. The Ibercaja Foundation's Protocol was amended on 25 April 2019 and approved by the Bank of Spain and it is available at the Issuer's website (www.ibercaja.com) and at Ibercaja Foundation's website (www.fundacionibercaja.es).

The Ibercaja Foundation's Protocol establishes the procedures to avoid potential conflicts of interests as a result of the majority stake held by the Ibercaja Foundation in the share capital of Ibercaja Banco and the criteria to appoint the members of the Board of Directors of Ibercaja Banco.

Credit rating

As of the date of this Prospectus, the Bank's rating and outlook are as follows:

Agency(1)	Long-term	Short-term	Outlook	Date of latest rating
Moody's	Ba1	NP	Stable	1 October 2021
S&P	BB+	B	Stable	24 June 2021
Fitch	BB+	B	Positive	9 September 2021

Notes:—

(1) Each of Moody's, S&P and Fitch is registered under the CRA Regulation. As such, each of Moody's, S&P and Fitch is included in the latest update of the list of registered credit rating agencies (as of 7 May 2021) on the ESMA website in accordance with the CRA Regulation.

Legal and arbitration proceedings

The Group has been and is involved in disputes and litigation related to its business. The material legal proceedings outstanding in which the Group is involved as of the date of this Prospectus are summarised below. An outcome adverse to the Group in any of these proceedings, or proceedings involving other financial institutions, but which affect the Issuer, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Claims relating to floor clauses in mortgage agreements with consumers

The Issuer has not marketed any mortgage loan agreements containing "floor clauses" (clauses that set minimum interest rates payable by borrowers, whereby the borrower agrees to pay a minimum interest rate to the lender regardless of the applicable benchmark rate). However, as a result of acquiring Banco

Caja3 in July 2013, the portfolio includes certain mortgage agreements containing floor clauses, which represented approximately 8% of the Issuer's total mortgage agreements by outstanding amount at the time of acquisition.

General overview

In Spain, borrowers have challenged the legal validity of floor clauses in mortgage loan agreements in recent years on various grounds. Spanish courts have rendered various judgments declaring certain floor clauses to be invalid on the basis of lack of transparency at the time such mortgages loans were sold to customers or other reasons.

The Spanish Supreme Court (its first decision on the validity of certain floor clauses on 9 May 2013) has established the criteria to determine which clauses were unfair from a legal standpoint due to the lack of transparency and held that if a floor clause was declared null and void by a valid court order, for lack of transparency or any other reason, the difference between the interest paid under such floor clause and the interest that would have otherwise been payable without such clause, must be reimbursed by the relevant financial institution to the borrower for the period beginning on the date of publication of the Spanish Supreme Court judgment dated 9 May 2013. However, on 21 December 2016, the CJEU declared that the limitation on retroactive application imposed by the Spanish Supreme Court criteria is incompatible with the Directive 93/13 and upheld full retroactive reimbursement in relation to floor clauses.

On 20 January 2017, the Spanish government approved Royal Decree-Law 1/2017, which encourages out-of-court settlements between financial institutions and those borrowers affected by such floor clauses, with the aim of avoiding overloading the Spanish courts with these claims. Financial institutions and consumers are not obliged to reach an agreement and, therefore, affected consumers still have the right to sue financial institutions, including the Issuer. Pursuant to Royal Decree-Law 1/2017, the Group created a new service on 10 February 2017 as part of its Customer Service Care (CSC) to handle the resolution of these claims.

On 12 December 2019, the Spanish Supreme Court issued a ruling declaring that the completion or termination of a mortgage agreement containing floor clauses does not prevent a consumer from challenging the validity of the floor clause and claiming the reimbursement of the amounts paid under such floor clauses.

Situation of Ibercaja

As described above, as a result of acquiring Banco Caja3, the Issuer acquired a portfolio of mortgage loan agreements containing floor clauses, which represented approximately 8% of the Issuer's total mortgage loan agreements portfolio by outstanding amount at the time of acquisition. By the time of acquisition of Banco Caja3, there were several ongoing claims filed by customers arguing the unfairness of such floor clauses and, prior to any relevant decision by the Spanish courts, the Issuer offered a negotiated settlement to such affected customers. As part of these negotiated settlements Ibercaja Banco offered its customers to sign an amendment agreement to the original mortgage loan agreement whereby the Issuer would reduce or delete the floor clause and the customer would undertake not to bring a claim against Ibercaja Banco in the future. Out of the 39,674 mortgage loan agreements containing floor clauses, the Issuer signed 17,984 amendment agreements in accordance with such terms representing 45% of the total mortgage loan agreements containing floor clauses.

As of 30 September 2021, €978 million (16,796 mortgage loans), out of the approximately €1,056 million of outstanding principal amount of 19,543 mortgage loans containing floor clauses, corresponded to mortgage loans amended in negotiated settlements and €78 million (2,747 mortgage loans) corresponded to mortgage loans containing floor clauses which have not been claimed by customers or subject to

negotiated settlements but which were still claimable as of such date. With respect to the mortgage loans amended in negotiated settlements, as of 30 September 2021, the Bank has reduced the floor clause of 9,946 mortgage loans amounting to €597 million and deleted the floor clause from 6,850 mortgage loans amounting to €381 million.

As of 30 September 2021, claims with respect to 4,834 mortgage loans amounting to €244 million had been submitted to the Bank's customer service department and were rejected by the Bank taking into consideration the applicable regulations and court criteria in force at the relevant time. Only 7% of these rejection decisions were challenged and are subject to the Spanish courts decision, which are expected to rule based on the Spanish Supreme Court's criteria at the relevant time. As of 30 September 2021, no claim or lawsuit has been filed with respect to 8,026 mortgage loans amounting to €376 million.

Since the Bank was first involved in claims related to the application of floor clauses in 2016 until 30 September 2021, the Bank has made disbursements amounting to €78.9 million in relation to this matter.

On 9 July 2020, the CJEU delivered its judgment in response to a preliminary ruling in which the validity of one of the agreements reached by Ibercaja was analysed. The CJEU affirmed that it is possible for a bank and a customer to sign a novation or settlement agreement on a potentially abusive interest rate floor clause, by virtue of which the customer sees the rate of the floor clause reduced and waives the right to claim against the bank for the alleged unfairness of the initial floor clause, provided that the customer gives his free and informed consent. National courts would have to determine, on a case by case basis, whether the agreement was subject to individual negotiation and, if applicable, whether the transparency requirement was met (i.e. whether the consumer was in a position to understand the economic and legal consequences of the transaction).

On 5 November 2020 the Spanish Supreme Court, despite the fact that in its ruling No 751/2018 dated 11 April 2018 it upheld the validity of one of the Ibercaja's negotiated agreements, considered that the settlement agreements that the Issuer had reached with customers were not individually negotiated and were subject to the transparency test. In this context, the Spanish Supreme Court declared on 5 November 2020, that clauses reducing the rate of the floor clauses were valid as they met the transparency requirement but clauses by virtue of which the customers committed not to bring a claim against the Issuer in the future did not meet it, as they were not limited to claims related to the floor clauses. As a result, since this resolution from the Spanish Supreme Court, Ibercaja was obliged to reimburse customers with the amounts paid under the rate of the floor clauses from the beginning of the original agreement until the amendment but it was established that the floor clauses which were reduced by virtue of the settlement agreements were valid and in place since the date of the relevant settlement agreement. The Issuer understands that if this criteria is followed in the future, the decisions in connection with the outstanding claims related to this matter will be partially favourable to the Group, as it has been happening up until the date of this Prospectus.

As of 30 September 2021, Spanish courts have already issued 987 rulings entirely in favour of the Issuer, out of which 439 are final non-appealable decisions and 548 have been appealed by the customers. In addition, following the new criteria established by the Spanish Supreme Court 1,030 final rulings have been partially favourable to the Issuer. Furthermore, there are 1,314 judicial decisions which were not favourable to the Issuer and appealed by it. The Issuer expects that these appeals and the 454 outstanding claims related to mortgage loans subject to negotiated settlements will be partially favourable to it given the Spanish Supreme Court criteria.

As of 30 September 2021, provisions related to this matter amounted to €14.9 million, which the Issuer believes are sufficient to cover this risk.

Claims arising from the alleged violation of article 1.2 of the abolished Law 57/68

The Issuer is subject to claims for alleged violations of Article 1.2 of the abolished Law 57/1968, on the receipt of sums prior to the construction and sale of properties (*Ley 57/1968, de 27 de julio, sobre percibo de cantidades anticipadas en la construcción y venta de viviendas*). That article required credit institutions that opened bank accounts for housing developers to deposit sums on account paid by purchasers of housing under development to confirm that those amounts were secured by a bank guarantee or a surety insurance. The intent of the article was to ensure that property buyers would be refunded in the event that the development failed.

As of 31 December 2020, the Issuer had 191 legal proceedings ongoing related to these types of claims from purchasers with no bank guarantee, seeking a total of €11.96 million from the Issuer, of which the Issuer has already paid €4.36 million.

As of 30 September 2021, the Issuer had provisions amounting to €7,834 thousand in relation to these claims, which it believes are sufficient to cover the legal risk. The Issuer expects that any new claims filed from January 2021 will be expired due to the change in the prescription period from 15 years to 5 years.

Claims relating to the invalidity of clauses related to expenses in mortgage agreements with consumers

The Issuer is currently subject to claims arising from the initial declaration by the Spanish courts that clauses contained in certain mortgage agreements entered into with consumers related opening fees (*comisión de apertura*) taxes and expenses are invalid due to unfair terms.

In its ruling dated 23 January 2019, the Spanish Supreme Court declared the clauses relating to opening fees valid, as it considered that these fees are part of the price paid for a service provided by the relevant bank. Therefore, such fees are considered a key element of the agreement which is not subject to the transparency list. In relation to taxes and expenses, declared that stamp duty taxes (*actos jurídicos documentados*) must be borne by the borrower, registration fees must be borne by the bank and the notary's fees and management fees (*honorarios de la gestoría*) must be divided between the bank and the borrower.

On 16 July 2020, the CJEU issued a new ruling on this matter establishing that, in principle, a contractual clause which is declared unfair is null and void and thus has never existed, and national courts shall apply the provisions of national law which regulate the allocation of expenses. The CJEU states that if these provisions result in the borrower being liable for all or part of these expenses, neither Article 6(1) nor Article 7(1) of Directive 93/13 precludes the consumer from not being reimbursed for the costs that such customer had to bear.

Contrary to the Spanish Supreme Court's criteria, in relation to opening fees, in its ruling of 16 July 2020, the CJEU stated that opening fees are not a key element of a mortgage loan agreement and therefore should be subject to the transparency requirements. In the Issuers view, this ruling should not change the Spanish Supreme Court's criteria in relation to opening fees given that such fees are the price paid for a service provided by the bank and they are negotiated in a transparent manner being the customer at all times aware of the economic consequences of such fees. Notwithstanding the above, the Spanish Supreme Court has not expressed its opinion after the CJEU ruling with regards to the opening fee issue.

The Spanish Supreme Court issued a new ruling on 24 July 2020 stating that the CJEU had confirmed the Spanish Supreme Court's position (set out in its ruling dated 23 January 2019) through its decision of 16 July 2020. Furthermore, on 26 October 2020, the Spanish Supreme Court issued a ruling imposing agency fees on the lender.

For mortgage agreements entered into after 16 June 2019, Spanish Act 5/2019, of 15 March, on regulation of real estate loans (*Ley 5/2019, de 15 de marzo, reguladora de los contratos de crédito inmobiliario*) (the "**Real Estate Loans Law**"), which entered into force on 16 June 2019, has set out the distribution of the expenses between borrower and lender.

Notwithstanding the above, before the Real Estate Loans Law was passed, there was no legal provision regulating management costs. The Spanish Supreme Court ruling of 26 October 2020, followed the CJEU's ruling of 16 July 2020 stating that "*in the absence of a national rule which applies in case there is a lack of an agreement negotiated among the parties imposing on the borrower the payment of all or part of those expenses, the borrower could not be denied the return of the amounts paid under the clause that has been declared unfair*". The Spanish Supreme Court ruling of 27 January 2021, confirmed this position and also applied this conclusion to the appraisal costs (but only when the Real Estate Loans Law is not applicable, because if it applied, it would allocate appraisal costs to the borrower).

As of 30 September 2021, the Issuer had received a total of 12,239 claims in connection with these clauses, of which 3,084 are still outstanding as of the date of this Prospectus. The average cost of one of these claims, based on historical proceedings, is of €1,000.

As of 30 September 2021, the Issuer had provisions amounting to €24,478 thousand in relation to these claims, which it believes are sufficient to cover this risk.

Claim relating to IRPH

A preliminary ruling was filed on 16 February 2018 before the CJEU that challenges the validity, due to alleged lack of transparency, of mortgage agreements subject to the mortgage benchmark rate in Spain (*Indice de Referencia de Préstamos Hipotecarios*, "**IRPH**").

The subject of the debate was the transparency test set forth in Article 4.2 of Directive 93/13 applicable when the borrower is a consumer. Since the IRPH is related to the price of the contract and it falls within the definition of the essential subject matter of the contract, it must be drafted in plain, intelligible language, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, what the economic consequences derived from such contract are for him.

This preliminary ruling was filed by a Court of First Instance and Investigation several months after the Spanish Supreme Court, on 14 December 2017, established the legality of these contracts.

The Issuer considers that compliance with the transparency test under Directive 93/13 should not be questioned because (i) the Spanish Supreme Court declared the validity of these contracts on 14 December 2017; (ii) the IRPH is an official benchmark rate published and managed by the Bank of Spain, (iii) there is jurisprudence (*jurisprudencia*) of the CJEU that confirms the transparency of contracts referenced to other official benchmark rates, and there is an APR indicator (annual percentage rate or "TAE" in Spain), that must be mandatorily communicated to consumers, and that allows for the comprehension of the economic burden and the comparison of different mortgage offers, whatever the benchmark rate index applied is.

On 10 September 2019, the advocate general of the CJEU issued its opinion in relation to this matter, according to which (i) Directive 93/13 is applicable to the use of IRPH and (ii) the national judge should be the competent authority to monitor the transparency of the disputed clause and verify, taking into account the set of circumstances that surrounded the signing of the contract at the time it was executed, (a) whether the contract sets out the method for calculating the interest rate transparently, so that the consumer was in a position to evaluate, based on precise, intelligible criteria, the economic consequences that the contract would have for him/her and (b) whether the contract meets all the information requirements provided by the national regulations.

The Advocate General's Opinion did not consider the IRPH or the clause which incorporates it in the relevant loan agreements to be, per se, abusive or null.

The advocate general's opinion does not consider the IRPH or the clause which incorporated it in the relevant mortgage loan agreements to be, per se, abusive or void.

On 3 March 2020, the CJEU resolved the aforementioned preliminary ruling and ruled that national courts must verify the transparency of IRPH interest rate clauses in mortgage loan agreements, stating that IRPH interest rate clauses are deemed to be transparent if they are couched in a manner that is understandable to a reasonably observant and circumspect consumer and have been reported in accordance with national law. The CJEU also stated that in the event that the national court concludes that the clause is void because of lack of transparency, it is possible for the national court to replace the original index with a legal index in the absence of an agreement to the contrary by the parties to the contract, provided that the mortgage loan contract could not survive if the unfair term was removed and that the annulment of the contract in its entirety would leave the consumer exposed to particularly harmful consequences.

After this ruling, various Spanish regional courts have maintained different criteria. Several courts considered interest rate clauses including IRPH to be transparent and, therefore, not abusive, and others, conversely, considered them to be non-transparent, declaring such clauses as abusive, replacing the IRPH with the Euribor or with the credit institution's IRPH.

In November 2020, the Spanish Supreme Court issued five rulings related to the IRPH. In four of such cases, the Spanish Supreme Court ruled in favour of the credit institutions concluding that, although the IRPH clause is not transparent because the customer was not informed of the past performance of the index, such clause is to be deemed non-abusive for the following reasons: (i) IRPH clauses may not be easily rigged in favour of the lender (in fact, IRPH is controlled by the public administration, whereas Euribor is calculated by a private entity), (ii) a significant imbalance to the consumer's detriment cannot be derived from the mere evolution of the index during the duration of the loan, even if unfavourable to the consumer, and (iii) the use of an official index does not contravene the good faith principle.

Thus, following the last rulings by the Spanish Supreme Court, as of the date of this Prospectus, the Issuer believes that the risk of the application of the IRPH being declared abusive is lower than in the past and is limited to potential decisions by certain Spanish courts at a lower level (although there is currently a further Supreme Court ruling pending as of the date of this Prospectus). However, these rulings have been controversial and certain courts at a lower level have instead decided not to follow the Spanish Supreme Court case law, declaring the IRPH clause void and replacing it with Euribor and ordering the restitution of the amounts paid in excess after such replacement. In addition, other Spanish regional courts have presented questions to the CJEU for a preliminary ruling on whether the latest rulings issued by the Supreme Court regarding IRPH contravene European law.

Overview of financial information

Changes to the accounting standards

The Group prepares its financial statements in accordance with IFRS-EU. The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the Group's financial statements. In recent years the Group has implemented several new accounting standards and interpretations and amendments thereto, including IFRS 16, as discussed below.

IFRS 16

Beginning on 1 January 2019, the Group implemented the requirements of IFRS 16 "Leases". As permitted by IFRS 16, such requirements have been implemented by adjusting the Group's opening balance sheet at the date of first-time application (1 January 2019). IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases in order to ensure that both, lessee and lessor, provide the relevant information to present a true and fair view of lease transactions. IFRS 16 provides a single accounting model for lessees that requires them to recognise right-of-use assets and lease liabilities under existing leases (unless the lease term is 12 months or less or the value of the underlying asset is low).

As permitted by IFRS 16, the Group decided not to determine whether a contract is or contains a lease under the new definition on first-time application, and therefore the Group applies IFRS 16 only to contracts that were identified as leases prior to 1 January 2019. The Group has estimated the impact of IFRS 16 on its fully-loaded CET1 ratio to be 4 basis points, and the Group has recognised right-of-use assets amounting to approximately €62 million and lease liabilities for an equal amount. This recognition is mainly due to the requirement to recognise right-of-use assets and the lease liability arising from all the leases in effect on the date of first-time application.

Financial information as of and for the years ended 31 December 2020 and 2019

The sections below contain financial information of the Group as of and for the years ended on 31 December 2020 and 2019, extracted from the Annual Accounts accompanied by the relevant audit reports, prepared in accordance with IFRS, Directive 2014/56/EU and Regulation (EU) No 537/2014.

The table below includes the summarised consolidated balance sheets of the Group as of 31 December 2020 and 2019:

	As of 31 December	
	2020	**2019**
	(€ thousands)	
ASSETS		
Cash and cash balances at central banks and other demand deposits	7,572,609	3,929,202
Financial assets held for trading	5,503	8,963
Non-trading financial assets mandatorily measured at fair value with changes through profit and loss	853,721	375,885
Financial assets at fair value through profit or loss	8,602	8,939
Financial assets at fair value through other comprehensive income	7,023,328	8,086,430
Financial assets at amortized cost	39,726,825	39,768,768
Derivatives - Hedge accounting	142,020	137,210
Investments in joint ventures and associates	106,525	109,815
Assets under insurance or reinsurance contracts	429	539
Tangible assets	960,967	983,710
Property, plant and equipment	*714,068*	*719,045*
Investment property	*246,899*	*264,665*
Intangible assets	237,226	212,673
Goodwill	*144,934*	*144,934*
Other intangible assets	*92,292*	*67,739*
Tax assets	1,345,136	1,339,805
Current tax assets	*9,511*	*13,097*

	As of 31 December	
	2020	**2019**
	(€ thousands)	
Deferred tax assets	*1,335,625*	*1,326,708*
Other assets	155,526	192,867
Inventories	*108,102*	*135,284*
Remaining other assets	*47,424*	*57,583*
Non-current assets and disposal groups classified as held for sale	262,373	267,209
TOTAL ASSETS	**58,400,790**	**55,422,015**
LIABILITIES		
Financial liabilities held for trading	5,630	9,469
Financial liabilities at amortized cost	46,627,380	43,448,320
Derivatives - Hedge accounting	216,202	233,888
Fair value changes of the hedged items in portfolio hedges for interest rate risk	37,593	37,617
Liabilities under insurance or reinsurance contracts	7,521,867	7,784,537
Provisions	393,100	315,695
Pensions and other post-employment defined benefit obligations	*119,125*	*123,610*
Other long-term employee remuneration	*122*	*466*
Lawsuits and litigation for outstanding taxes	*7,780*	*7,930*
Commitments and guarantees given	*19,477*	*22,515*
Other provisions	*246,596*	*161,174*
Tax liabilities	167,326	178,164
Current tax liabilities	*165*	*1,551*
Deferred tax liabilities	*167,161*	*176,613*
Other liabilities	213,272	173,228
TOTAL LIABILITIES	**55,182,370**	**52,180,918**
EQUITY		
Shareholders' equity	3,160,630	3,139,017
Capital	*214,428*	*214,428*
Equity instruments issued other than capital	*350,000*	*350,000*
Retained earnings	*602,663*	*545,893*
Revaluation reserves	*3,297*	*3,305*
Other reserves	*1,966,640*	*1,941,402*
Profit attributable to owners of the parent	*23,602*	*83,989*
Accumulated other comprehensive income	57,790	102,080
Items that will not be reclassified to profit or loss	*10,132*	*48,162*
Items that may be reclassified to profit or loss	*47,658*	*53,918*
Non-controlling interests	—	—
TOTAL EQUITY	**3,218,420**	**3,241,097**
TOTAL EQUITY AND LIABILITIES	**58,400,790**	**55,422,015**
Memorandum items: off-balance sheet exposures:		
Guarantees granted	3,288,448	2,966,973
Contingent commitments granted	93,631	76,204
Other commitments given	795,006	856,027

The table below includes the summarised consolidated income statements of the Group for the years ended 31 December 2020 and 2019:

	For the year ended 31 December	
	2020	**2019**
	(€ thousands)	
Interest income	632,798	663,561
(Interest expenses)	(99,125)	(116,315)
NET INTEREST INCOME	**533,673**	**547,246**
Dividend income	5,208	12,652
Share of profit of entities accounted for using the equity method	579	431
Fee and commission income	390,771	412,375
(Fee and commission expenses)	(16,636)	(18,636)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**128,856**	**8,261**
Gains/(losses) on financial assets and liabilities held for trading, net	**1,149**	**1,220**
Gains/(losses) on non-trading financial assets mandatorily measures at fair value through profit or loss, net	**(10,476)**	**(3,718)**
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net	**—**	**747**
Gains/(losses) from hedge accounting, net	**(364)**	**567**
Net exchange differences	852	1,104
Other operating income	47,022	37,073
(Other operating expenses)	(78,581)	(72,473)
Income from assets covered by insurance and reinsurance contracts	960,230	940,528
(Liability expenses covered by insurance or reinsurance contracts)	(960,461)	(940,798)
GROSS INCOME	**1,001,822**	**926,579**
(Administration expenses)	(655,588)	(532,859)
(Staff expenses)	*(502,568)*	*(360,944)*
(Other administration expenses)	*(153,020)*	*(171,915)*
(Amortization and depreciation)	(62,918)	(67,228)
(Provisions or (-) reversal of provisions)	14,236	(37,330)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	(219,646)	(124,637)
(Impairment or (-) reversal of impairment on non-financial assets)	(1,559)	(5,612)
Gains/(losses) on derecognition of non-financial assets and shareholdings, net	(3,047)	(6,544)
Gains/(losses) on non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations	(19,830)	(23,732)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**53,470**	**128,637**
(Expense or (-) income from taxes on income from continuing operations)	(29,868)	(44,648)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**23,602**	**83,989**
PROFIT/(LOSS) FOR THE YEAR	**23,602**	**83,989**
Attributable to non-controlling interests	—	—
Attributable to owners of the parent	23,602	83,989

Financial information as of and for the nine months ended 30 September 2021 and 2020

The sections below contain financial information of the Group as of and for the nine months ended 30 September 2021, extracted from the 2021 Third Quarter Financial Information.

The table below includes the summarised consolidated balance sheets of the Group as of 30 September 2021 and 31 December 2020:

	As of 30 September 2021	As of 31 December 2020
	(€ thousands)	
ASSETS		
Cash and cash balances at central banks and other demand deposits	6,736,730	7,572,609
Financial assets held for trading	4,525	5,503
Non-trading financial assets mandatorily measured at fair value with changes through profit and loss	1,533,628	853,721
Financial assets at fair value through profit or loss	7,715	8,602
Financial assets at fair value through other comprehensive income	6,382,256	7,023,328
Financial assets at amortized cost	40,403,841	39,726,825
Derivatives - Hedge accounting	72,639	142,020
Investments in joint ventures and associates	105,016	106,525
Assets under insurance or reinsurance contracts	447	429
Tangible assets	941,362	960,967
Property, plant and equipment	704,628	714,068
Investment property	236,734	246,899
Intangible assets	245,972	237,226
Goodwill	144,934	144,934
Other intangible assets	101,038	92,292
Tax assets	1,331,331	1,345,136
Current tax assets	15,158	9,511
Deferred tax assets	1,316,173	1,335,625
Other assets	162,029	155,526
Inventories	100,412	108,102
Remaining other assets	61,617	47,424
Non-current assets and disposal groups classified as held for sale	235,585	262,373
TOTAL ASSETS	**58,163,076**	**58,400,790**
LIABILITIES		
Financial liabilities held for trading	6,018	5,630
Financial liabilities at amortized cost	46,808,949	46,627,380
Derivatives - Hedge accounting	155,448	216,202
Fair value changes of the hedged items in portfolio hedges for interest rate risk	23,768	37,593
Liabilities under insurance or reinsurance contracts	7,229,585	7,521,867
Provisions	312,362	393,100
Pensions and other post-employment defined benefit obligations	101,144	119,125
Other long-term employee remuneration	—	122
Lawsuits and litigation for outstanding taxes	7,049	7,780
Commitments and guarantees given	16,772	19,477

	As of 30 September 2021	As of 31 December 2020
Other provisions	187,397	246,596
Tax liabilities	161,342	167,326
Current tax liabilities	1,562	165
Deferred tax liabilities	159,780	167,161
Other liabilities	148,023	213,272
TOTAL LIABILITIES	**54,845,495**	**55,182,370**
EQUITY		
Shareholders' equity	3,303,406	3,160,630
Capital	214,428	214,428
Equity instruments issued other than capital	350,000	350,000
Retained earnings	619,413	602,663
Revaluation reserves	3,291	3,297
Other reserves	1,970,299	1,966,640
Profit attributable to owners of the parent	145,975	23,602
Accumulated other comprehensive income	14,175	57,790
Items that will not be reclassified to profit or loss	16,505	10,132
Items that may be reclassified to profit or loss	(2,330)	47,658
Non-controlling interests	—	—
TOTAL EQUITY	**3,317,581**	**3,218,420**
TOTAL EQUITY AND LIABILITIES	**58,163,076**	**58,400,790**
Memorandum items: off-balance sheet exposures		
Guarantees granted	3,516,114	3,288,448
Contingent commitments granted	99,102	93,631
Other commitments given	820,397	795,006

The table below includes the summarised consolidated income statements of the Group for the nine months ended 30 September 2021 and 2020:

	For the nine months ended 30 September	
	2021	2020
	(€ thousands)	
Interest income	415,230	463,848
(Interest expenses)	(44,615)	(59,658)
(Expenses on share capital repayable on demand)		
NET INTEREST INCOME	**370,615**	**404,190**
Dividend income	8,506	3,502
Share of profit of entities accounted for using the equity method	(650)	(560)
Fee and commission income	331,613	284,869
(Fee and commission expenses)	(14,306)	(11,614)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**38,102**	**14,159**
Gains/(losses) on financial assets and liabilities held for trading, net	**531**	**915**
Gains/(losses) on non-trading financial assets mandatorily measures at fair value through profit or loss, net	**222**	**(10,404)**

	For the nine months ended 30 September	
	2021	2020
	(€ thousands)	
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net	—	—
Gains/(losses) from hedge accounting, net	**651**	**(233)**
Net exchange differences	322	545
Other operating income	26,115	36,967
(Other operating expenses)	(29,577)	(26,345)
Income from assets covered by insurance and reinsurance contracts	714,198	755,355
(Liability expenses covered by insurance or reinsurance contracts)	(714,443)	(755,536)
GROSS INCOME	**731,899**	**695,810**
(Administration expenses)	(391,412)	(374,821)
(Staff expenses)	(273,939)	(265,779)
(Other administration expenses)	(117,473)	(109,042)
(Amortization and depreciation)	(49,966)	(51,133)
(Provisions or (-) reversal of provisions)	(4,521)	27,397
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	(63,841)	(180,278)
(Impairment or (-) reversal of impairment on investments in joint ventures or associates)		
(Impairment or (-) reversal of impairment on non-financial assets)	(3,610)	(2,388)
Gains/(losses) on derecognition of non-financial assets and shareholdings, net	(5,149)	(365)
Negative goodwill recognised in profit or loss		
Gains (losses) on non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations	(7,096)	(6,404)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**206,304**	**107,818**
(Expense or (-) income from taxes on income from continuing operations)	(60,329)	(35,060)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**145,975**	**72,758**
Profit/(loss) after tax from discontinued operations		
PROFIT/(LOSS) FOR THE YEAR	**145,975**	**72,758**
Attributable to non-controlling interests		
Attributable to owners of the parent	145,975	72,758

CAPITAL, LIQUIDITY AND FUNDING REQUIREMENTS AND LOSS ABSORBING POWERS

The regulatory framework regarding the solvency of credit entities (the "**CRD IV**") is established by the CRR, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (the "**CRD IV Directive**") and any CRD IV Implementing Measures (as defined in the Conditions). The implementation of the CRD IV Directive in Spain has largely taken place through Royal Decree-Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to EU regulations on the subject of supervision and solvency of financial entities, Law 10/2014, Royal Decree 84/2015, of 13 February, which implements Law 10/2014 ("**Royal Decree 84/2015**") and Bank of Spain Circulars 2/2014, of 31 January, and 2/2016, of 2 February, to credit entities, on supervision and solvency, which completes the adaptation of Spanish law to CRR and the CRD IV Directive (the "**Bank of Spain Circular 2/2016**").

Directive 2014/59/EU, of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**"), that has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015, of 6 November, developing Law 11/2015 ("**Royal Decree 1012/2015**"), also establishes certain requirements in terms of a minimum level of own funds and eligible liabilities in relation to total liabilities and own funds (known as "**MREL**").

On 27 June 2019, a comprehensive package of reforms amending CRR, 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**"). Most of the provisions of the EU Banking Reforms have started to apply. CRD V Directive and BRRD II have been partially implemented into Spanish law through RDL 7/2021 which has amended, among 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, generally in force since 10 November 2021, amended Royal Decree 84/2015 to continue the implementation into Spanish law of CRD V Directive but full implementation of CRD V Directive still requires approval of the relevant amendments to other secondary Spanish regulations (i.e. Bank of Spain circulars) and Royal Decree 1041/2021, generally in force since 24 November 2021, amended Royal Decree 1012/2015 and completed the implementation of BRRD II into Spanish law.

In reaction to the COVID-19 outbreak, in June 2020 the European Parliament and the Council of the EU adopted a banking package that provides targeted and exceptional legislative changes to CRR II intended to allow credit

institutions to fully play their role in managing the economic shock that stems from the COVID-19 pandemic by fostering credit flows (the "**Quick Fix**").

Moreover, on 26 January 2021, the European Commission launched a targeted public consultation on technical aspects on a new review of BRRD, the SRM Regulation, and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes. The consultation was open until 20 April 2021 and was split into two main sections: a section covering the general objectives of the review focus, and a section seeking technical feedback on stakeholders experience with the current framework and the need for changes in the future framework, notably on (i) resolution, liquidation and other available measures to handle banking crises, (ii) level of harmonisation of creditor hierarchy in the EU and impact on no creditor worse-off principle, and (iii) depositor insurance. Legislative proposals for SRM Regulation III and DGSD II are to be tabled on the fourth quarter of 2021.

Capital requirements

Under CRD IV, the Group is required to hold a minimum amount of regulatory capital of 8% of RWAs of which at least 4.5% must be CET1 capital and at least 6% must be Tier 1 capital (together, the "**minimum "Pillar 1" capital requirements**").

Moreover, Article 104 of CRD IV Directive, as implemented by Articles 68 of Law 10/2014 and 94 of Royal Decree 84/2015, also contemplates that in addition to the minimum "Pillar 1" capital requirements, the supervisory authorities may require further capital to cover other risks. This may result in the imposition of further CET1, Tier 1 and total capital requirements on Ibercaja Banco and the Group pursuant to this "Pillar 2" framework. Following the introduction of the SSM, the ECB is in charge of assessing additional "Pillar 2" capital requirements ("**P2R**") through the SREP assessments to be carried out at least on an annual basis (accordingly requirements may change from year to year). CRD V Directive clarifies that P2R should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution) and it also allows the P2R to be partially covered with AT1 and Tier 2 instruments.

In addition to the minimum "Pillar 1" capital requirements and the P2R, credit institutions must comply with the "**combined buffer requirement**" set out in the CRD IV Directive as implemented in Spain. The "combined buffer requirement" has introduced up to five new capital buffers to be satisfied with CET1 capital: (i) the capital conservation buffer of 2.5% of RWAs; (ii) the global systemically important institutions ("**G-SII**") buffer, which shall be not less than 1% of RWAs; (iii) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may be as much as 2.5% of RWAs (or higher pursuant to the competent authority); (iv) the other systemically important institutions ("**O-SII**") buffer, which may be as much as 3% of RWAs; and (v) the systemic risk buffer to prevent systemic or macro prudential risks (to be set by the Bank of Spain).

The Bank has not been classified as G-SII or as O-SII by the Financial Stability Board (the "**FSB**") nor by any competent authority so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it is not required to maintain the G-SII buffer or the O-SII buffer. In addition, the Bank of Spain agreed to maintain the countercyclical capital buffer applicable to credit exposures in Spain at 0% for the fourth quarter of 2021 (requirements will be revised each quarter). Some or all of the other buffers may also apply to the Bank from time to time as determined by the Bank of Spain, the ECB or any other competent authority.

As set out in the "Opinion of the European Banking Authority on the interaction of "Pillar 1", "Pillar 2" and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital

available to meet the "combined buffer requirement" for the purposes of the Maximum Distributable Amount (as defined below) calculation is limited to the amount not used to meet the minimum "Pillar 1" capital requirements and the P2R of the institution and, accordingly, the "combined buffer requirement" is in addition to the minimum "Pillar 1" capital requirement and to the P2R, and therefore it would be the first layer of capital to be eroded pursuant to the applicable stacking order. CRD V Directive clarifies that P2R should be positioned in the relevant stacking order of own funds requirements above the minimum "Pillar 1" capital requirements and below the "combined buffer requirement" or the leverage ratio buffer requirement, as relevant. In addition, CRD V Directive also clarifies that P2R should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution).

According to Article 48 of Law 10/2014, Article 73 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, those entities failing to meet the "combined buffer requirement" or making a distribution in connection with CET1 capital to an extent that would decrease its CET1 capital to a level where the "combined buffer requirement" is no longer met will be subject to restrictions on (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to Additional Tier 1 Instruments, until the maximum distributable amount calculated according to CRD IV (i.e., the firm's "distributable items", calculated in accordance with CRD IV, multiplied by a factor dependent on the extent of the shortfall in CET1 capital) (the "**Maximum Distributable Amount**") has been calculated and communicated to the competent supervisor. Thereafter, any such distributions or payments will be subject to such Maximum Distributable Amount for entities (a) not meeting the "combined buffer requirement" or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends.

As communicated by the European Banking Authority on 1 July 2016, and included in CRD V Directive, in addition to the minimum "Pillar 1" capital requirements, the P2R and the "combined buffer requirements", the supervisor can also set a "Pillar 2" capital guidance ("**P2G**"). Thus, SREP decisions of 2016 onwards differentiate between P2R and P2G. While P2R are binding requirements and breaches can have direct legal consequences for the banks, P2G is not directly binding and a failure to meet it does not automatically trigger legal action, even though the ECB expects banks to meet P2G. Under the EU Banking Reforms, the P2G is not relevant for the purposes of triggering the automatic restriction of the distribution and calculation of the Maximum Distributable Amount. However, CRD V Directive provides that when an institution repeatedly fails to meet the P2G, the competent authority should be entitled to take supervisory measures and, where appropriate, to impose additional own funds requirements.

In reaction to the COVID-19 outbreak and in addition to the Quick Fix, in March 2020 the ECB announced temporary measures expected to provide capital relief to banks in support of the economy. These measures include the permission to (i) operate temporarily below the level of capital defined by P2G, the "capital conservation buffer" and the LCR and (ii) use capital instruments that do not qualify as CET1 (for example Additional Tier 1 instruments and Tier 2 instruments) to partially meet P2R (this was already foreseen in the CRD V Directive, but before the CRD V Directive and the referred decisions of the ECB in March 2020, P2R was to be covered with CET1 in its entirety).

Solo Waiver

Solvency requirements are applied to the Group on a consolidated basis, as the application of prudential requirements on an individual basis has been waived from the Bank in accordance with Article 7 of the CRR.

Since 31 March 2016, Ibercaja Banco has been waived from the application of prudential requirements on an individual basis in accordance with article 7 of CRR (the "**Solo Waiver**"). Such waiver was requested by

Ibercaja Banco to the competent supervisor in accordance with the applicable regulations, and based on the following reasons: (a) that there was no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent company (i.e. Ibercaja Banco) and (b) the procedures to measure, evaluate and control the risks for the supervision of the Group were referred to Ibercaja Banco as the parent company.

The Solo Waiver granted by the competent supervisor exempted Ibercaja Banco from compliance, on an individual basis, with the equity requirements and limits for great risks. Consequently, for the same reasons described above, Ibercaja Banco is exempted from the application of prudential requirements on an individual basis in accordance with Article 7 of CRR. As a result, Ibercaja Banco does not have to comply with, nor calculate nor publish, any capital requirements or ratios on an individual basis for so long as this derogation is in place, having the obligation to calculate and comply with capital requirements only at Group level.

As of the date of this Prospectus, such waiver is still in force and therefore the prudential requirements under CRR are only complied with by the Group on a consolidated basis (i.e. at Group level). As far as the Bank is aware, the regulator is not planning to review the Solo Waiver in the short term.

ECB 2021 SREP communication

In November 2019, the Bank received the decisions of the ECB regarding minimum capital requirements for 2020 following the outcomes of the most recent SREP. In April 2020, the ECB notified the Bank its decision to modify the prudential requirements established as part of the SREP of November 2019, which are still in place for 2021. The details of these capital requirements for 2021 are described below:

	CET1	Total capital
Pillar 1	4.50%	8.00%
Pillar 2 (P2R)	1.125%	2.00%
Capital conservation buffer	2.50%	2.50%
Other buffers	0.00%	0.00%
Total requirements	**8.125%**	**12.50%**

The table below sets out the Group's capital position as of 30 September 2021, 31 December 2020 and 2019:

	30 September 2021		31 December 2020		31 December 2019	
	Phased in	Fully loaded	Phased in	Fully loaded	Phased in	Fully loaded
CET1 ratio	13.58%	12.81%	13.62%	12.59%	12.27%	11.35%
Tier 1 ratio	15.51%	14.74%	15.53%	14.51%	13.99%	13.07%
Total capital ratio	18.26%	17.50%	18.27%	17.26%	16.36%	15.45%

As of 30 September 2021, the RWAs (phased in) of the Group amounted to €18,165,265 thousand (€18,248,449 thousand and €20,362,850 thousand as of 31 December 2020 and 2019, respectively). As of 30 September 2021, the RWAs density[APM] was 31.23% (31.25% and 36.74% as of 31 December 2020 and 2019, respectively).

See the risk factor "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*" for the risks associated to the failure by the Group to comply with its regulatory capital requirements.

Leverage ratio

In addition to the above, Article 429 of the CRR requires institutions to calculate their leverage ratio ("**LR**") in accordance with the methodology laid down in that article. The EU Banking Reforms contain a binding 3% Tier 1 LR requirement, that has been added to the own funds requirements in Article 92 of the CRR, and which institutions must meet in addition to their risk-based requirements.

The table below sets out the Group's LRs as of 30 September 2021, 31 December 2020 and 2019:

	30 September 2021		31 December 2020		31 December 2019	
	Phased in	Fully loaded	Phased in	Fully loaded	Phased in	Fully loaded
Leverage ratio.....	6.08%	5.78%	6.26%	5.85%	5.85%	5.48%

MREL requirements

In addition to the minimum capital requirements under CRD IV, the BRRD regime prescribes that banks shall hold a minimum level of own funds and eligible liabilities. The MREL shall be calculated as the amount of own funds and eligible liabilities and expressed as a percentage of the total liabilities and own funds of the institution (pursuant to the BRRD II, it shall be expressed as a percentage of the total risk exposure amount or the total exposure measure of the institution, calculated in each case in accordance with CRR). The level of capital and eligible liabilities required under MREL is set by the resolution authority for each bank (and/or group) based on the resolution plan and other criteria. The resolution authority for the Bank is the SRB. Eligible liabilities may be senior or subordinated liabilities, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIIs and "top tier" banks involving a minimum "Pillar 1" subordination requirement and an institution specific "Pillar 2" subordination requirement. This "Pillar 1" subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior debt instruments and only MREL instruments constituting "non-preferred" senior debt under the new insolvency hierarchy introduced into Spain will be eligible for compliance with the subordination requirement). Resolution authorities may also impose "Pillar 2" subordination requirements to institutions not constituting G-SIIs or "top tier" banks, which would be determined on a case-by-case basis but subject to a minimum level equal to the lower of 8% of a bank's total liabilities and own funds and 27% of its RWAs.

In addition, a new Article 16.a) of the BRRD, as recently amended by BRRD II, better clarifies the stacking order between the "combined buffer requirement" and the MREL requirement. Pursuant to this new provision, a resolution authority will have the power to prohibit an entity from distributing more than the "maximum distributable amount" for own funds and eligible liabilities (calculated in accordance with the new Article 16.a)(4) of the BRRD) (the "**MREL-Maximum Distributable Amount Provision**") through distribution of dividends, variable remuneration and payments to holders of Additional Tier 1 Instruments, where it meets the "combined buffer requirement" but fails to meet that "combined buffer requirement" when considered in addition to the MREL requirements. The referred Article 16.a) of the BRRD includes a potential nine-month grace period whereby the resolution authority will assess on a monthly basis whether to exercise its powers under the MREL-Maximum Distributable Amount Provision before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

In March 2021, the Bank received the formal communication from the Bank of Spain regarding the MREL requirement, as determined by the SRB. As of the date of this prospectus, regulation establishes 1 January 2024

as a deadline to comply with the requirements set out below, with an interim requirement that must be met by 1 January 2022, these requirements being expressed as a percentage of both RWAs and leverage ratio. In accordance with such communication, the Bank has been required to reach, by 1 January 2022 an amount of own funds and eligible liabilities on a consolidated basis equal to 15.38% of RWAs and 5.24% in terms of MREL leverage ratio. This requirement would be equal to 18.42% of the Group's consolidated RWAs as of 1 January 2024 (5.24% in terms of MREL leverage ratio). As of 30 June 2021, the Group had a MREL position of 18.13% in terms of RWAs (including the CET1 dedicated to comply with the combined buffer requirement) and 7.08% in terms of MREL leverage ratio[26], both of which are above the requirements for 2022. The Group estimates its MREL issuance needs towards the requirement for 2024 mentioned above, as of the date of this Prospectus, amount to approximately €0.7-0.8 billion. With the issuance of the Notes the Group will reach a MREL position of 18.41% in terms of RWAs (including the CET1 dedicated to comply with the combined buffer requirement) and 7.19% in terms of MREL leverage ratio.

See the risk factor "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*" for the risks associated to the failure by the Group to comply with its MREL minimum requirement.

Liquidity requirements

The Group should also comply with the LCR requirements provided in CRR. The LCR is the short-term indicator which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by the Group) and the net cash imbalance accumulated over a 30-day liquidity stress period. It is a quantitative liquidity standard designed to ensure that banks have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. Entities to which this standard applies (including the Group) must comply with 100% of the applicable LCR requirement. The LCR of the Group (excluding Ibercaja Vida) was 443.1% as of 30 September 2021 (468.1% and 307.1% as of 31 December 2020 and 2019, respectively).

The BCBS' NSFR is the 12-month structural liquidity indicator which corresponds to the ratio between the available amount of stable funding and the statutory amount of stable funding. It has been developed to provide a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities that reduces the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure. The EU Banking Reforms contain the implementation of the BCBS standard on NSFR introducing some adjustments. The NSFR of the Group (excluding Ibercaja Vida) was 150.5% as of 30 September 2021 (151.5% and 131.4% as of 31 December 2020 and 2019, respectively).

Prudential treatment of NPLs

On 15 March 2018, the ECB published its supervisory expectations on prudent levels of provisions for NPLs. This was published as an addendum (the "**Addendum**") to the ECB's guidance to banks on non-performing loans published on 20 March 2017 and clarified the ECB's supervisory expectations regarding the identification, management, measurement and write-off of NPLs. The ECB stated that the Addendum set out what it deems to be a prudent treatment of NPLs with the aim of avoiding an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require supervisory measures. The Addendum it is non-binding but serves as the basis for the supervisory dialogue between the significant banks and ECB banking supervision. The ECB will assess any differences between banks' practices and the prudential provisioning expectations laid out in the Addendum at least annually. During the supervisory dialogue, the ECB will discuss with each bank divergences from the prudential provisioning expectations laid out in the addendum.

[26] This is the last public reporting of the Bank's MREL position, reported in the Bank's interim financial report for the six months ended 30 June 2021.

After this dialogue and taking into account the bank's specific situation, ECB Banking Supervision will decide, on a case-by-case basis, whether and which supervisory measures are appropriate. The result of this dialogue will be incorporated, for the first time, in the 2021 SREP.

In addition, as part of the EU Commission's package of measures aimed at addressing the risks related to high levels of NPLs in Europe, Regulation 2019/630 amends CRR as regards minimum loss coverage for NPEs introduced a clear set of conditions for the classification of NPEs and established clear criteria on the determination of non-performing exposures, the concept of forbearance measures, deduction for non-performing exposures and treatment of expected loss amounts.

In connection with the measures adopted in reaction to the COVID-19 outbreak and more specifically in connection with the measures announced by the ECB to ensure that its directly supervised banks can continue to fulfil their role to fund households and corporations, additional measures introducing supervisory flexibility regarding the treatment of NPLs were established, in particular to allow banks to fully benefit from guarantees and moratoriums put in place by public authorities to tackle the current distress. These measures affected the prudential framework in relation to the classification of loans in default, the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring, and their accounting treatment. In particular, the EBA has clarified that generalised payment delays due to legislative initiatives and addressed to all borrowers do not lead to any automatic classification in default, forborne or unlikeliness to pay (individual assessments of the likeliness to pay should be prioritized) and has clarified the requirements for public and private moratoria, which if fulfilled, are expected to help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

Loss absorbing powers by the Relevant Resolution Authority under Law 11/2015 and the SRM Regulation

The BRRD (which has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an "**institution**") so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRB established pursuant to the SRM Regulation, as the case may be and according to Law 11/2015, the Bank of Spain or the CNMV, or any other entity with the authority to exercise any such tools and powers from time to time (each, a "**Relevant Resolution Authority**") as appropriate, considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business (which enables the Relevant Resolution Authority to direct the sale of the institution or the whole or part of its business on commercial terms); (ii) bridge institution (which enables the Relevant Resolution Authority to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control)); (iii) asset separation

(which enables the Relevant Resolution Authority to transfer certain categories of assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only)); and (iv) bail-in. The bail-in includes the ability of the Relevant Resolution Authority to write down (including to zero) and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the bai-in) certain unsecured debt claims and subordinated obligations (including capital instruments such as the Notes).

The "**Spanish Bail-in Power**" is any write down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) 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 accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power to absorb losses and cover the amount of the recapitalisation, the sequence of any resulting write down or conversion shall be as follows: (i) CET1 items; (ii) the principal amount of Additional Tier 1 Instruments; (iii) the principal amount of Tier 2 instruments; (iv) the principal amount of other subordinated claims that do not qualify as AT1 capital or Tier 2 capital and (v) the principal or outstanding amount of "bail-inable liabilities" (*pasivos susceptibles de recapitalización interna*) (including the Notes) in accordance with the hierarchy of claims in normal insolvency proceedings (with ordinary claims subject to the Spanish Bail-in Power after any subordinated claims against the Bank but before claims against the insolvency estate and claims with special privilege or general privilege against the Bank). The order of this sequence is consistent with the hierarchy of claims in normal insolvency proceedings prescribed by the Insolvency Law read in conjunction with Additional Provision 14 of Law 11/2015.

In addition to the Spanish Bail-in Power, the BRRD, Article 38 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 and certain internal eligible liabilities, at the point of non-viability (the "**Non-Viability Loss Absorption**") of an institution or a group. The point of non-viability of an institution is the point at which the Relevant Resolution Authority determines that the institution meets the conditions for resolution or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of any other Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

In accordance with Article 64.1(i) of Law 11/2015, the FROB has also the power to alter the amount of interest payable under debt instruments and other bail-inable liabilities of institutions subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

TAXATION

The following is a general description of certain Spanish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes 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 Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus 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 Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes 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 Notes by individuals or entities who are the beneficial owners of the Notes. 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 Notes are initially registered for clearance and settlement in Iberclear.

Prospective purchasers of the Notes 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 Notes.

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

(a) of general application, Additional Provision One 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**"), 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 CIT taxpayers, the CIT Act, 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 Notes

Indirect taxation

Whatever the nature and residence of the Holder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, dated 24 September 1993, 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.

Ibercaja Banco understands that the Notes 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 Notes 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% for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000; 23% for taxable income between €50,000.01; and €200,000 and 26% for taxable income exceeding €200,000.

Income from the transfer of the Notes is computed as the difference between their transfer value and their acquisition or subscription value. Also, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Notes, in the event that the 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 Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

A (current) 19% withholding on account of PIT will be imposed by Ibercaja Banco on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to PIT.

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

(iii) registered by way of book entries; and

(iv) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

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

(v) the acquirer would be a non-resident or a CIT taxpayer;

(vi) the explicit yield derived from the Notes being transferred is exempt from withholding tax.

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

Reporting Obligations

Ibercaja Banco will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are individuals resident in Spain for tax purposes.

Wealth Tax (*Impuesto sobre el Patrimonio*)

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 Notes which they hold as of 31 December in each year, the applicable rates ranging between 0.2% and 3.5% 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 Notes 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% and 81.6%, 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 Notes are subject to CIT at the current general flat tax rate of 25%

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%).

No withholding on account of CIT will be imposed on interest payments or on income derived from the redemption or repayment of the Notes, by Spanish CIT taxpayers provided that certain requirements are met (including that the Iberclear Members that have the Notes 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 Ibercaja Banco, 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 Notes, in accordance with Article 61.q of the CIT Regulations, there is no obligation to withhold on income derived from the Notes obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

(i) registered by way of book entries; and

(ii) negotiated in a Spanish official secondary market, such as AIAF.

Reporting Obligations

Ibercaja Banco will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes 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 Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but generally must include the market value of the Notes 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 Notes through a permanent establishment in Spain

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

If the Notes 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 Notes 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 Notes 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

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

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

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

Both interest payments periodically received under the Notes and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT 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 Notes carried out by Ibercaja Banco, the Iberclear Members that have the Notes 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 Ibercaja Banco, 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 Ibercaja Banco in a timely manner in respect of a payment of interest under the Notes, Ibercaja Banco will withhold Spanish withholding tax at the applicable rate (currently 19%) on such payment of income on the Notes and Ibercaja Banco will not pay additional amounts with respect to any such withholding tax.

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 Ibercaja Banco, will receive a refund of the amount withheld, with no need for action on the beneficial owner's part, if Ibercaja Banco 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 Notes 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% and 3.5% although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

However, non-Spanish resident individuals will be exempt from Wealth Tax in respect of the Notes which income is exempt from NRIT as described above.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to 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 Notes 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% and 81.6%, 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 Notes 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 Ibercaja Banco in respect of the Notes 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 Notes 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 Ibercaja Banco, 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 Notes.

(ii) Total amount of the income paid by Ibercaja Banco.

(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 Ibercaja Banco in a timely manner in respect of a payment of income made by Ibercaja Banco under the Notes, such payment will be made net of Spanish withholding tax, currently at the rate of 19% 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 Ibercaja Banco 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 Ibercaja Banco 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 Notes. Accordingly, Ibercaja Banco 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 Ibercaja Banco. Moreover, Ibercaja Banco 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 Notes (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 Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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 Notes 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 aligned with the French and Italian financial transactions tax. Specifically, the Spanish FTT is an indirect tax levied at a rate of 0.2% 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 Notes.

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 Bank may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Bank) 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, 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 Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, 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 Prospectus 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 Prospectus

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 ( )(1), en nombre y representación de (entidad declarante), con número de identificación fiscal ( )(1) y domicilio en ( ) en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number ( )(1), in the name and on behalf of (entity), with tax identification number ( )(1) 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 Ibercaja Banco.

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 …

(1) 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

(1) 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

Banco Bilbao Vizcaya Argentaria, S.A. (the "**Lead Manager**") has, in a subscription agreement dated 26 November 2021 (the "**Subscription Agreement**") and made between Ibercaja Banco and the Lead Manager upon the terms and subject to the conditions contained therein, agreed to procure subscribers, or subscribe and pay for the Notes on the Issue Date at their issue price of 99.754% of their principal amount. Ibercaja Banco has agreed to pay the Lead Manager a combined management and underwriting commission and to reimburse the Lead Manager for certain of its expenses incurred in connection with the management of the issue of the Notes.

Ibercaja Banco will use all reasonable endeavours to procure that the Notes are admitted to listing on AIAF within 30 days from the Issue Date and to maintain such admission until none of the Notes is outstanding.

Selling Restrictions

Prohibition of Sales to EEA retail investors

The 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 Notes 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.

The expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK retail investors

The 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 Notes 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 of the UK 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 domestic law of the UK by virtue of the EUWA.

The expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Spain

The Lead Manager has represented and agreed that the Notes 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 Lead Manager, offers of the Notes 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.

Other UK regulatory restrictions

The Lead Manager has further represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; 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 Notes in, from or otherwise involving the UK.

United States of America

The Notes 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 Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The 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 Notes, (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 Issue 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 Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes 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.

Canada

The Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell the Notes in Canada other than 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 Notes 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 Prospectus (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

The 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 Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes.

Persons into whose hands this Prospectus comes are required by the Bank and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, 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 Notes of Ibercaja Banco.

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, (ii) the introduction of a central clearing counterparty (BME Clearing, S.A., "**BME Clearing**" or the "**CCP**"), and (iii) 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 and BME Clearing

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 and BME Clearing are 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% 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.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The CCP then generates and send to Iberclear the relevant settlement instructions. BME Clearing is also owned by BME.

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 from BME Clearing 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 legitimation 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 Notes

Iberclear settlement of securities traded in 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 in 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 account with Iberclear may hold their investment in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with participating entities in Iberclear.

GENERAL INFORMATION

Responsibility statement

Ibercaja Banco and the undersigned Mr. Francisco José Serrano Gill de Albornoz, acting in the name and on behalf of Ibercaja Banco, in his capacity as General Secretary – Deputy General Manager (*Secretario General – Director General Adjunto*) of Ibercaja Banco, and acting under a special power of attorney granted by the Board of Directors of Ibercaja Banco, accept responsibility for the information contained in this Prospectus and declare, to the best of their knowledge, that the information contained in this Prospectus is in accordance with the facts and that the Prospectus contains no omissions likely to affect its import.

Authorisation

The creation and issue of the Notes has been authorised by means of the resolutions adopted by the Board of Directors of the Bank dated 28 October 2021.

Significant/material change and trend information

Since 31 December 2020 there has been no material adverse change in the prospects of the Bank.

Since 30 September 2021 there has been no significant change in the financial performance or in the financial position of the Group.

Auditors

The consolidated and standalone annual accounts of the Bank have been audited for each of the years ended 31 December 2020 and 31 December 2019 by PricewaterhouseCoopers Auditores, S.L., independent auditors. The unaudited condensed consolidated interim financial statements of the Bank as of and for the nine months ended 30 September 2021 have been subject to a limited review by Ernst & Young, S.L., independent auditors.

PricewaterhouseCoopers Auditores, S.L.'s office is at Paseo de la Castellana, 259 B, Torre PwC, 28046 Madrid (Spain) and is registered with the Official Registry for Auditors (*Registro Oficial de Auditores de Cuentas (ROAC)*) under number S0242.

On 19 December 2019, the general shareholders' meeting of the Bank, with the prior favorable report of its Audit and Compliance Committee, approved the appointment of Ernst & Young, S.L. as auditors for the years ending 2021, 2022 and 2023.

Ernst & Young, S.L.'s office is at Calle Raimundo Fernández Villaverde 65, 28003 Madrid (Spain) and is registered with the Official Registry of Accounting Auditors (*Registro Oficial de Auditores de Cuentas (ROAC)*) under number S0530.

Third party information

Information included in this Prospectus sourced from a third party (i.e. INE, Bank of Spain, Inverco, ICEA and BMKS) has been accurately reproduced, and so far as Ibercaja Banco is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Approval of financial information

The 2019 Annual Accounts were approved by the General Shareholders' Meeting of Ibercaja Banco held on 30 March 2020.

The 2020 Annual Accounts were approved by the General Shareholders' Meeting of Ibercaja Banco held on 15 April 2021.

The 2021 Third Quarter Financial Information was approved by the Board of Directors of Ibercaja Banco at its meeting held on 25 November 2021.

Documents on display

Electronic copies of the bylaws (*estatutos sociales*) of Ibercaja Banco (as the same may be updated from time to time) may be inspected on Ibercaja Banco's website.

For avoidance of doubt, unless specifically incorporated by reference into this Prospectus, the information contained on the corporate website of Ibercaja Banco does not form part of this Prospectus.

Material contracts

There are no material contracts that are not entered into in the ordinary course of Ibercaja Banco's business which could result in any member of the Group being under an obligation or entitlement that is material to Ibercaja Banco's ability to meet its obligations in respect of the Notes.

Yield

On the basis of the issue price of the Notes of 99.754% of their principal amount, the annual yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Reset Date is 1.176%. This yield was calculated on the Issue Date and is not an indication of future yield.

Clearing: ISIN

The Notes will be admitted to listing on AIAF and have been accepted for clearance through Iberclear. The Notes bear the ISIN ES0244251023.

Listing

This Prospectus has been approved by the CNMV as competent authority under the Prospectus Regulation. The CNMV has only approved this Prospectus 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 Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes 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 Ibercaja Banco through Iberclear. The corporate address of Iberclear is Plaza de la Lealtad 1, 28014 Madrid, Spain.

Ratings

The Notes are rated BB+ by Fitch.

In accordance with Fitch ratings definitions, a rating of "BB" indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

Stabilisation

In connection with the issue of the Notes, Banco Bilbao Vizcaya Argentaria, S.A. (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun,

may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of any Stabilisation 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 Notes

So far as Ibercaja Banco is aware, no person involved in the offer of the Notes had an interest, including a conflict of interest, material to the offer.

Other relationships

The Lead Manager and its 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 Lead Manager and its 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 Lead Managers or its 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 Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Prospectus. Any such short positions could adversely affect future trading prices of Notes issued under the Prospectus. The Lead Manager and its 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 Ibercaja Banco in relation to the admission to trading is as follows:

Type of expense	**Euro (estimated amount)**
Charges and fees of AIAF and Iberclear	8,000
CNMV fees (listing)	5,000
Total	13,000

SIGNATURES

In witness to its knowledge and approval of the contents of this Prospectus drawn up according to Annexes 7 and 15 of Delegated Regulation (EU) 2019/980 of 14 March 2019, it is hereby signed by Mr. Francisco José Serrano Gill de Albornoz, acting in the name and on behalf of Ibercaja Banco, in his capacity as General Secretary – Deputy General Manager (*Secretario General – Director General Adjunto*) of Ibercaja Banco, S.A., in Zaragoza, on 28 October 2021.

REGISTERED OFFICE OF IBERCAJA BANCO

Ibercaja Banco, S.A.
Plaza de Basilio Paraíso, 2
50008 Zaragoza
Spain

LEAD MANAGER

Banco Bilbao Vizcaya Argentaria, S.A.
Ciudad BBVA
Calle Sauceda 28, edificio Asia
28050 Madrid
Spain

LEGAL ADVISOR

To Ibercaja Banco as to Spanish law

Linklaters, S.L.P.
Calle Almagro, 40
28010 Madrid
Spain

AUDITORS TO IBERCAJA BANCO

For the nine months ended 30 September 2021

Ernst & Young, S.L.
Calle Raimundo Fernández Villaverde, 65
28003 Madrid
Spain

For the years ended 31 December 2020 and 2019

PricewaterhouseCoopers Auditores, S.L.
Paseo de la Castellana, 259 B
Torre PwC
28046 Madrid
Spain